

ABOUT THE NATIONAL YOUNG FARMERS COALITION

NYFC is a network of over 120,000 farmers, ranchers and consumers building a future for young people in American agriculture. Our work includes: reforming policy to make land, capital and training accessible for beginning, diversified and organic farmers; supporting a growing network of local NYFC chapters; and providing farmer-to-farmer technical resources and services.



Our Reach



NYFC has a grassroots base of 41 farmer-led chapters in 28 states, and a network of more than 120,000 people

Our Services

- Grassroots organizing
- Federal + state advocacy
- Training + business services

Working to ensure farmland in America remains available, accessible, and affordable to farmers now and for generations to come.



TRAINING

RESOURCES

ADVOCACY

youngfarmers.org/land-access

Land Access Program

- **Trainings** – trainings & presentations across the country.



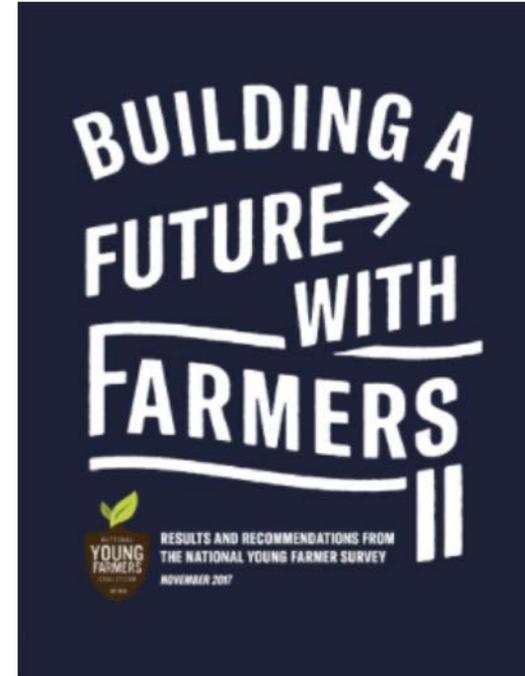
- **Resources** – guidebooks, fact sheets, online land access affordability calculator tool.

- **Policy Advocacy** – working with partners at the federal, state and local levels.



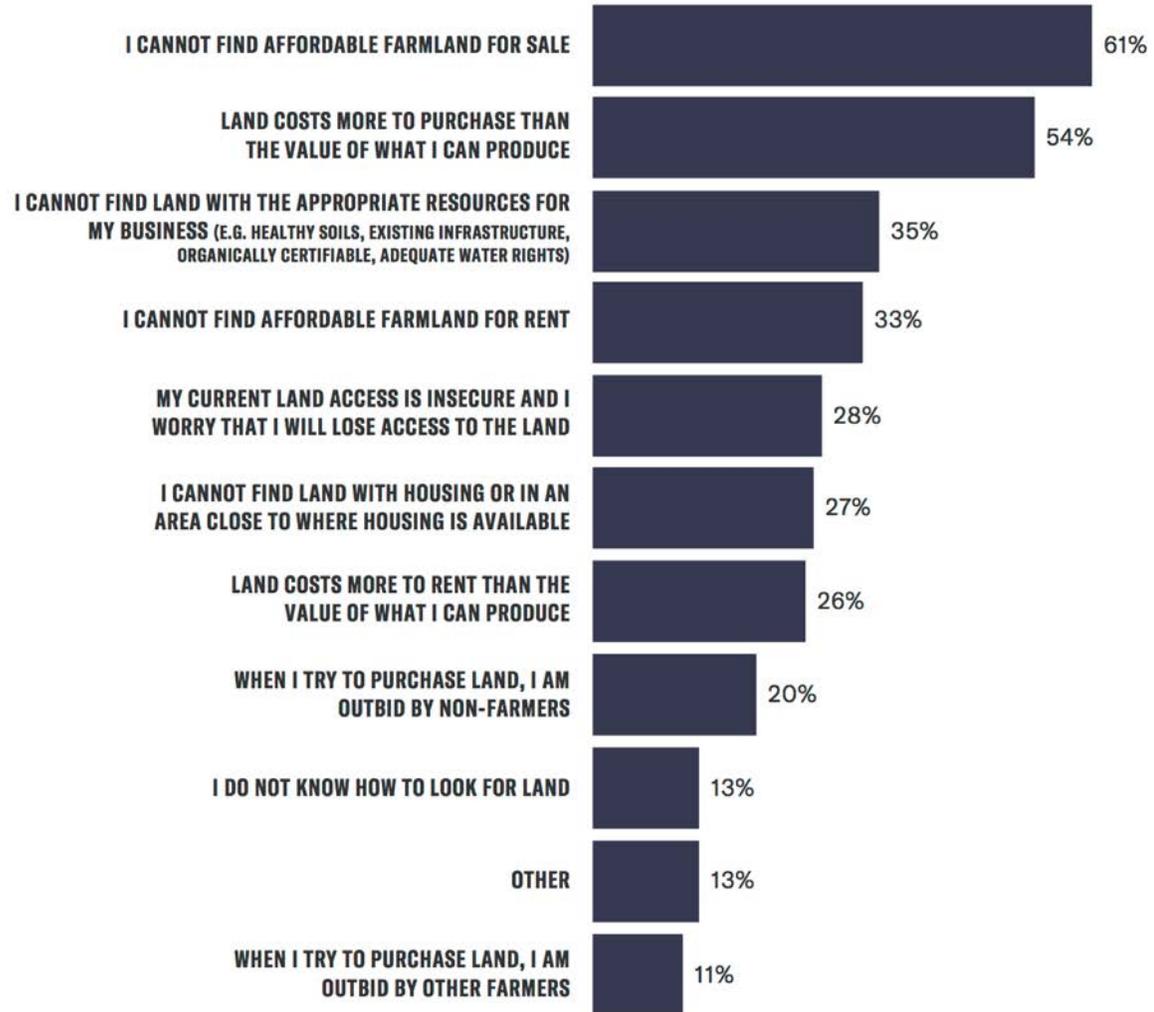
2017 NYFC Survey: Land

- BIGGEST CHALLENGE for current farmers.
- MOST SIGNIFICANT reason for leaving agriculture.
- BIGGEST BARRIER to starting to farm.
- BOTH first-generation and multigenerational farmers cited land access as their top challenge.



