

CSA Land Tenure and Financing Survey Results

INTRODUCTION

Equity Trust conducted a survey in early 2009 of Maine's community-supported-agriculture (CSA) farmers to provide us with more information about the land tenure issues being faced by this group. This information will help instruct the work of preserving farms that are affordable to farmers and worked by them in perpetuity.

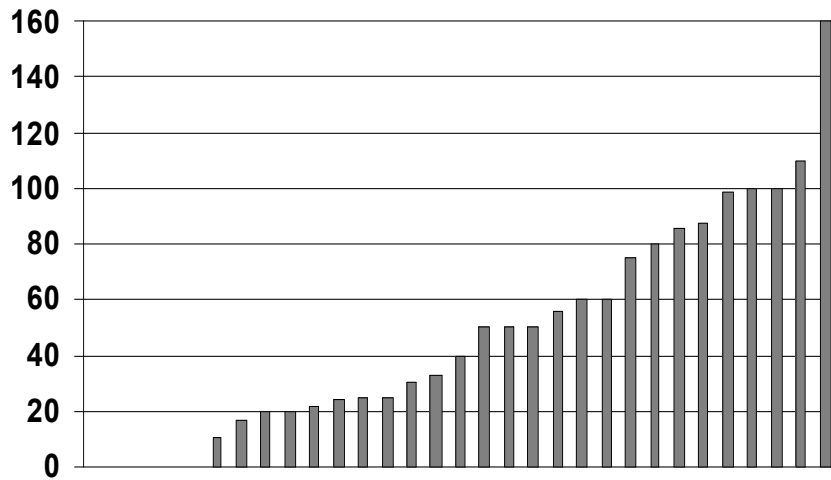
METHODOLOGY

The survey was posted online utilizing Survey Monkey [surveymonkey.com]. Maine CSA farmers were invited to participate via postal mailing, with follow-up invitations by email/phone to those who hadn't yet responded two weeks later. Additionally, the survey was printed and postal mailed to all Maine CSA farmers who'd yet to complete the survey a month later.

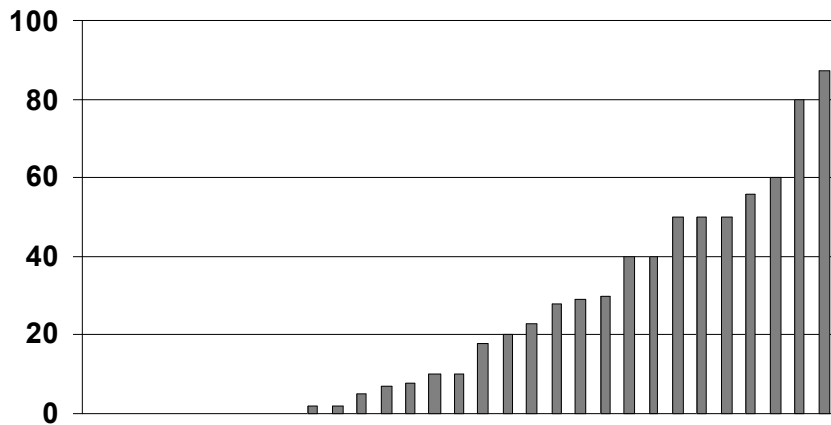
RESULTS

31 respondents, 28 completed survey

1. Respondent's contact information.
2. When is the best time to call you?
- 3a. How many CSA members do you have? (27 responses) **Average = 55**

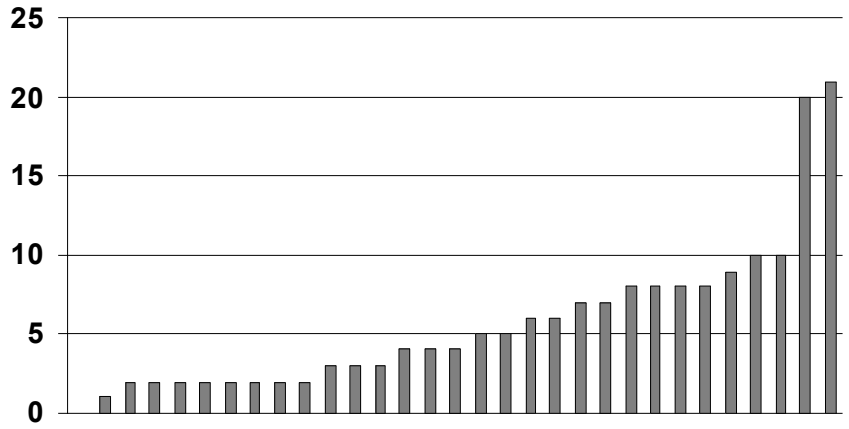


3b. Full shares? (22 responses)



