Rent-Setting Options

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| **Rent-Setting Option** | **Benefits** | **Drawbacks** |
| Annual Cash Rent | * Easy to understand & implement
* Maximum $ each year to landowner
* Maximum flexibility for landowner
 | * Discourages long-term land stewardship practices
* May not be affordable for many sustainable agriculture, conservation, or alternative crop practices
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| Long-term lease with rent tied to commodity prices | * Maximum or near-maximum $ each year to landowner
* Security of multi-year land use for the farm operator; stands to benefit from practices that may take longer than one growing season to provide a return on investment.
* Access to conservation programs that require long-term control of the land
 | * May not be affordable for many sustainable agriculture, conservation, or alternative crop practices
* Less year-to-year flexibility for landowner
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| Long-term lease with rent tied to yield or total farm revenue | * Accounts for year-to-year weather variations & possibility of resulting reduced yields and/or incomes
* Landowner and farm operator share risk
* Access to conservation programs that require long-term control of the land
 | * More complicated to administer; record-keeping required
* Not maximum $ each year to landowner
* Less year-to-year flexibility for landowner
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| Crop sharing | * Accounts for year-to-year weather variations & possibility of resulting reduced yields and/or incomes
* Landowner and farm operator share risk
* Can facilitate sustainable & conservation practices through agreements on what to plant on which acres
 | * More complicated to administer; record-keeping required
* Not maximum $ each year to landowner
* May be affected by timing of crop sale
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| Graduated or stepped rent | * Can facilitate start-up for beginning farmers
* Can facilitate the three-year organic conversion process
* May be a tax credit for the landowner
 | * Requires up-front work to set the terms and yearly record-keeping
* Not maximum $ each year to the landowner
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| Rent-to-Own | * May qualify for Federal Beginning Farmers and Ranchers program dollars
* Allows a beginning farmer to build equity
 | * May not return maximum $ each year to the landowner
* Risk of default and loss of equity to the beginning farmer
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| Hybrid system: Use a combination of different options on different acres depending on crop yield potential and conservation practice potential. |