



Creative Tools & Methods for Farm Transfers

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What we'll cover (briefly)

1. *“Group land tenure”*
2. *Lease-to-own*
3. *Land transfers and social justice*
4. *Farmland investors*

Purpose: *to support our clients' exploration of strategies to meet their particular goals and values.*



1. “Group” land tenure (GLT)

What is “group land tenure”?

- *Other terms include cooperative, collective, collaborative, commons*
- *Several farmers who occupy land together with some kind of uniting framework*
 - *Intentionally as a group*
 - *“Situationally” on shared land*

Other kinds of “group farming” include sharing equipment, inputs, markets, & labor



Why GLT?

- *More affordable access (not buying alone)*
- *More affordable (shared) carrying costs*
- *Foundation for other “group” sharing & learning*
- *Fosters supportive farming environment*
- *Not “private ownership”*



GLT applied to transfers

- *Very appealing, especially to starting, limited resource & BIPOC farmers*
- *Meet retiring farmer's social goals*
- *Farmer could transfer to multiple farmers*
 - *Subdivide; sell or lease to multiple farmers (intentional or situational group) if feasible*
 - *To an entity that will share the land among multiple farmers; could be nonprofit or coop*



Examples

- *Dairy farmer transfers ownership of the operation to his immigrant workers who form a cooperative to hold the land/biz.*
- *Retiring farmer rents the farm to a refugee farmer incubator organization.*
- *Exiting farm couple sells some land to an LLC comprised of five farm operations.*
- *Senior farmer gifts land to tribal group.*



What you can do

- *Support your client's social goals*
- *Have an open mind about this option*
- *Learn more about the option & examples*
- *Guide your client through considerations*
 - *Potentially more complex transactions*
 - *May take more time*
 - *How to vet the transferee(s)*
 - *Risk assessment (legal, financial)*



2. Lease-to-own

- *What is lease-to-own?*
 - *Familiar concept, but not a legal term*
 - *Means strategies to gain ownership of a particular property in the future*
- *Three methods*
 1. *Option to purchase*
 2. *Right of first refusal*
 3. *Land contract (aka installment sale)*



Lease-to-own

Why is this attractive?

- Timed transfer may have beneficial tax benefits*
- Offers additional security and promise to a farm tenant (family or unrelated)*
- More affordable to the transferee (gives time to build equity)*

Challenges?

- Kicks the can down the road*
- Complicates “letting go”*



Lease-to-own considerations

- *Risk and timeframe assessment*
- *Determining the price*
- *“Excess” rent as equity*
- *The usual: estate/tax consequences, financial stability for exiting farmer*
- *Drafting the legal documents*
- *Needs & capacity of the buyer*
- *Exit options? (change of heart/circumstances)*

3. Social justice transfers

What is a “social justice transfer”?

- A transfer action motivated by social justice considerations*
- May be targeted to BIPOC, immigrants, refugees, LGBTQ, farmworkers, military veterans*
- Considers both the transferee and the method*



Social justice goals

- *Goals may include:*
 - *Enabling more affordable access to land*
 - *Fostering opportunity for special population tenants or buyers*
 - *Acknowledging Indigenous history and rights*
 - *Reparations in the form of “Land Return”*
- *Social goals may impact finances; is a choice...*

Social justice transfer methods

- *Acknowledgement (attach to a transfer)*
- *Cultural easements (permission/prohibition)*
- *Use agreements (lease and other)*
- *Gift/partial gift of land*
- *Donation of land*
- *Bequest of land*
- *Gift or donation from land sale or estate*



Examples

- *Farmland owner donated inherited acreage to a local tribe.*
- *Farmer partial-gifted a plot of land to a group of immigrant farmers.*
- *Exiting farm couple gave affordable long-term lease to LGBTQ farmer.*
- *Agrarian Trust/Little Jubba Central Maine Agrarian Commons long-term lease to SBCA (community land trust model)*



Other social goals

- *Donate land to a church, school or similar institution (e.g., FaithLands Project)*
- *Donate, bargain sale or bequeath to a land trust, conservation or historic organization (VLT, MFT, SILT, TTOR, etc.)*
- *Stipulate community access (trails, scenic spot, fishing, etc.)*
- *Attaching conditions...*



What you can do

- *Be open to and support clients' values and social goals.*
- *Accept that the bottom line is not always top consideration.*
- *Look for and learn about examples.*
- *Advise client on legal and financial implications; compare strategies.*



4. Farmland investors

What is this?

- *Private entities that use investor funds to acquire farmland*
- *May or may not be “values based”*
- *Accredited investors or “crowd funding”*
- *Long-term leases or lease-to-own*
- *Some provide TA*



Why consider?

- *Company may have/raise capital to purchase farm/land*
- *May address retiring farmer's social goals*
- *May address retiring farmer's financial goals*
- *Examples:*
 - *Iroquois Valley Farms (IVF)*
 - *IVF Local Farms Fund (ex. Tim Biello)*
 - *Dirt Capital Partners (several in VT, NY, ME)*
 - *Northeast Farm Access [?]*



What you can do

- *Read Land For Good's reports on farmland investment companies.*
- *Become familiar with concepts, companies and examples.*
- *Due diligence for your client... and the farmer transferee.*





Thank you

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