3c. Half shares? (18 responses)

4. How many years have you operated your CSA? (30 responses) **Average = 5.9**



5. Do you own all, part, or none of the land that you farm? (31 responses)

All = **55%** (17 responses)

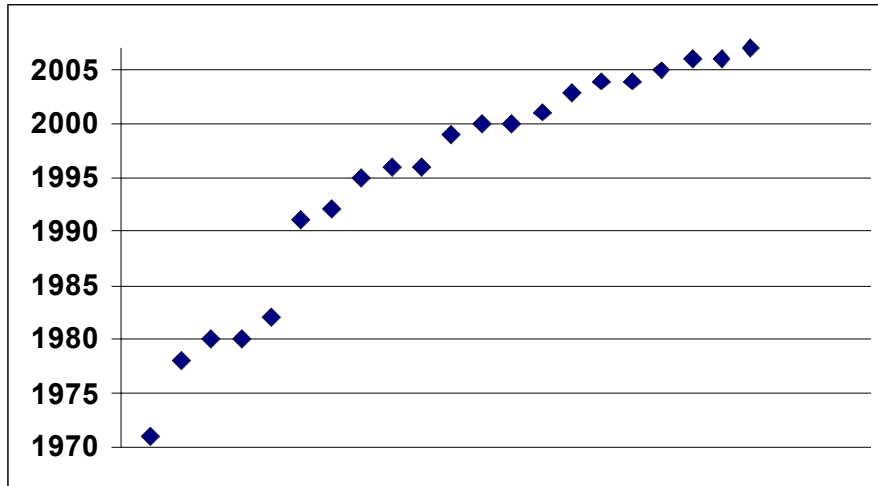
Part = **26%** (8 responses)

None = **19%** (6 responses) [skip to Question 15]

Section 2 - Land Ownership

6. Did you purchase the land or inherit it? (24 responses)

Purchase, when?



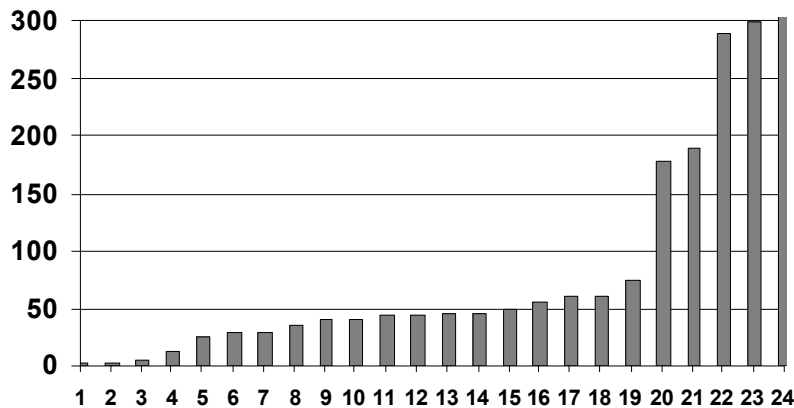
Inherit: How long held in the family? (2 responses)

172 years

60 years

7. How much land do you own? (24 and 22 responses)

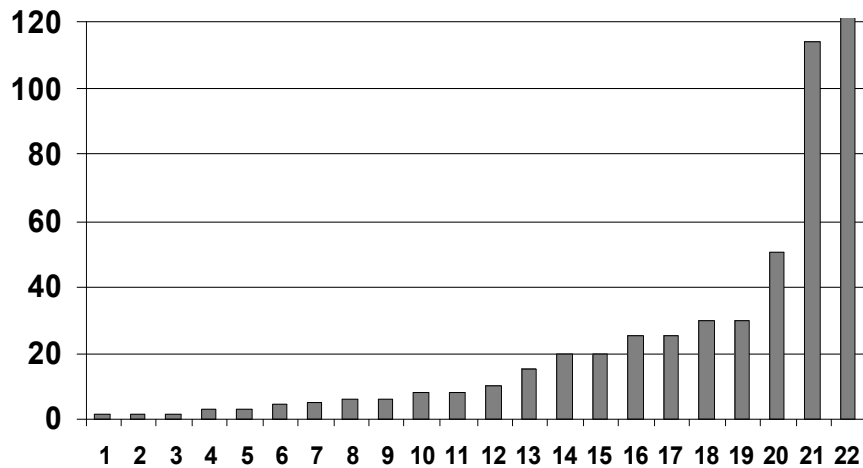
Total acres?



