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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| Hybrid system: Use a combination of different options on different acres depending on crop yield potential and conservation practice potential. | | |