



BFR land access: The landowner side of the coin

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PRESENTATION OUTLINE

- 1) Background: The landowner role in land access
- 2) A policy response: Land Access Incentives
- 3) Land access agreements between non-relatives
- 4) Analysis of landowner survey
- 5) Takeaways for research & policy outreach



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BFR land access: Two sides of a coin

“Successful farm entry and access to farms are often one side of a coin whose other side is successful farm exit and farm transfer.” (Parsons et al., 2010)

BFR side of the coin

Opportunities to establish & expand operations are difficult to access, whether through:

- Rental
- Crop-share
- Purchase

For first-generation BFR as well as multi-generational BFR

Established operators / owners have a competitive advantage in securing opportunities to work or purchase land (Burns et al., 2018)



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Landowner side of the coin

Transferring operations & especially ownership is not easy

Major financial disincentives rooted in policy

It's about mortality: that's hard

- "Good Midwesterners don't talk about anything that has money and death attached to it" (Swander, 2018)
- "It is a lot easier to talk about sex with your offspring than it is farmland transfer" (Swander, 2015)

Land is bound up and typically transfers after a delay of many years (Hamilton, 2011)

Land seeker + landowner access stories

In Indiana: an owner chose an unrelated farm seeker, sold equipment to him over time, hired him to custom farm their grain, and now that seeker runs the business, has equity in the equipment, and is preparing to buy land.

In Illinois: a flower farmer has secure, long-term rental of an unrelated owner's house, land, and buildings, where she builds her direct marketing and agritourism business.

In Indiana: three acres of sod belonging to an unrelated owner have become the farm of a direct-marketing vegetable farmer. They have a 5-year lease, plus a covenant in the owner's will and on the deed protects the farmer's long-term access.



Type a land access story you know into the Chat



@kirasflowers

A policy response: Incentivize landowners to transfer to BFRs

- State and federal policies
- Pay a landowner who chooses a “qualifying entering producer” as their next operator or owner
 - Instead of an established producer or owner
- Landowner earns a state tax credit of a % of the income earned or additional CRP payments



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“Qualifying entering producer”

**Depending on the policy, the
definition turns on:**

BFR (# years of experience)

Net worth

Veteran farmers

Women farmers

Farmers of color

Related policies use age or first-time
landowner status

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“Socially disadvantaged” producers

Severe exit from farming and dispossession of lands. 98% of black farmers exited agriculture from 1920 to 1997 compared to 66% of white farmers (Wood & Gilbert, 2000)

People of color make up 26% of the U.S. population and 62% of farm laborers, but only 3% of agricultural landowners (Horst & Marion, 2019)

Women make up half the population, but only 24% of agricultural landowners

Great further reading:

- *Freedom Farmers* by Monica White and “This land was our land” by Vann Newkirk in *The Atlantic*

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Types of Land Access Policy Incentives

The Aggie Bond is an inspiration (since the 1980s)

Federal version: USDA Conservation Reserve Program – Transition Incentive Program (CRP-TIP)

State versions: Beginning Farmer Tax Credit programs

- Nebraska, Iowa, Minnesota
- New in Kentucky and Pennsylvania
- Proposed and pending in Ohio and Oregon
- Colorado and Montana have Tax Deductions



Participation is good & can be better

- About 6000 landowners participate nationwide
- Concentrated in 9 states
- Iowa accounts for half the participation
- Followed by Minnesota, Nebraska, Montana, North Dakota & Washington
- Numbers are good & yet targets are higher



Recruiting more landowners

Federal CRP-TIP

- Unused by half of states
- Within states, numbers concentrate by county
- 2018 Farm Bill earmarked \$5m for dedicated outreach to connect landowners with BFRs, veterans, farmers of color, and women farmers

State BFTCs often use less \$ than their legislatures allocate to them

- Budgets for publicity are often nil



Recruiting more landowners who have operations / assets to transfer out of family

Agreements between non-relatives are:

- Required: CRP-TIP and Minnesota BFTC
- Not required but still the most common: Nebraska (84%) and Iowa (64%) BFTCs (Bahm, 2018; Ferguson, 2018)

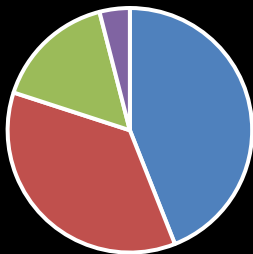
The most common way BFRs purchase land is from a non-relative (Ahearn & Newton, 2009)