1 and 2 = 2 acres

24 = 750 acres

How many acres are tillable?



1, 2, and 3 = 1 acre

22 = 250 acres

8. Does this include your

home? 92 %

farm buildings? 88 %

Describe:

we have a house, barn, outbuildings, apprentice housing on our 160 acre home parcel

home, barn and hoop house

farmhouse, barn, greenhouses

1 acre in garden, 2 acres barn, hen house & pond, balance in forest

house and barn are on the property

house, distribution barn, 15 acres woods

In the process of building.

shop, vegetable barn, pole barns, animal barn, greenhouses (4)

14 acres considered "homestead" which includes all buildings

house 2 barns workshop/apple grading room

barn and farmhouse...latter occupied only in season.

Small animal shelters, tool sheds, a couple small seasonal dwellings

house built in 1989, slaughter house built in 1990, added to in 1994 and 1997, storage barn built in 1982, brooder house 1992, 2nd brooder 2000, several sided shelters on range

6 bed room duplex -4 stall horse stable & 3 chicken coops

House, barn and greenhouse

Farmhouse with apartment, attached barn, 5 other outbuildings

9. Does it include housing for

another farm family? **6 %** (1)

apprentices? **88 %** (14)

farm workers? **38 %** (6)

rental units for non-farm persons? **18 %** (3)

Describe

1 cabin with running water (3 room) and 2 free standing, 1 room cabins

I have two rooms in house for apprentices.

a separate cabin for the next generation of farmers here

small house on property

3 small cabins and a treehouse

27' RV trailer

room along the shop building where we used to live before we built our house.

2 cabins

**housing for apprentices is both in our home and in a home on my parent's land nearby,
where we also farm**

Very rustic seasonal dwelling for a pad and a sleeping bag. Keeps the rain and bugs out.

1 bedroom for farm/workers or apprentices - more cabins planned

Apartment in house

10. Is your land subject to a conservation easement or other restrictions to protect it from development?

Yes = **29 %** (7)

Who holds the easement?

Blue Hill Heritage Trust

Belgrade Conservation Alliance

US government, 40 acres

DOT

Georges River Land Trust

Great Works Regional Land Trust

No = **71 %** (17) [skip to Question 14]

11. If the easement does NOT cover your house and buildings, how much land is exempt from (not included in) the easement? (4 responses) Number of acres = **1, 85, 138, 296**

12. What other form of restriction or protection are you using?

Tree Growth Tax Program = **25 %** (2)

Open Space Program = **25 %** (2)

Farmland Registration Program = **12.5 %** (1)

Right of First Refusal held by someone else or a land trust = **0 %**

NRCS Farm Management Plan = **50 %** (4)

Other = **CSP 12.5 %** (1)

13. Is your land subject to resale restrictions to keep it available and affordable to future farmers?

Yes = **18 %** (2)

Describe = **can not be subdivided or built upon**

No = **82 %** (9)

14. Are you open to placing conservation easements and/or resale restrictions on your land to preserve farming? [Skip to Question 25.]

Yes = **70 %** (16)

No = **22 %** (5)

Maybe = **8 %** (2)

Section 3 - Rented (bartered or borrowed) Land

15. Do you rent, barter or borrow all or part of the land you farm?

All = **83 %**

Part = **17 %**

16. How much land do you rent? (5 responses)

Number of acres = **2, 3, 12, 275, 434**

17. Does this arrangement include your

Home? = **100 %** Farm buildings? = **100 %**

18. Does it include housing for

Another farm family? = **20 %** (1)

Apprentices? = **80 %** (4)

Farm workers? = **20 %** (1)

19. Do you rent (barter or borrow) this land from

A private individual? = **83 %** (5)

Organization or institution? = **0 %**

Land trust? = **17 %** (1)

Government agency? = **0 %**

20. What is the term/length of the agreement? (5 responses)

annual/informal/no paperwork

5 years

casual - open ended

5 years

yearly

21. Are you willing to tell us how much you pay, including other types of rent payment (crops, traded services, etc.)? (5 responses)

1300 cash plus a half-share \$1600 value

very little

yes

provide csa share, meat, veggies

We trade a Full Share CSA (\$500 value) for the land and partial use of a barn. We also rent a tractor from landowner for \$5/hr.