1. Cannot Find
2. Costs more than value of production
3. Can't find with appropriate resources

CHALLENGES OF LAND ACCESS



Land + Financing

The Challenge

- Credit is hard to access for farmers because of pre-existing debt, such as student loans, and other start-up costs.
- This can make land access incredibly challenging.
- Land finance decisions are a key building block of a successful farm business.
- Many farmers do not have easy access to resources or professionals who can help them understand the full range of options for accessing credit.



NYFC RESOURCES

1. Land affordability



2. Access to credit



3. Financial Planning





NATIONAL YOUNG FARMERS COALITION | JANUARY 2015



FINDING FARMLAND

A FARMER'S GUIDE TO
WORKING WITH LAND TRUSTS



Download the guide for free:
[youngfarmers.org/
farmerlandtrustguide](http://youngfarmers.org/farmerlandtrustguide)



How land trusts can help farmers:

1. Reducing the cost of land ownership through easement purchase

- Prior to purchase
- At time of sale
- After purchase

2. Finding and acquiring land

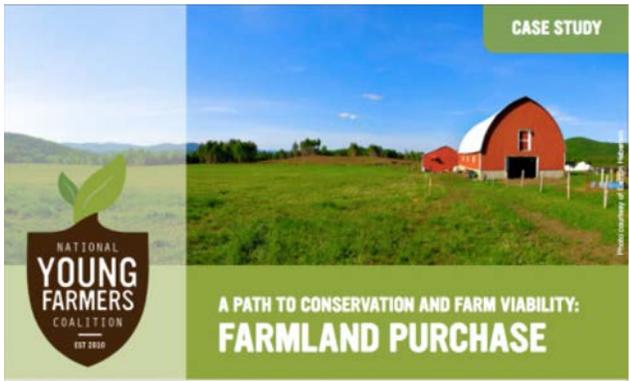
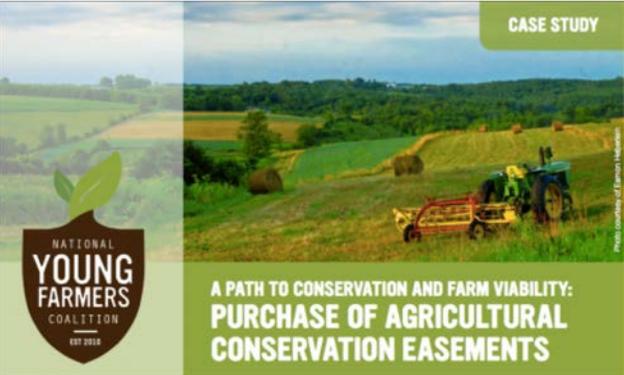
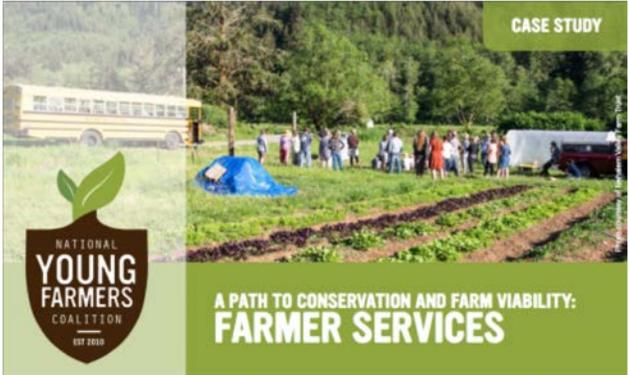
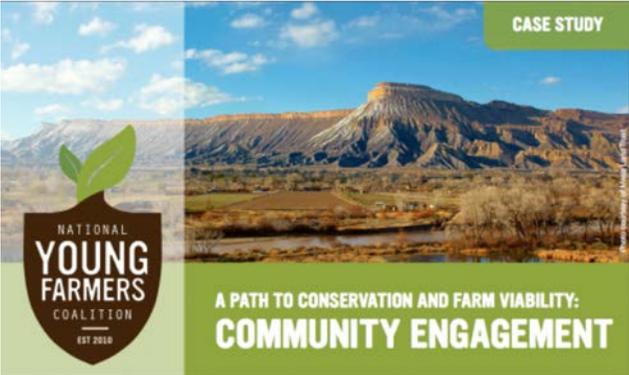
- Landowner matching & networking
- Leasing land (lease-to-own, ground lease, incubator farm)

3. Services, support, & partnership

- Employment
- Land transfer counseling
- Purchase price advice
- Supporting the local food economy
- Partnering with other local non-profits (e.g. helping a food co-op purchase a building)