LAND ACCESS POLICY INCENTIVES



Land access agreements between non-relatives are prevalent (USDA TOTAL, 2016)

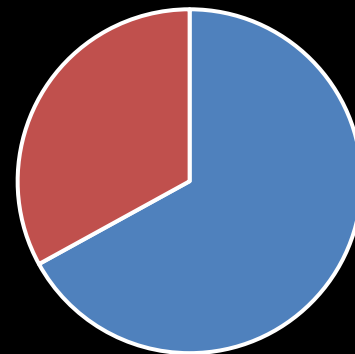
All ag land:
Method of acquiring ownership



- Purchased from non-relative
- Inherited / gifted
- Purchased from relative
- Purchased at auction

*Type an inspiring
land access story
into the Chat.*

Rented ag land (@ 46% of
Midwestern ag land)



- Unrelated tenants & landlords
- Related tenants & landlords

RESEARCH OBJECTIVE

To explore how landowners compare according to their transfer plans

Survey: Distribution to landowner networks

- IA: Iowa State Extension Beginning Farmer Center Ag Link
- IA: Practical Farmers of Iowa Find a Farm
- IL: The Land Connection
- IN: Hoosier Young Farmers Coalition
- IN: Indiana State Department of Agriculture
- IN: Purdue Succession Planning Team & Beginning Farmer Center
- KS: Kansas Farmers Union
- KS: Kansas Rural Center
- MI: Michigan State Extension Farm Management
- MN: Land Stewardship Project
- MN: Minnesota Department of Agriculture Farm Link
- MN: Renewing the Countryside
- MO: Farm Bureau Young Farmers and Ranchers
- ND: North Dakota Grazing Lands Coalition
- ND: FARRMS
- NE: Center for Rural Affairs
- NE: Nebraska Department of Agriculture Next Gen
- OH: OEFFA
- OH: CountrySide FarmLink
- SD: Dakota Rural Action
- SD: South Dakota Department of Ag Farm Link
- WI: Dairy Grazing Apprenticeship
- WI: Southwest Badger RC&D
- WI: UW School for Beginning Dairy Farmers

