Farm Transitions Advisory Committee Conference Call

April 16, 2013

Present on the call:
Terra Brockman
Gary Hachfeld
Dean Harrington
Amanda Heyman
Jane Jewett
Jan Joannides
LouAnn Kling
Hannah Lewis
Robert Maggiani
Helene Murray
Rich Myers
Brett Olson
Vicky Poier
Kent Solberg
Karen Stettler
Susan Stokes
Cathy Svetovsky

Overview of projects

Karen Stettler: Land Stewardship Project secured a Beginning Farmer & Rancher Development Grant. Work under this grant has included:

* Writing & performing of a play about farm transitions and land access
* Plainview Land Access Committee
* Farm Transitions coaching; connecting with people and hearing stories of beginning farmers struggling with land access and retiring farmers struggling with transitions
* Money for FLAG and MISA to work on the Toolkit; deal with legal issues, produce worksheets for the process
* FLAG has produced a couple of pieces on long-term leases and contract for deed sales.
* Still work to do on pulling this together with other pieces of the effort.

Jan Joannides: Renewing the Countryside and Sustainable Farming Association started working together a lot more over the past couple of years. They found that beginning farmers are looking for land. Many existing farmers are aging, and many aging farmers have no transition plan or estate plan. It’s hard to start the conversation with heirs. It’s an uncomfortable topic. RTC and SFA are trying to find ways to normalize the topic and make it okay to discuss. Model for access to information: the New England Farm Transition Network has a website that directs people to resources. RTC wants to develop a “portal” that will be a place for people to go to find information about farm transitions. A Risk Management Agency grant is supporting this work.

Dean Harrington: Questions the basic direction of the toolkit draft publications. He wasn’t expecting the topics in these drafts to come out of last fall’s discussion. The basic questions he hears from farmers: 1) How much is enough to meet my goals for retirement? What is there besides price when it comes to my land? (People don’t know how to ask about anything except price.) 2) Where are we going to live? -- (People want to stay in their homes; sometimes renting to cash grain farmers is a way to accomplish that. ) 3. Who will farm the land, and how? Can beginning farmers really make it in today’s economy?

**CONSERVATION FINANCING**

**Scope & Topics?**

Jan J. – Well-written; good job of explaining options.

Dean H. – Liked the piece about selling a portion of the land to a sustainable farmer; it’s counter-cultural to break up a farm.

Karen S. – Chart of methods of farm transfer is good. Would like to see use of consistent language across pieces developed by different individuals & organizations. Would like to see revocable vs. irrevocable trust fleshed out some more.

Gary H. – Concerned about use of the word “will,” which has a very restrictive meaning. In the context of the Conservation Financing document, the word “will” should probably be replaced by “estate plan.”

Terra B. – Very useful document, but is wondering how it will be used. Posted online? Available in print? Limited availability? Used in workshops? --- Karen S. answered that it still has some processes to go through; case studies of farms/farm families will be done to bring it alive. It has many potential uses.

Karen S. – Should add the USDA loan guarantee program for beginning farmers. Also a question on conservation easements: the document talks about these being limited to the urban fringe. Could we make that broader, so that it could apply to more people?

Hannah L. – Clarification on the conservation easement question: in many cases land values are rising because of agricultural uses. A conservation easement is really only valuable when there is development pressure on the land, which is generally seen near urban areas. Karen S. – reply – liked the treatment of conservation easements; agrees with Jane J. comment that in other publications these are given a lot of discussion and it’s not made clear that they are only for certain areas.

Amanda H. – In the discussion of contract for deed sales, which Hannah is currently calling installment sales, it may be appropriate to cross-reference with the FLAG fact sheets.

Susan S. – Agrees with referencing FLAG fact sheets. Especially for long-term leases, there are complications and consequences for farm estates; it makes sense to introduce the leases and then refer to the FLAG fact sheets. (\*Final versions of the fact sheets need to be sent to Hannah L.)

**Audience & Tone?**

Karen S. – Tone feels good; suggested slight re-wording in first paragraph.

Dean H. – Question about audience: is this directed at farmers who are currently sustainable farmers? -- Jane J. answer: She’s pushing for broad audience that may include currently conventional farmers, other landowners; but Karen S. reports that most of those attending workshops are currently sustainable farmers.

**Organization?**

Dean H. – Flowed well; organized well.

**Resources?**

LouAnn K. – Need to check out resources before you recommend them; especially for referral to one-on-one services like lawyers or counselors.

Karen S. – Prefer to recommend organizations rather than individuals.

Terra B. – Suggested annotating resources.

Hannah L. – Also heard suggestion to embed resources into the sections rather than all at end of document.

Susan S. – Is there a need for farmers to have someone to go to, who can sit down with them and draft up the worksheets, etc. that farmers should go through? Take the farmer’s ideas and preferences, and create documents from that?

Brett O. – It’s risky to recommend a professional in the field. Sometimes a good personal connection isn’t made. Suggests giving farmers the right questions to ask their own attorneys or other advisors.

Susan S. – FLAG sees the same risk with making referrals. Are there enough financial and legal advisors out there who have expertise on these issues?

Dean H. – Definitely a need for those advisors. There are lots of resources for wealth management but most of those advisors have no expertise in farming. His bank has not found good advisors for these farm transitions situations.

Hannah L. – noted Farm Commons as a resource.

**VALUING SUSTAINABLE PRACTICES**

**Scope & Topics?**

Dean H. – Scope is excellent; these can be worked into a financial analysis.

Brett O. – Community assets are enhanced through good farm transfer practices. There are values of the farming culture and community values. Possible to put a dollar value on these?

Dean H. – Everything doesn’t have a dollar value; there’s danger in putting a dollar value on some of it.

Kent S. – One danger for future use is this is a living document; calculations based on grain prices or fertilizer prices will change over time. Numbers shown will be out-of-date. –General discussion on this point. Suggestion from the group that when giving examples, specify the year when figures were current. Jane J. reply that we want to include links to reports that get updated (grain price, fertilizer price) so people filling out the worksheets will be using current numbers.

Gary H. – Rural Appraisers summer meeting; there’s a man presenting who is nationally known for appraising natural resources. John Widdos from Spearfish, SD. He’s a potential reviewer for this piece; Gary will send contact info.

Dean H. – Is there a scale issue or a size issue? Some techniques that are profitable at a small scale, are lost at a large scale. Example: application of personal thrift and ability to substitute labor for equipment – some of these things only work when you scale down. – Jane J. reply re: Hannah L.’s suggestion to consider dividing a farm into a smaller specialty crop farm and a larger cash-grain farm; starts to get at that issue. Dean H. reply that this is a cultural issue for SE MN farmers; you don’t divide a farm. Supportive of making the suggestion about dividing, though; people need new ways to think about the farm transition.

**Audience & tone?**

Dean H. (sardonically) – Too readable & understandable to have credibility with bankers.

Rich M. – Concerning tone: trying to get his arms around this; can you (Jane J.) take a section and produce model language directed at the desired audience? -- Plan to set up conference call between Jane J., Rich M., and Robert M. to do this.

**Organization?**

Dean H. – Useful to show linkages among these practices? For instance, what if choosing one practice precludes another?

**Resources?**

General consensus: presenting resources after each section is good, rather than all at the end.

Robert M. – Should a given study be referenced in the text, or not?

Dean H. – Thought references in text were O.K.

Next steps: attempt to integrate Hannah’s and Robert’s pieces; work on resources; follow-up phone call by ATTRA staff, Karen S., Jane J. for the Valuing Sustainable Practices piece.