NYFC Case Studies for Land Trusts Spectrum of Ag Viability Work



Download for free on our website:
www.youngfarmers.org/land-access



Finding a Land Conservation Partner

- **American Farmland Trust**

www.farmlandinfo.org/directory

- **Land Trust Alliance**

www.findalandtrust.org

- **USDA Service Center Locator**

offices.sc.egov.usda.gov/locator/app

- **Find a local coalition of land trusts. Examples include:**

- Coalition of Oregon Land Trusts

- Washington Association of Land Trusts

- Colorado Coalition of Land Trusts

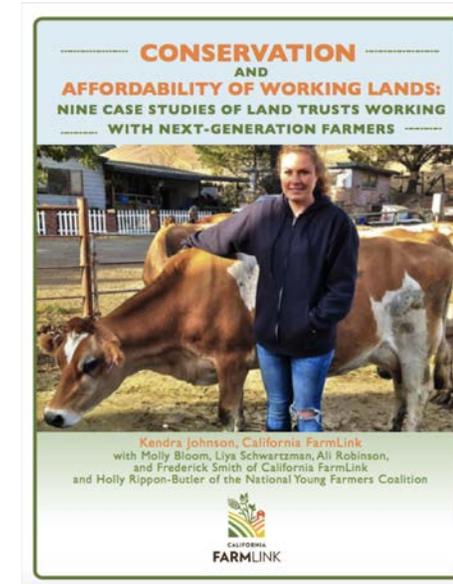
- Heart of the Lakes (MI)



Additional Resources

CA FarmLink Case Study book:

www.californiafarmlink.org/resource-library



Equity Trust:

www.equitytrust.org

Model Agricultural Ground Lease
& Easement



FSA Loans Guidebook

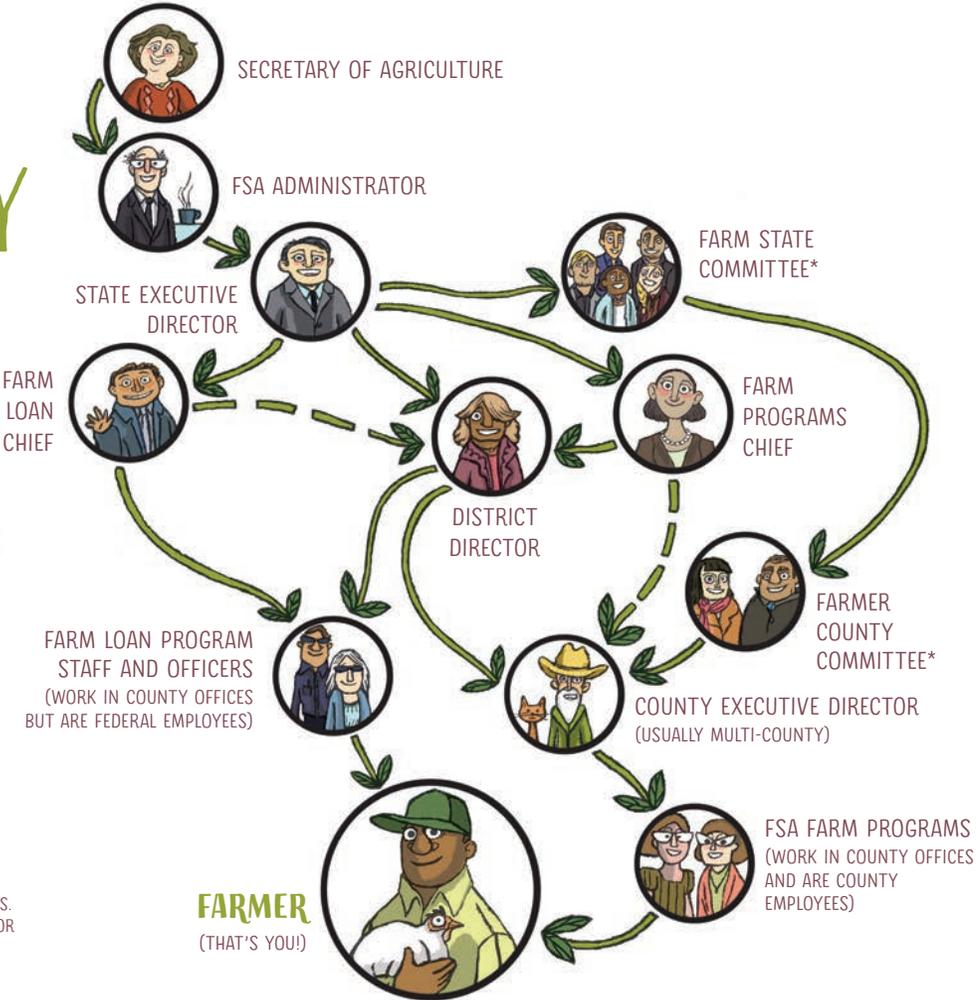


Download the guide for free:

youngfarmers.org/fsaloansguide

FSA Loans Guidebook

FSA FAMILY TREE



*THESE COMMITTEES ARE ELECTED BY FARMERS. YOU CAN VOTE FOR COMMITTEE MEMBERS OR RUN FOR YOUR COMMITTEE!



FSA Loans Guidebook



Trylon Williams

WILLIAMS ENTERPRISES
SAFFORD, ALABAMA

OPERATING LOAN
(MICROLOAN)

Trylon Williams was raised on the 80-acre farm that his parents Andrew and Evelyn bought when he was young. Like many farmers in West Alabama, they had cleared the land to raise beef cattle, selling the trees to local paper mills and reinvesting the profits to grow their herd. Trylon learned all about running the cow-calf operation from his father, but went off to college and then built a life for himself in Huntsville away from the farm. When Andrew launched the Deep South Food Alliance in 2012 to support limited-resource smallholder farmers in the region, Trylon decided it was time to come home and help his father with the farm.

In 2013, he took over the herd of 15 Black Angus mother cows, raising them on pasture using rotational grazing, and selling the calves at the local stockyards. Raising cattle is a side business for him, but since the cows calve at different times of year, it is a steady source of income that allows him to easily work off-farm in his other business—trucking wood chips to the paper mills. A year after he returned home he sought a microloan to buy 10 additional cows and a bull with the goal of eventually increasing the herd to 50. He and other farmers in his area had a meeting with an extension agent who traveled down from Tuskegee to support them in the process. He recalls that the paperwork was easy to get together—it took him about a week to gather all of the required documents and he was approved within an additional week. The funds from his loan were available in a little over a month and he was able to use his cows as collateral. He described the application process as fairly straightforward, “nothing worth complaining about.”

