Farm Transfer Tools: Promoting Sustainable Practices

Adapted from Conservation Financing for Farm Transfer, by Hannah Lewis and Jane Grimsbo Jewett

Many landowners, whether retiring from a lifelong career of farming or inheriting land from parents who farmed, want to leave a legacy of conservation and sustainable agriculture. As a landowner, you may be looking for ways to pass on the farm to a farmer and/or new owner who shares this vision. For retiring farmers and off-farm landowners alike, there are many ways to do this, depending on the value and priorities of the particular landowner.

For instance, some landowners want to keep the farm in the family, while others hold this as a lower priority or perhaps don’t have a family heir. Another consideration is the extent to which landowners want to stay connected to the land over time. Farmland transfer involves transferring equity, management, and income potential to the next generation. Some landowners are ready to part with all of these rights and responsibilities at once, while others prefer a more gradual process, or perhaps depend on the income from renting the land. Whether transferring the land by selling, leasing, gifting, or by an estate plan, or a combination of these methods, landowners can include provisions to encourage and/or ensure conservation practices.

Still another goal landowners may have—and one that may tie in nicely with the desire to promote sustainable agriculture—is to help a beginning farmer get started. While often a limiting factor for beginning farmers is lack of land and capital, they can in exchange offer: energy; time; a certain level of knowledge, skills, and experience; a shared commitment to sustainability and conservation in some cases; and access to USDA beginning farmer loans and related resources.

So, what can the landowner do to encourage sustainable agriculture in the process of a farm transfer? Here are a few suggestions:

Selling Land
Selling a farm outright may be the most limited option in terms of ensuring conservation stewardship.

However, you do have control over how and to whom you advertise the sale. For instance, if you advertise it with a Land-Link program or through a listing offered by a sustainable agriculture organization, you have an opportunity to attract conservation-minded farmers.

Selling a Portion of the Land to a Sustainable Farmer
Depending on how much land you have and how it’s configured, an option may be to separate out a portion of the property with a greater conservation value to transfer to a sustainable farmer.

Contract for Deed
With a contract for deed sale, the landowner sells the land on contract over the course of several years to a beginning farmer. The terms of the contract can include specific language about conservation standards and/or allowable agricultural practices, similar to provisions that might be spelled out in a long-term lease.

Agricultural Conservation Easement
Owners of farmland near the edge of large metropolitan areas can consider getting an agricultural easement on their land before selling it. This would restrict current and future use to agriculture and potentially lower the purchase price for a beginning farmer.

Deed Restriction or Restrictive Covenant
Similar to an easement, a deed restriction limits how the land can be used by the subsequent owner.

Long-Term Leases
Establishing a long-term lease is a great way to facilitate conservation because it provides security to the farm operator that investments made in the soil today will benefit that same operator in the future.

Revocable and Irrevocable Trusts
Essentially, a trust establishes a legally binding management plan for a farm that will survive the settler (the landowner who establishes the trust).

Forming a Business Entity to Facilitate Farm Transfer
Formation of a business entity such as a limited partnership or Limited Liability Company (LLC) can be a useful tool for transferring a farm to the next generation.

Creating an Educational Farm
This takes a high level of commitment and significant endowment funds to ensure that the property can be operated as an educational endeavor, but it is by no means impossible for those with the resources and will to do it.

USDA Conservation Programs
The USDA has a variety of conservation programs that farmland owners can initiate on their land and later transfer through sale or lease to a new owner.

For a more detailed description of these options, refer to the ATTRA publication Conservation Financing for Farm Transfer.
Beginning and Maintaining Sustainable Practices
Adapted from Valuing Sustainable Agriculture Practices, by Robert Maggiani and Jane Grimsbo Jewett

You want to be a good steward of your land, and you want the people who come after you – family members or not – to practice good stewardship, too. What will it take to really make that kind of legacy happen? Listed below are 10 common sustainable agriculture and conservation practices that can help you make this legacy happen.