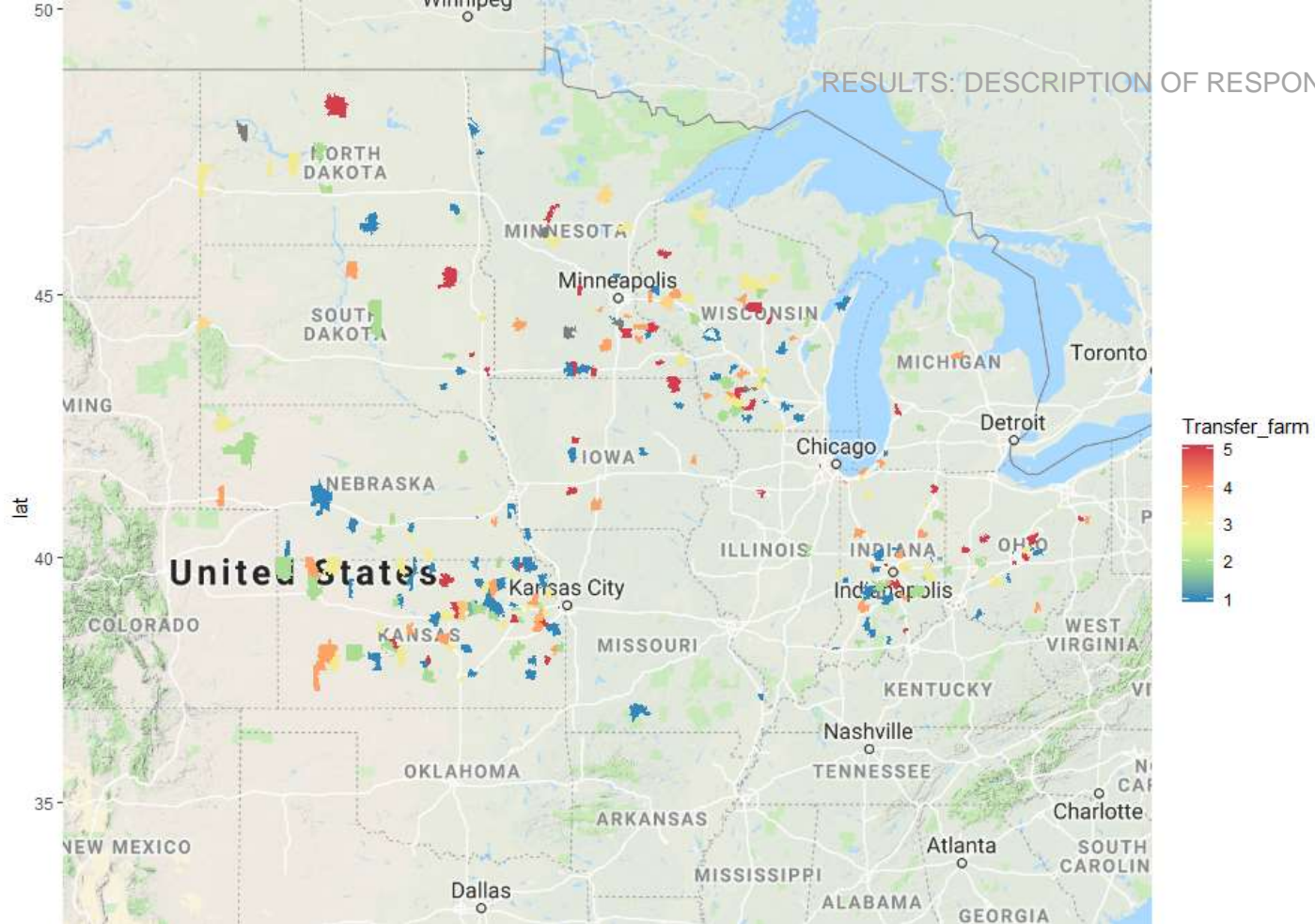


Survey: Respondents

- 338 landowners
- Half expect family succession (47%)
- Half might transfer out of family (53%)
- Heavily past or present operators: Only 16% never operated their land
- Highly educated: bachelor's degree 72%, graduate degree 44%
- Half women, half men



RESULTS: DESCRIPTION OF RESPONDENTS



Landowner comparison: Similarities

No statistical differences between owners who expect to transfer out of family versus within family according to:

- Geographic location (rural to urban continuum, RUCA 4-level E)
- Whether they ever operated their land
- Both groups are likely to earn most of their income off-farm
- Same median off-farm household income category (\$30-80k)



Landowner comparison: Differences

Those who might transfer out of family:

- Are older ($p < .001$)
- Are more likely to be active farmers now ($p < .001$)
- Are more likely to earn most of their income from agricultural production ($p = .007$)
- Earn less off-farm income ($p = .006$)



Landowner comparison: Differences

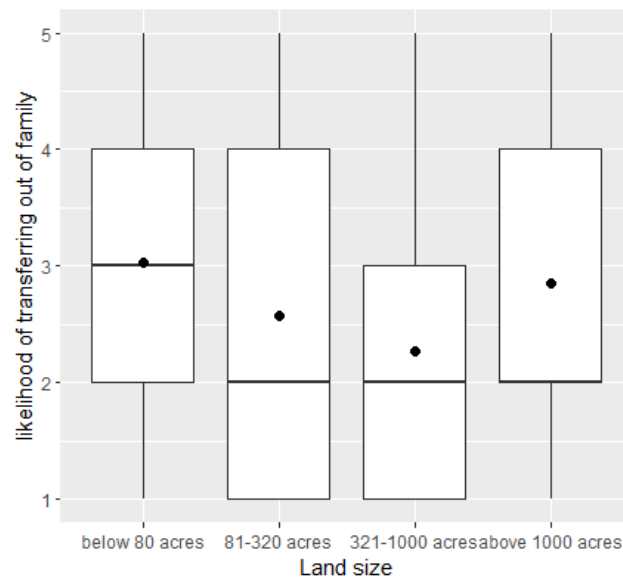
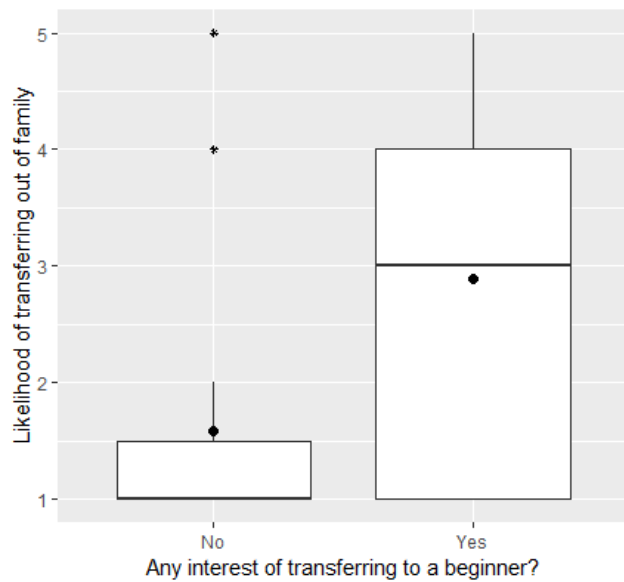
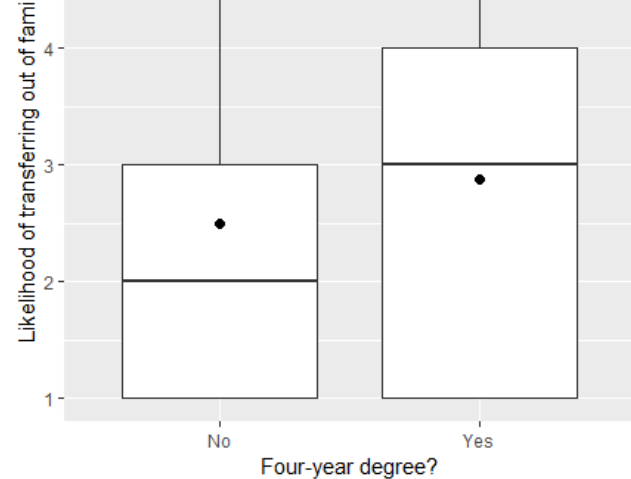
	Out of family	Within family
Will finance retirement from sale of land	77%	45%
Interested in transferring to a BFR	97%	75%
Land owned (median acres)	<81	81-320
Bachelor's degree or higher	77%	69%
Women	52%	38%