He has four annual payments left on his seven year loan, and has already been able to grow the herd to 40, including one group of six young heifers that he is raising to be mother cows.

HE DESCRIBES THE APPLICATION PROCESS AS STRAIGHTFORWARD.

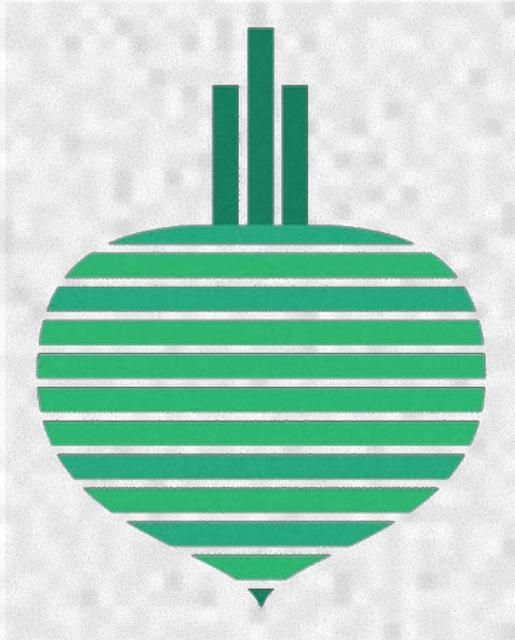


SCORE

FSA entered into a new agreement with SCORE, a volunteer org. administered by the Small Business Association that mentors small business owners



- Young farmers report wanting to improve business planning
- NYFC wants to help our farmers know about this opportunity
- SCORE is free for mentees
- NYFC is hoping to help with outreach and evaluation of the program



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United States
Department of
Agriculture

National Institute
of Food and
Agriculture

Project Goal

To enable beginning farmers and ranchers across the country to make informed financial decisions during the process of accessing land to create a strong framework on which to build their farm business.

Project Objectives

Create an **interactive financial education tool** for farmers seeking to buy or rent land



Coach beginning farmers on the financial implications of land access decisions



Teach farmers how to use the Finding Farmland Calculator, and provide complementary financial education



Project Outputs

Finding Farmland Calculator & workbook version of the tool
www.findingfarmland.org

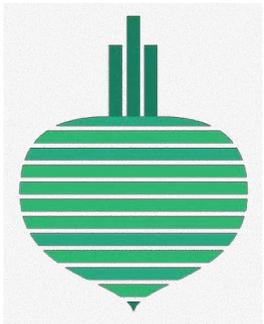
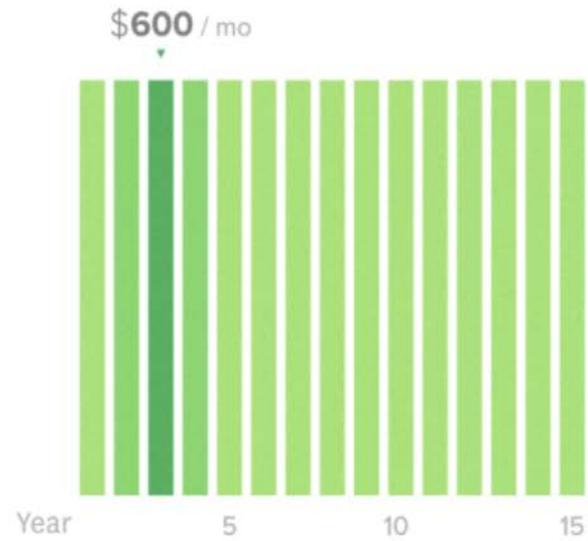
Free online course on “Financial Decision Making for Land Access”
Coming soon to our website!

Free in-person workshops on “Financial Decision Making for Land Access” in 8 regions
See the events page on our website.

Case Studies



Calculator

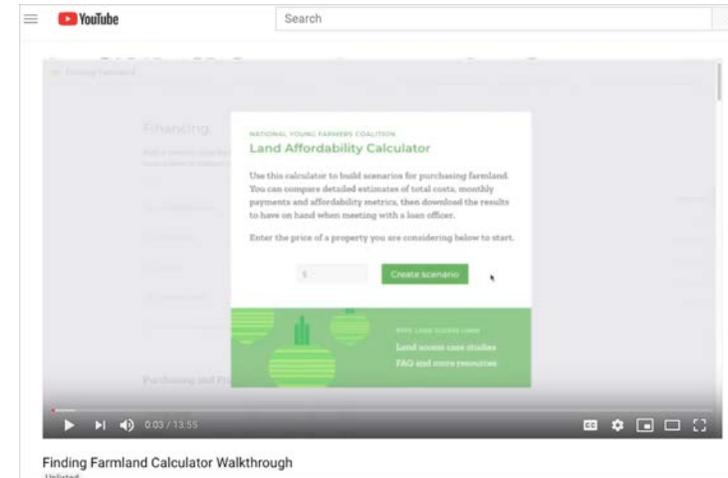


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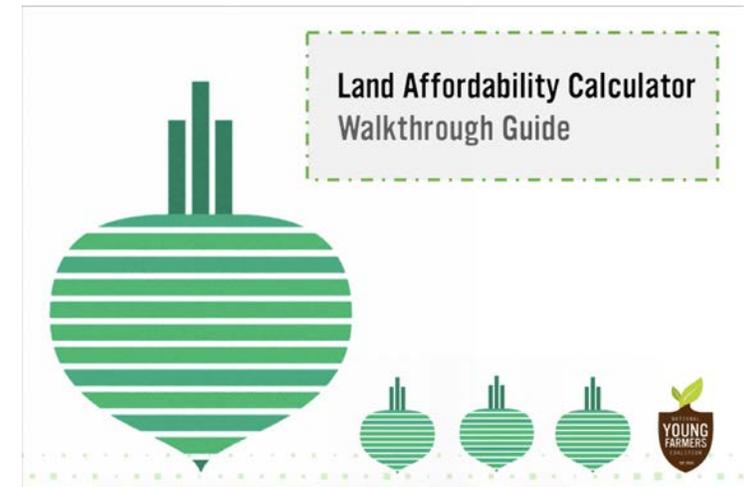
Calculator Resources