22. Does your payment represent the fair market value as agricultural land, or more or less?

Fair market value (FMV) = **0 %**

More than FMV = **0 %**

Less than FMV = **100 %** (3)

23. Do you have the right to make improvements on the land?

Yes = **71 %** (5)

If yes, do you have equity in or own these improvements?

no, nope, yes, not yet determined

No = **29 %** (2)

24. Do you have a purchase option or right of first refusal of any kind if the land is put up for sale?

Yes = **57 %** (4)

If yes, describe:

1st right of refusal

Right of first refusal

Possibly. I don't rent my land, it belongs to my father-in-law who used to be a dairy farmer.

That's the only way I could make this work. There is no way I could afford to pay him what he could get for it if he ever decided to sell it.

No = **43 %** (3)

Section 4 - Current and Past Financing

25. Have you borrowed money for (18 responses)

Land acquisition? = **33 %** (6)

Equipment purchases? = **67 %** (12)

Improvements? = **28 %** (5)

Other purposes? = **28 %** (5)

Describe:

car purchase, growing veggies (CSA)

emergency operating expenses to pay current grain bill

26. If so, has it come from a (18 responses)

Bank? = **72 %** (13)

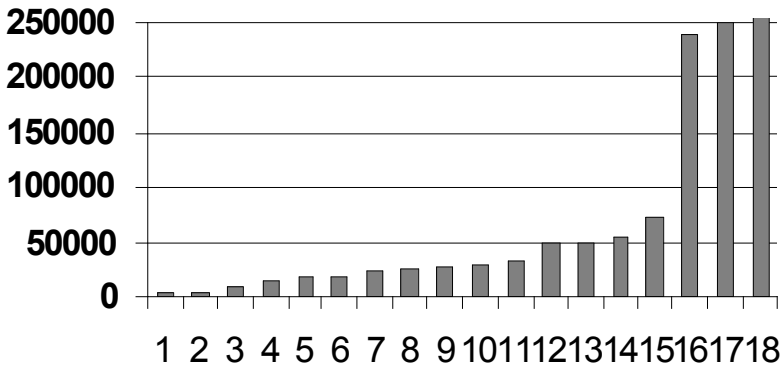
Credit union? = **0 %**

Government agency? = **6 %** (1)

Family/friends? = **39 %** (7)

Nonprofit fund? = **6 %** (1)

27. How much have you borrowed?



18 = \$ 750,000

28. What is the term of your loan(s)? (17 responses)

- paid off, paid, paid off in '04
- 3 year, \$300/mo
- it WAS 3 year
- 5 year (2), 5 year/flexible
- 5 year to infinite
- 6 year
- 7 year (2)
- 20 year, now 15
- 20 year
- 30 year
- 10 year but we use it and pay it off every fall
- Home Equity Loan - 30 year, though it will be paid off sooner.
- 1yr, 3yr, 20yr, 40yr

29. What is the interest rate? (14 responses)

- 0 % - 5 %
- 3.25 %
- 5 % (3)
- ARM 5 % / 7yrs, then going rate up to 2 % increase/yr
- 5.875 %, 6 %, 6.25 %, 6.75 %
- 0 %, 8.25 %, 8% (one response)
- 8% (2), 8-10 %

30. Is the interest rate fixed or variable?

- Fixed = 75 % (12)
- Variable = 25 % (4)

31. If you've ever been turned down for a loan, was it by a (8 responses)

- Bank? = 63 % (5)
- Credit union? = 37 % (3)
- Government agency? = 25 % (2)
- Other? = 12 % (1)

Section 5 - Anticipated Needs

32. If you expect to borrow money, when and for what?

- Within the next year = 20 % (3)
- 3 years = 33 % (5)
- 5 years = 13 % (2)
- refinancing = 13 % (2)
- improvements = 33 % (5)
- new land = 33 % (5)
- equipment = 33 % (5)
- other = 40 % (6)

Describe:

just the CSA

"borrowing" money is the root cause of all current economic problems. People keep pushing me to get a "low interest" loan, but what's the point, even if the interest rate were 0 - I still couldn't pay it back.