Crop Rotation
Crop rotation means changing the crop planted in a field from year to year. In order to gain maximum benefits from crop rotation, you need a rotation sequence that is longer than two years. Multi-year rotations break up weed cycles as well as insect life cycles and certain disease cycles, reducing the damage these cause to crops.

Soil Fertility Management
Adding livestock manure, either from animals on the farm or purchased nearby, is a common practice on fields in the Midwest. Eventually, that organic material breaks down and becomes stable soil organic matter (SOM). Good SOM levels allow less use of purchased fertilizer and other purchased soil amendments. Good SOM levels also help drought-proof the soil. SOM is like a sponge: it absorbs up to six times its weight in water. Increasing SOM helps the soil retain and hold water that can be used by crops.

Cover Crops
Cover crops help build soil organic matter by scavenging nitrogen and other nutrients left in the soil and using it for growth, tying it up in the plant material of the growing cover crop. Once the cover crop is chopped, mowed, plowed, etc., the billions of bacteria and fungi that live in the soil break down that plant material gradually.

Agroforestry
Agroforestry means growing woody species – trees and shrubs – together with crops, livestock, or both in a farming system. The woody plants can help maintain air, water, and soil quality; diversify income sources; conserve energy; improve wildlife habitats; and improve total productivity of the farm.

Water Quality Management
Sustainable agriculture practices can help maintain or improve water quality on the farm and downstream.

Wetland Restoration
Restoring wetlands on the farm is another idea to consider for water quality improvement. Well-designed and placed wetlands can reduce nitrate losses from surrounding fields into surface waters by 40% to 90%. They can serve as water-quality buffers for more than one farm and, indeed, for an entire watershed.

Alternative and Specialty Crops
Alternative crops such as small grains (oats, wheat, rye, barley) and oilseed crops (canola, safflower, sunflower) can be grown as part of a crop rotation on large acreages. Alternative crops in the rotation can help reduce disease and insect problems, as well as diversify a farming operation to spread income out more evenly during the year.

Perennial Forages and Grazing
Perennial forage plantings are excellent practices for soil and water improvement. An established perennial forage stand is like a sponge, soaking up both water and nutrients and allowing very little of either to escape into groundwater or surface water.

Pollinator and Beneficial Insect Habitat
One of the biggest stories in the agricultural press during the past several years has been the decline of domesticated honey bee populations all over the United States. Wild bee populations are also in decline due to loss of habitat, and this poses risks for agricultural crops that depend on bees for pollination. Insect pollination results in $26.9 billion in crop value per year.

Wildlife Habitat
Establishing and maintaining habitat can be purely for aesthetic and conservation purposes, or it can be done with an eye toward encouraging the presence of game species. Fee hunting or hunting leases can be a significant source of farm income if the farm acreage is large enough and productive enough.

For more detailed information, see the ATTRA publication Valuing Sustainable Agriculture Practices.

New Online Training Course Available
Are you thinking about farming as a career? Check out the new, FREE, online learning course, Getting Started in Farming: An Introduction to Farm Business Planning. The eight lessons in this course will guide you through the process of imagining and planning a successful farming enterprise. You’ll also hear from several farmers who have made their dreams a reality.

The course was developed by the National Center for Appropriate Technology’s ATTRA project, with funding from the Beginning Farmer and Rancher Development Program of the National Institute of Food and Agriculture, U.S. Department of Agriculture.

Also check out the companion workbook, Getting Into Farming - A Workbook for Beginning Farmers in North Carolina, available for $19.95 from ATTRA. The workbook follows the same sequence of topics as the e-learning course but contains many additional worksheets. The workbook and e-learning course each stand on their own, but they were designed to complement each other and thus offer greater benefit when used together.

Find out more at http://northcarolina.ncat.org/.
Economic Sustainability

Farming sustainably means growing crops and livestock in ways that meet three objectives simultaneously:

- Economic profit
- Social benefits to the farm family and the community
- Environmental conservation

Sustainable agriculture depends on a whole-system approach whose overall goal is the continuing health of the land and people. Therefore, it concentrates on long-term solutions to problems instead of short-term treatment of symptoms.