1. Calculator walk-through video.
2. Walk-through guidebook.
3. Farm finance term glossary.

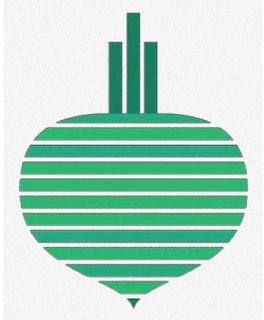
www.youngfarmers.org/land-access/calculator



Farm Finances Glossary	
Accounts payable/receivable Accounts payable is a <u>liability</u> account on the <u>balance sheet</u> . It includes all invoice payments due to your vendors for products/services already received. Accounts receivable is an <u>asset</u> account on the balance sheet. It includes all cash due to your business by its customers for products/services already provided.	event occurs, rather than when the cash changes hands. The accrual method is preferred if you want your <u>income statement</u> to best reflect your current financial situation. In the feed example, a farm practicing accrual accounting would record a feed expense as their livestock eat it, not when they buy a pallet-load of feed. Accrual method adherents prefer that their <u>financial statements</u> reflect economic activity, instead of cash changing hands.
Accrual accounting Sometimes the exchange of cash does not time up with an economic event that needs to be accounted for. Some examples: Do you account for the purchase of livestock feed when you buy a pallet of bulk feed, or as your animals consume it? Do you record a sale when you deliver your products, or when you receive payment from your customer?	The accrual method is more complicated than cash accounting. It requires maintaining <u>accounts payable</u> , <u>accounts receivable</u> , and prepaid expenses accounts to track transactions that are recorded without an exchange of cash, and exchanges of cash that have not been recorded.
There is no right way to account for these events, as long as you do it consistently. There are two methods of accounting: cash or accrual. In an accrual accounting system, transactions are considered to have happened when the economic	Amortization Farmers will most often hear amortization used to describe the span of time over which a loan is to be repaid. A thirty-year <u>mortgage</u> , for instance, is amortized over 30 years. For a given loan amount and <u>interest</u> rate, a longer



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Financing

Build a scenario using the following options: loans, a lease, or a conservation easement.

+ Add down payment

+ Add FSA loan

+ Add loan

+ Add lease-to-own

+ Add conservation easement

Purchasing and Preparing

Closing Costs

NATIONAL YOUNG FARMERS COALITION

Finding Farmland Calculator

Use this calculator to build scenarios for purchasing farmland. You can compare detailed estimates of total costs, monthly payments and affordability metrics, then download the results to have on hand when meeting with a loan officer.

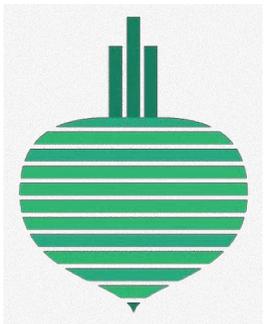
Enter the price of a property you are considering below to start.

Create scenario

NYFC LAND ACCESS LINKS

Land access case studies

FAQ and more resources

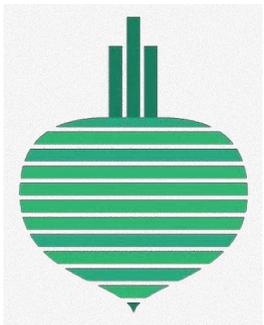


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Before starting...

Farmers will get the most out of the tool if they have:

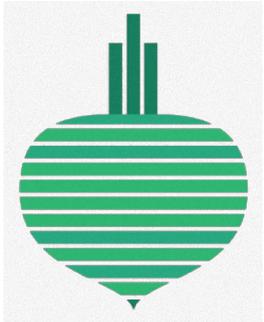
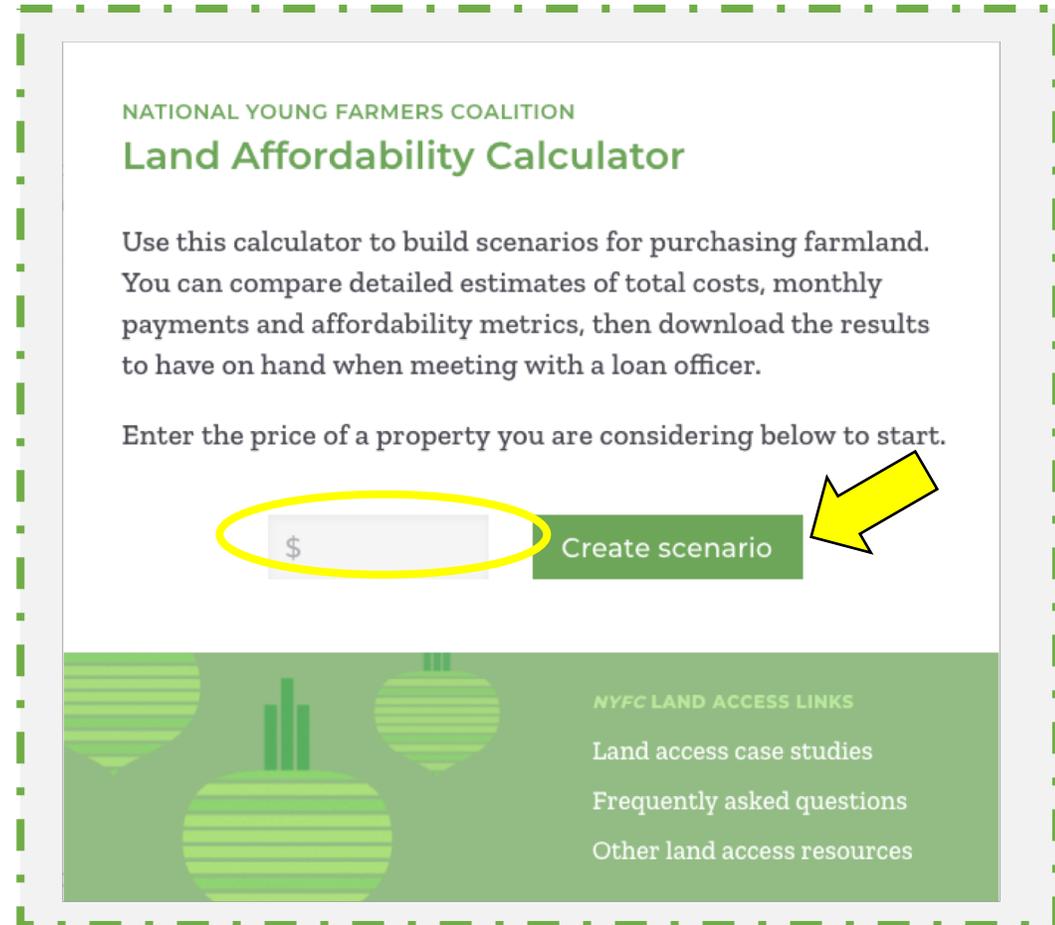
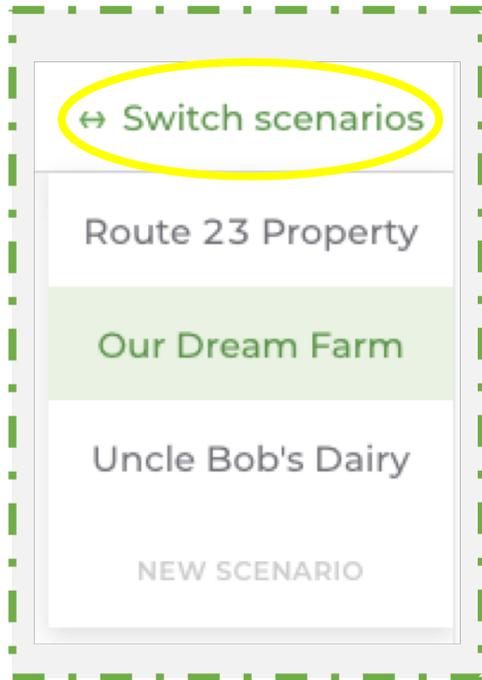
- business plan,
- the cost of the property (or properties) being considered,
- estimated property taxes and insurance rates,
- whether a conservation easement is an option on the property,
- the details of finance options (interest rate, amortization, term, and fees), and
- a tally of personal income and any personal debts.



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With the calculator you can...

- Create and switch scenarios



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With the calculator you can...

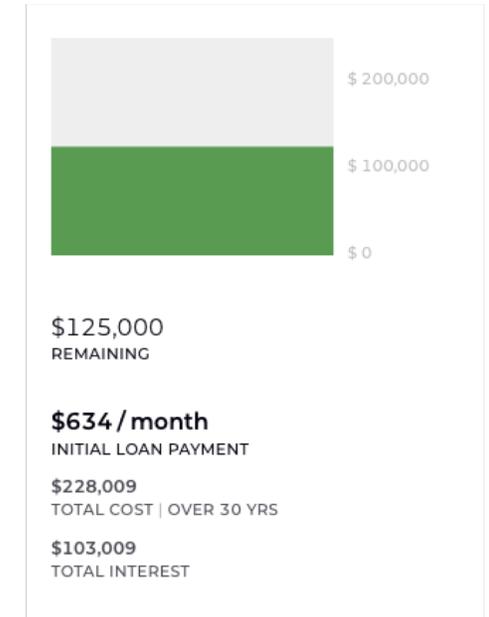
- Build a loan package and see overall costs

+ Add down payment ← Select this option to add a down payment, which is a cash payment made at the time of purchase.

Select the pencil icon to custom name this financing option.