Landowner comparison: Differences

	Estimate	Pr > t
Will finance retirement from sale of land	0.78	<.0001
Interested in transferring to a BFR	0.73	.008
Land owned (<81 acres as reference)		
81-320 acres	-0.32	.091
321-1000 acres	-0.76	.002
1000+ acres	-0.06	.847
Bachelor's degree or higher	0.45	.018
Women – <i>re-analyze</i>		





Landowner comparison: Differences

Those who might transfer out of family:

- Need to finance retirement from sale of land
- More interested in transferring to a BFR
- Probably own <81 acres – but not necessarily – worth exploring
- More likely to hold a 4-year degree
- More likely women



DISCUSSION

Takeaways from findings

Sale of land will finance retirement

Concurs with other research that landowners need support with succession / transfer planning, ideally by a team (USDA Advisory Committee on BFRs, 2015; Valliant et al., 2019)

Landowners' advisors need to be educated about their clients' opportunities to transfer to a BFR, and networked, especially:

- Lenders
- Tax preparers
- Accountants and other financial planners
- Attorneys

Publicize the incentive policies to these advisors



TAKEAWAYS FROM THE FINDINGS



Target subsets of owners by characteristics for policy outreach

Potential subsets of owners for outreach:

- Owners of <321 and especially <81 acres
- Women
- Bachelor's / graduate degree-holders

TAKEAWAYS FROM THE FINDINGS



Interest in transferring to a BFR

Research can continue to examine how to support landowners in achieving a secure and meaningful legacy

"For us it's important to give a beginning farmer a chance, and not just make a big farmer bigger. It's really a joy to help someone get started." - Landowner participant in the Nebraska BFTC

"One, it's a great incentive because there's a big chunk of money involved, depending on the size of the agreement. Two, it really sends a message to landowners that this is something that this is something the state encourages. Three, it sends a message to beginners that they are valued by the state and are encouraged to get into farming. The publicity end of that is at least as important as the cash that changes hands." – Nebraska service provider



Thank you! Please contact me with questions or suggestions: jdv@Indiana.edu

Our website: <https://sfss.indiana.edu/projects/indiana/farmtransfer/index.html> and our research (open access & free):

1. Valliant & Freedgood. 2020. Land access policy incentives: A promising approach to transitioning farmland to a new generation. *Journal of Agriculture, Food Systems & Community Development*
2. Valliant, Ruhf, et al. 2020. Farm seeker needs versus farm owner offers: A comparison in the US Midwest and Central Plains. *Journal of Agriculture, Food Systems & Community Development*
3. Valliant, Ruhf, et al. 2019. Fostering farm transfers from farm owners to unrelated new farmers. *Land Use Policy*

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