

# Working Together to Keep Farmland in Farming

## Farm Affordability

*Rebecca Fletcher*  
*Equity Trust*



# What drives up the price of farms?



- Farmland has long been desirable to developers & speculators
- Increasingly, farms are being bought by people earning more than farmers, who want the ambiance of a farm

# **We can support affordability with nonprofit purchase of:**

- Development rights (with limitations)
- Resale restrictions & farming requirements
- The on-going right to buy the farm to protect affordability & use
- The land



# And we can support affordability by protecting on-site housing:

- Affordable housing is key to farm's economic viability
- Avoids a scenario where farmer is commuting
- Encourages property to remain a stand-alone farm, reducing competition from established & larger farmers
- Affordable homeownership helps farmer build equity



# Two tools to permanently protect affordability & any community investment:



- **Agricultural Easement with Purchase Option**  
w/ restrictions to protect farming & affordability
- **Long-Term Ground Lease** with purchase option on  
buildings, & restrictions to protect farming & affordability

*Both can utilize a variety of funding sources. Both tools can be used to include protection of the farmhouse.*

# Agricultural Easement w/ Purchase Option



- Farmer owns land, buildings, & business
- Land trust holds an ag easement:
  - Allows transfer only to farmers
  - Includes affordability restriction
  - Sometimes requires farming, owner occupancy, ag income, or limits farmhouse size
- Land trust holds OPAV or PPR, triggered if farmer attempts sale for unaffordable price or to non-farmer

# Ground Lease Model



- Farmer owns buildings & business
- Land trust owns land, holds an option to purchase the buildings at their ag value
- Farmer holds 99-year ground lease:
  - Allows transfer only to farmers
  - Includes affordability restrictions
  - Requires farming, owner occupancy, & ag income
  - Limits farmhouse size
  - Is typically inheritable (for a farming heir)
- Can layer w/ a conservation easement

# What can we achieve?

## Community benefits:

- Commercial food production
- Good stewardship
- Strengthen regional food system

## Farmer benefits:

- Affordability
- Security of tenure
  - Build place-based business
  - Secure financing
  - Invest in land/buildings
- Farmer equity



# Laughing Earth Farm

- The farmers, Zack & Annie Metzger, own the 175-acre farm property in Brunswick, NY & the farm business.
- ASA holds an Agricultural Easement & PPR that:
  - Permits future sale only to a farmer,
  - Limits resale price to ag value, and
  - Gives ASA the right to purchase the farm if farmer tries to resell for more than ag value or to non-farmer.





# Laughing Earth Farm



**Purchase price of 175 acres: \$650,000**

**Value of Ag Easement w/PPR: \$479,175**

NYS DAM grant: \$340,651

Scenic Hudson Land Trust grant: \$118,551

Equity Trust grant (PPR purchase): \$50,000

Equity Trust grant (project costs): \$16,770

ASA grant: \$3,924

**What the farmers' paid to buy: \$177,156**

*\*Over \$40K of additional project costs was also covered by the above grant funds*

# Caretaker Farm



Challenges for all parties:

- Retiring farmers
- Community
- In-coming farmers



# Ownership Structure



- Land trust (WRLF) owns the land
- The farmers own the buildings
- MA Dept Ag Resources holds an agricultural preservation restriction
- 99-Year Ground Lease:
  - Lessor: WRLF
  - Lessee: Don & Bridget, Farmers
- Land trust holds OPAV on the buildings

# Achieving Affordability

## Caretaker Farm, Williamstown, MA

Unrestricted value: \$1,100,000

Bargain sale price: \$679,000\*



APR (cons. easement): \$252,000

Local land trust: \$50,000

Local CPA funds: \$50,000

Capital campaign: \$200,000

Incoming farmers: \$177,000

*\*while retaining ownership in a home subject to a ground lease*

*\*\*\$50K of project costs were also covered by the above contributions*

# Simple Gifts Farm Ownership Structure

- Land trust (NACF) owns the land, stewards replacement reserve fund
- Simple Gifts Farm owns the farmhouse & a leasehold interest
- MA Dept Ag Resources holds APR
- 99-Year Ground Lease:  
Lessor: NACF  
Lessee: Simple Gifts Farm
- Land trust (NACF) holds OPAV on the farmhouse and leasehold interest



# Simple Gifts Farm



**Market value of 32 acres: \$1,800,000**

**Bargain sale price to NACF: \$1,200,000**

**Sale of 3 house lots: \$325,000**

**APR: \$420,000**

**(\$100,000 of APR was from CPA grant)**

**Owner-financed principal forgiven: \$60,000**

**Community capital campaign: \$505,500**

**Farmers' purchase of buildings: \$64,500**



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# **Equity Trust, Inc.**

*[www.equitytrust.org](http://www.equitytrust.org)*