DOWN PAYMENT 

\$0 **0 %** of farm cost



FSA LOAN  ☰ DIRECT OWNERSHIP

\$0 **Rate**

Amortization

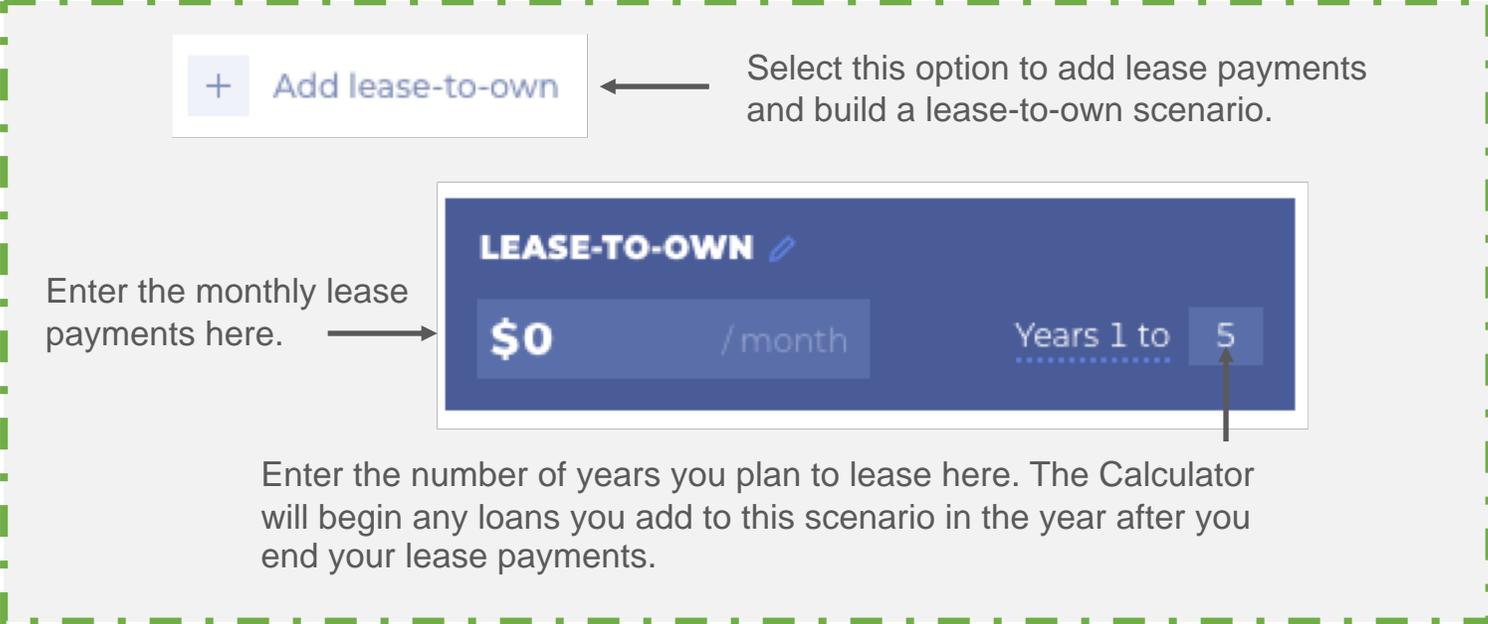
I plan on refinancing this loan



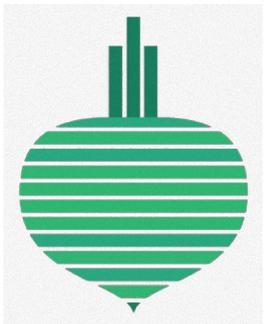
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With the calculator you can...

- Explore lease-to-own



The screenshot shows a calculator interface for lease-to-own scenarios. At the top left, there is a button labeled "+ Add lease-to-own" with an arrow pointing to it from the text "Select this option to add lease payments and build a lease-to-own scenario." Below this, there is a dark blue box titled "LEASE-TO-OWN" with a pencil icon. Inside this box, there is a field for monthly payments showing "\$0 /month" and a field for the number of years showing "Years 1 to 5". An arrow points from the text "Enter the monthly lease payments here." to the "\$0 /month" field. Another arrow points from the text "Enter the number of years you plan to lease here. The Calculator will begin any loans you add to this scenario in the year after you end your lease payments." to the "5" in the "Years 1 to 5" field.



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With the calculator you can...

- Add a conservation easement

The screenshot shows a calculator interface for adding a conservation easement. It features a button labeled '+ Add conservation easement' and a detailed 'CONSERVATION EASEMENT' form. The form includes a value field set to '\$0', a radio button for 'At time of purchase', a dropdown menu for 'Award these easement funds to' set to 'LOAN 1', and a field for 'In year' set to '1'. Explanatory text with arrows points to these elements: the button, the value field, the year field, the 'At time of purchase' option, and the loan selection dropdown.

+ Add conservation easement

Select this option to add a conservation easement income to your scenario.

Enter the easement value here.

Choose the year in which you plan to sell the easement.

Choose to sell the easement at closing, which reduces the property price by the easement amount.

Change the loan that the easement is applied to, if applicable. Some lenders, like FSA, must be paid back first when an easement is sold.

