



## OVERVIEW OF LEASING LAND TO FARMERS

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Many people or entities own farmland that they would like to see farmed by someone else, but they may not know how to find the right farmer or how to create an effective lease agreement. Providing advice on these topics can be challenging because there are many possible combinations of landowners, land and property status, and needs of the leasing farmer.

**Landowners may be** retiring farmers, farm heirs, non-profit organizations, for-profit businesses, land trusts, or public/government entities. They may or may not need income in the short or long-term, have funds to invest in the property, or want to be engaged with the farm operation.

**Farmers looking for land may be** starting a new farm business, moving a farm business, expanding their farm, or taking over a farm business. They may or may not have lots of experience, a business plan, working capital, equipment and markets.

**The land may be** currently farmed, recently farmed, farmed long ago, or never farmed. It may be some combination of farmland, woodland and other lands. The soil may or may not be high quality. Land use restrictions may be absent, or the land may be under conservation easement, zoned agricultural by the local community, and/or in a state's agricultural use tax abatement program.

**Infrastructure desired by potential farmers** may or may not be present, including access roads, barns, greenhouses, housing, electricity, fencing, ponds or wells for water supply, etc. Farmers might propose installing additional infrastructure during the lease term. Farmers and landowners, before moving ahead with a lease, should discuss appropriate siting, construction details, how to cover the cost and what will happen to the infrastructure after the lease term. Here is a [checklist for farmers seeking land](#); it can also be used by landowners to assess their property:

**Lease agreements.** At a minimum, all written agreements should specify the name, address and contact information of each party; the date the lease was executed; the duration of the lease; a clear description of the property or facilities being leased, the purpose(s) for which they may be used, the amount, time and place of payment, rights to extend or renew the lease, and how the lease may be terminated by either party.

**Additional issues to address include** liability and other types of insurance, allowable/required/prohibited farm practices (e.g. organic production, fertilization based on soil test results), responsibility for maintenance of land and structures, and process and status of any future capital investments.

An overview of issues that should be addressed in a farm lease is provided in this brief guide called [A Lease Agreements Guide for Landowners and Farmers](#)

**Types of leases** include: a year-to-year lease, multi-year lease, rolling' or renewable lease, lease with option to buy or a right of first refusal, and/or transfer by sale of some or all of farmland over the short or long-term. Shorter term agreements can be more appealing to beginning farmers, but if they succeed, they may depart for a site with longer-term land security. Thus, landowners not willing to offer long term agreements may have to deal with a series of beginning farmers rather than a successful business that stays put. The long-term agreement does not have to be the first step, but it should be on the table if the owner wants the relationship to work so a farmer can invest for the long haul without risk of losing access to the land.

Many resources related to farmland leases, including examples, can be found on the website of [Land for Good](#).

**Landowner goals.** The first step is for the family or organization that owns the land to come to agreement on their goals. How much annual income is hoped for? What type of farm activities are desired, which are not? How long a relationship is hoped for with a farmer? How much investment, if there is any, will be made by the owner, for what purposes?

**Farm enterprises vary a lot.** Landowners need to consider the needs and impacts of different types of farming activities. Low impact/low-cost farm activities (like haying, grazing animals) generate little revenue per unit of land and have the lowest 'disturbance' factor for on-site owners or neighbors. As one goes up the 'farming intensity chain' (growing Christmas trees, blueberries, for example) there is more revenue, more investment required, more need for land security for the farmer, and more potential for impact on neighbors. The highest-revenue generating activities (many fruits and vegetables, greenhouse crops, intensive animal production) require a lot of capital investment (buildings, equipment, irrigation, fencing, storage), need long-term land tenure and infrastructure agreements if they are to succeed over time, and will lead to frequent human activity, equipment use, noise, odors and/or traffic which may be disturb nearby non-farmers. Intensive farming operations also tend to benefit from, or require, on-site housing, since ongoing attention is needed to on-site activities. Housing in a town nearby is the next best option but may not be ideal. On-site housing for workers may also be desirable or necessary.

**To recruit the right farmer,** it is important for the farmland owner to clearly and specifically describe what they have to offer, what they expect in return, which terms are fixed, and which are negotiable. You can see examples of how landowners describe their farms to potential farmers on sites like [New England Farmland Finder](#), [PA Farm Link](#), and [Vermont Land Link](#).

Farmers seeking to supplement their current land to grow crops or graze animals will usually be recruited from relatively close by (because transportation of equipment and animals is costly) through word of mouth and/or local advertising. Recruitment of farmers to start or relocate a business usually involves far-flung recruitment. There are many young people with skill and experience and sometimes capital looking for farmland. An application/review process prior to meeting prospective farmers can save both parties a lot of time.

**The recruitment process** can be informal, or it may be more like a job interview. Simply conversing over the phone or in person is a common approach when local farmers are recruited to lease land for low-intensity activities such as haying. A more formal process is advisable if farmers are sought for relatively intensive enterprises and/or longer-term lease agreements.

Asking farmers to ‘apply’ in writing by answering a list of questions can help save time by screening out farmers that are not a good fit with the landowner’s goals, and this approach may also identify issues that require some thought before a face to face meeting. The application can be simple or detailed, but at a minimum it should describe the farmer’s agricultural experience, the farm activities they want to establish, the infrastructure they will need, the markets they intend to serve, whether or not they have a business plan, and a list of references.

A short description of the property with a link to the application questions can be used to advertise the available land in agricultural publications and listservs. Cooperative Extension personnel can usually help identify these. The property listing may also be suitable for Land Link programs.

**What the farmland is worth** in rent will vary depending on the enterprise of the farmer and the benefit to the landowner. It may be reasonable to charge the farmer little or nothing to hay fields, especially if they lime and fertilize, otherwise one would pay for these services. For more intensive operations in the start-up phase, it makes sense to charge a very low rent initially and build towards a maximum that does not exceed a percentage of their net income. Here is a guide to help determine an appropriate [farmland rental rate](#).

**Additional resources:**

Land for Good. [A Landowner’s Guide to Leasing Land for Farming](#).

[Farmland ConneCTions: A Guide for Connecticut Towns, Institutions and Land Trusts Using or Leasing Farmland](#).

The [International Farm Transition Network](#) provides resources related to the transfer of farm businesses.

[Leasing Farmland in New Jersey: A Guide to Landowners and Farmers](#).

*Thanks to Debra Heleba, Cheryl Herrick and Ben Waterman of University of Vermont Extension for their assistance with this article.*

Authored 10/14. Links updated 10/25.