farm buildings, all need roofs badly

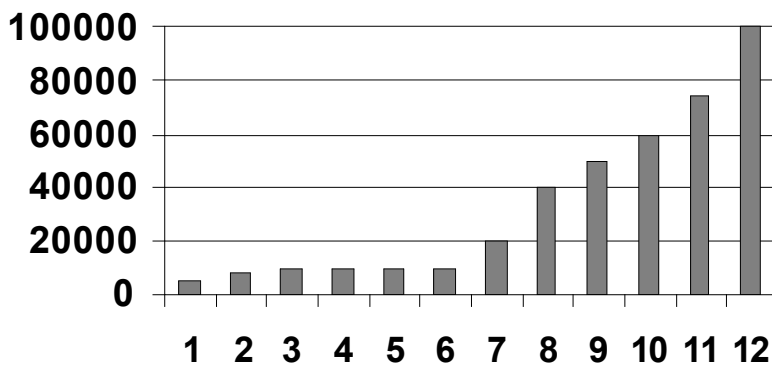
building a GH

we are making every effort to buy out of pocket and not borrow any more money.

infrastructure for business enhancement

alternative energy systems ie solar panels, wind generator

33. How much do you expect to need? (12 responses)



34. Do you have a written business plan? (28 responses)

Yes = **50 %** (14) No = **50 %** (14)

35. If not, a business plan can significantly improve your ability to secure financing. Would you like information about getting assistance developing a business plan? (7 responses)

Yes = **100 %** (7)

36. Have you identified a financing source, or will you need help to find one? (15 responses)

Have identified a source = **40 %** (6)

Will need help = **60 %** (9)

37. Do you think that your members might be interested in investing in a fund which provides loans to CSAs? (15 responses)

Yes = **20 %** (3) No = **80 %** (12)

38. Do you wish to add any comments? (16 responses)

I have secured financing from a credit union.

I am in much need of help to protect my farm! Any and all help would be grateful.

CSA's are a system for procuring loans from customers in a decentralized and informal manner. Since we began our CSA in '99 with 12 members, we have grown to eliminate the need for outside funding for financing our spring setup costs.

The nonprofit, which leases the land and building from me, is a community farm. We need to develop a strategy to ultimately buy the farm from yours truly. I'm currently renting the buildings and land and equipment to the nonprofit. I'm willing to sell it with the development rights tied up for ever but not sure where to turn to for funding. Any ideas would certainly be welcome.

In a perfect world, my place would include separate quarters for a young couple to work this place, while I continued to live in the house on the property.

The only thing I feel that will save the family farm is somehow selling in a local, rural economy. That's asking a lot really. I know the consumer is not truly committed. The only interest government and other nonprofits really have in us is preserving our farmland by forcing us to relinquish it somehow because we are forced out of business by foolish state & federal visions & legislation that don't build an economy or increase production, but are focused on playing - recreation, preserving traditional hunting grounds - weird stuff that well-off well-educated people have stuck in their brains. No one cares about the farmer. We'll need to make our own way as long as we can. Someday, sooner than we know, there will be no more farms left and no local or domestic production buoying local rural economies. But, they'll be plenty of snowmobiling, very weird, very psychotic, very foolish.

38. Do you wish to add any comments? (continued)

I have so far found it easiest to go through my bank(s) and town. I have tried to do small business loans through the FSA and other nonprofits but there were so many restrictions & paperwork! I am lucky though, my husband has outside work so maybe it is easier for us to get a bank loan.

My CSA members contribute to a fund to provide reduced price shares to low income families. The only "outside" money we've used was a 75%/25% grant of \$25,000. I helped fund a business plan, create a trust, improve/replace infrastructure and buy out a partner in order to increase the number of acres under farmland easement.

We are interested in grants. We do not want any more debt.

If you could help farmers with grant writing that would be so valuable! Maine has a growing number of small diversified farms and it makes sense that our state get more agricultural grant dollars. Taking on more debt has been the demise of so many farmers, but in a case such as ours we need to build in order to supply all our customers. In the midwest they get lots of agricultural grant dollars, and I have recently learned that their economic development associations even write grants for the farmers! In Maine all the nonprofits that are supposed to be helping farmers are writing grants to pay themselves and little of that money is actually helping us. Diversified, sustainable farms in our state who are attempting to provide for our local food markets should be able to find help to write grants to make improvements at the farm.

The best way to help farmers is to get more farmers on good agricultural land. The more farmers we have that can raise good food, the better off we'll all be.

Your question 37, maybe.

A few of our members might be interested in #37, but I think that most of them aren't in a position right now to be investing. i might be wrong, though!

Undecided about future sale/use of the land.

Kate and Ellie: Thank you for meeting with me over the winter. I've decided not to formally pursue your program, but I appreciate your time.

Finding cheap good land is the problem, not getting financing.