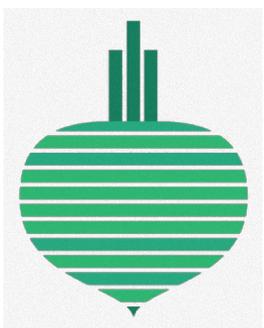
CONSERVATION EASEMENT

\$0

At time of purchase

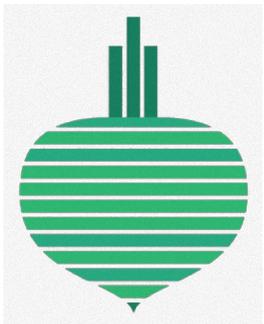
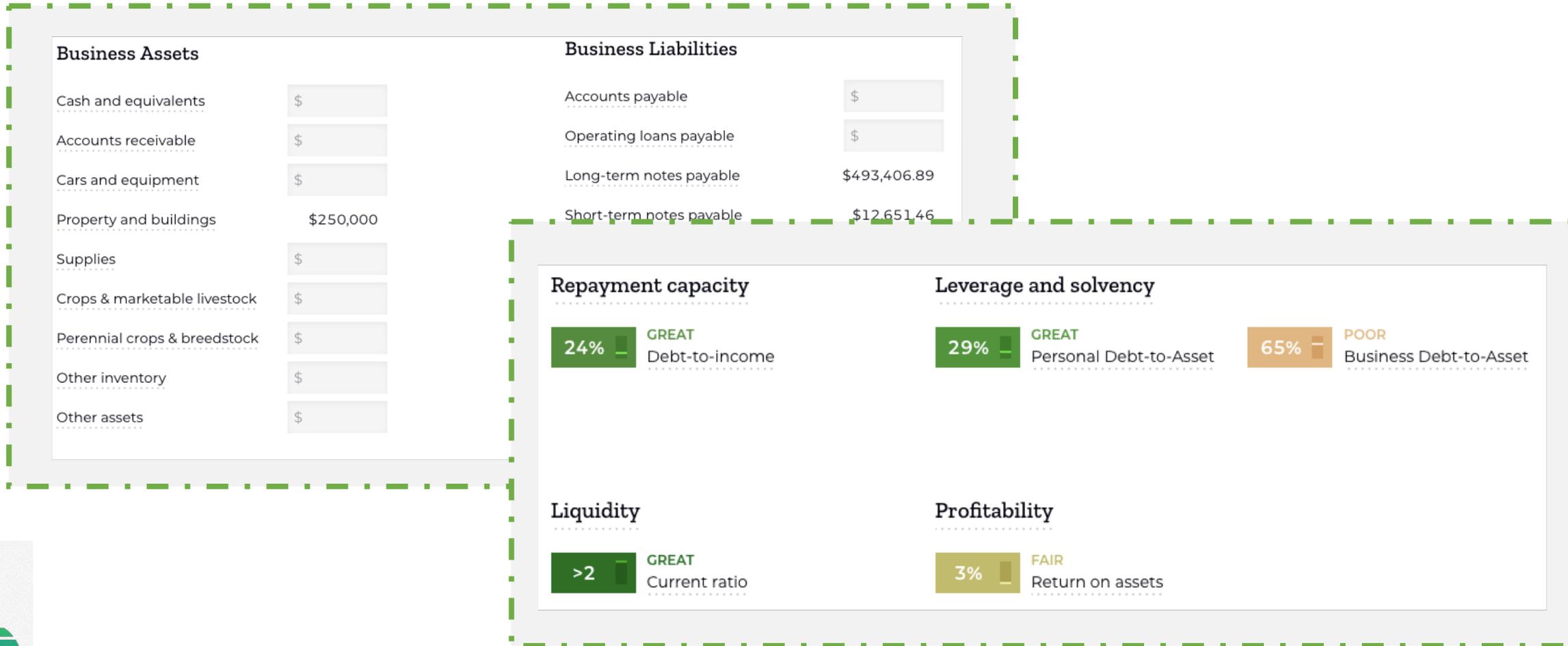
Award these easement funds to LOAN 1

In year 1



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Financial Statements Section



Affordability output

The Affordability section will show you...

- Debt-to-income ratio
- Bar graph of monthly payments over amortization period
- Total cost of financing
- Line graph of change in equity vs debt over time
- Download amortization table





Debt-to-income ratio

SCENARIO 1

SCENARIO 2

Pretty Good

Debt-to-income ratio **37%**

Great!

Debt-to-income ratio **29%**



Monthly payments



Total cost



Equity vs debt



Try it out

Toggle the following variables to better understand the financing process:

- Conservation easement
- Interest rates
- Amortization periods
- Down payment
- Income and debt
- And more!





Download your work

The tool does not save scenarios, but you can download a pdf of your work to take to a financial services professional or bank loan meeting.



DOWNLOAD A PREPARATION CHECKLIST



DOWNLOAD YOUR SCENARIO AS A PDF



Rate the tool!

Feedback & Download

1

This tool clearly explained the available options for accessing land.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

2

It was easy to use this calculator to estimate my purchasing options.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Please send any additional comments to findingfarmland@youngfarmers.org





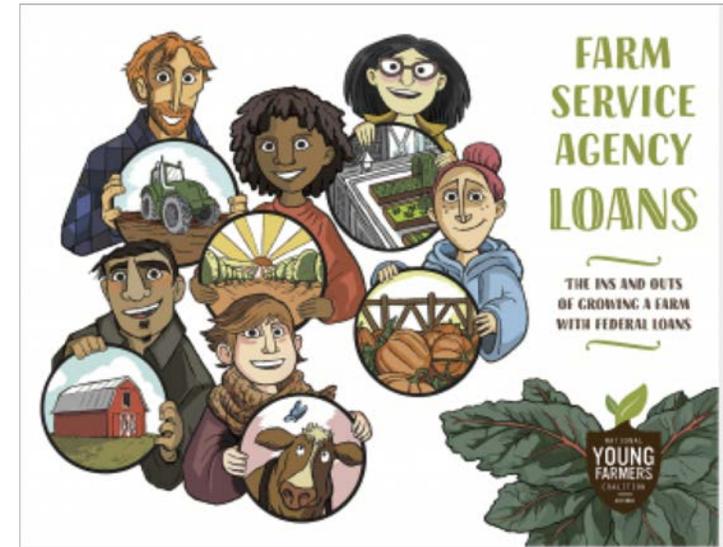
ADDITIONAL RESOURCES

Farmland Financing

USDA Farm Service Agency

Eligibility

- Workable farm business plan
- Adequate collateral
- Reasonable credit history
- Not able to get credit elsewhere
- Management experience



Read NYFC's *FSA Loans Guidebook* for more detailed information youngfarmers.org/fsaloansguide

Farmland Financing

FSA Loans

Direct ownership	buy a farm, up to \$300k, 3 years' mgmt experience
Direct operating	farm infrastructure & expenses, up to \$300k
Microloan	up to \$50k, less stringent application
Guarantees	help you qualify for conventional financing (Down Payment Loan, Land Contract Guarantee)

Timing and funding allocations

Set-asides for beginning, minority, and women farmers



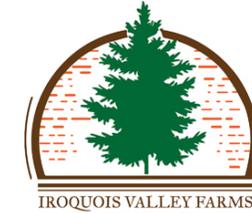
Farmland Financing

Farm Credit

- National lending cooperative with regional offices
- More stringent eligibility requirements than FSA
- Often “graduate” from FSA to Farm Credit loans
- **FarmStart** program (Farm Credit East): \$75k working capital loans with technical assistance
- Discounts for beginning farmers



Farmland Financing



Impact investors	private lenders/investors
Kiva Zip	Requires a trustee org.
NRCS cost-share	for conservation projects
Slow Money	Beetcoin campaigns
CDFIs	credit to underserved markets

Greenhorns' *Affording OURLAND* Guidebook offers some helpful alternative financing strategies



Contact Information

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