This article focuses on Economic Sustainability. To learn more about Social and Environmental Sustainability, see the ATTRA publication Applying the Principles of Sustainable Farming.

Selecting Profitable Enterprises to Ensure Economic Sustainability

Economic sustainability increasingly depends on selecting profitable enterprises, sound financial planning, proactive marketing, risk management, and good overall management. The key for row-crop producers may be to explore income opportunities other than traditional commodity crops, such as contract growing of seed corn, specialty corn, food-grade soybeans, or popcorn. These specialty crops are not for everyone; only a certain number of acres can be grown because of limited markets. Expanding organic markets suggest another possible niche. “Alternative” crops like safflower, sunflower, flax, and others may be an option for lengthening a corn and soybean rotation; learn more in the ATTRA publication Alternative Agronomic Crops. Other examples of diversification strategies are available in the ATTRA publications Evaluating a Farming Enterprise and Moving Beyond Conventional Cash Cropping.

Author and successful small farmer Joel Salatin advocates going with several “centerpiece” enterprises to which can be added several “complementary” enterprises. The complementary enterprises overlap with the centerpiece enterprises by sharing some of the same overhead requirements, thus lowering overall costs for all the enterprises. When we try to produce a single product such as wheat, corn, or soybeans our risk is high because “all our eggs are in one basket,” says Salatin. When we integrate plant and animal agriculture, we distribute overhead and risk among several enterprises.

Comprehensive Financial Planning Is a Must

The holistic financial planning process empowers people to make decisions that are simultaneously good for the environment, the local community, and the bottom line. Learn more in the ATTRA publication entitled Holistic Management: A Whole-Farm Decision Making Framework. Also evaluate other financial planning tools that allow enterprise budgeting, cost calculations, partial budgeting analysis, and more—these should be available from your local Extension agent. Business planning software is available from local software retail stores.

Economic Sustainability is an important part of an overall sustainable farming enterprise. Sustainable farming meets economic, environmental, and social objectives simultaneously. Managing economics, society, and environment simultaneously depends on clear goal-setting, effective decisionmaking, and monitoring to stay on track toward the goal.

How Do We Achieve Sustainability?

Farmers and other agricultural thinkers have established a strong set of guiding principles for sustainability, based on stewardship and economic justice. Producers and researchers are annually increasing the pace of improvements in agro-ecology systems, making them more efficient and profitable. More Cooperative Extension offices and colleges of agriculture are endorsing sustainable practices. And every year more farmers are seeing the wisdom and rewards—both economic and personal—in these systems. Organic products are the fastest growing grocery segment in the United States. Little by little—one crop, one field, one family at a time—sustainable farming is taking root. For more information on Sustainable Agriculture, see the ATTRA publication Sustainable Agriculture: An Introduction.

Register now at www.harvestcleanenergy.com! First 50 registrants save $50! Use code HCE.
ATTRA Publications

Here is a sampling of ATTRA publications related to Beginning and Promoting Sustainable Practices. Be sure to check out our new and updated publications, too!

- Applying the Principles of Sustainable Farming IP107
- Building Sustainable Farms, Ranches and Communities IP354
- Conservation Easements IP239
- Conservation Financing for Farm Transfer IP460
- Evaluating a Farming Enterprise IP041
- Federal Conservation Resources for Sustainable Farming and Ranching IP294
- Overview of Cover Crops and Green Manures IP024
- Planning for Profit in Sustainable Farming IP419
- Pursuing Conservation Tillage Systems for Organic Crop Production IP183
- Sustainable Agriculture: An Introduction IP043

- Valuing Sustainable Agriculture Practices IP461

You can find lots of resources on beginning sustainable farming at https://attra.ncat.org/attra-pub/local_food/startup.html.

New and Updated Publications

- Life-Cycle Assessment in Agricultural Systems IP447
- Getting Into Farming: A Workbook for Beginning Farmers in North Carolina IP462

See the full list of ATTRA publications at https://attra.ncat.org/publication.html.

Call 800-346-9140 for a printed copy. Prices vary. Many resources are free.