

Deciding the Legacy of the Land

A decision case study on high tunnel growing and land transition

By Anne Pfeiffer, Bill Warner and Judy Hageman

“The farm Judy grew up on has been in the family for over 120 years. It is very beautiful and ingrained into our lifestyle. Owning a farm is not a job, but a way of life and where you live becomes part of the fabric of your life. You don’t go home at the end of the day and forget about work.

If we want to save the beautiful aspects of the farm, we might have to become land rich-money poor to maintain our lifestyle. If we sell some of the land of the original farm, we will be more comfortable money wise, but will not have the lifestyle we have grown accustomed to for the last 25 years. Life could change dramatically.”

Bill and Judy have a well-established farm business with strong markets for specialty high tunnel¹ grown products including winter spinach, kale, collards, chard, Asian greens and summer tomatoes. The land they farm has been in Judy’s family since 1897. Bill and Judy own a 50-acre parcel of land, adjacent to additional land that was owned by Judy’s father.

The passing of Judy’s father and sister both within in the past year has sparked a need to decide how to manage the family farmland into the future. As Bill and Judy are considering scaling back or retiring, they must decide how to balance their business, financial, and emotional connections to the land.

A successful hoop house business

Bill and Judy have been farming since 1990 and have built up a loyal customer base. They are best known for their high tunnel grown crops including winter spinach, kale, collards, chard, Asian greens and summer tomatoes which they sell at farmers markets, through a member

¹ In this case study, the terms “high tunnel” and “hoop house” are used interchangeably to mean an unheated (or mostly unheated) structure in which crops are grown in the ground.

subscription (CSA), and to a select group of restaurants. In addition to their high tunnel crops, they also produce rolled oats and a variety of field grown crops.



High tunnel growing is central to the farm's business model. Over 75% of their farm income depends on produce grown in their high tunnels. The tunnels allow them to bring high quality, fresh, local produce to market when it is not available anywhere else in the area, capturing a premium price. Bill has also found that the tunnels provide important insurance against the increasingly unpredictable weather they have experienced in recent years. Bill describes the role of hoop houses on their farm as follows:

“We value hoop houses very strongly in our operation. We have been using them for 30 years. About 10 years ago I sometimes wondered if should have focused more on ‘outdoor’ farming. As the climate has changed more and more, I am convinced that the importance of hoop houses is growing (pun intended). As I go to conferences, I hear more and more stories about how the excesses in weather have had a large negative impact on peoples’ crops. I have seen it on the few outdoor crops we grow at Snug Haven Farm.

In the last 2 years our field grown oat crop has been very poor and we have lost money on the oats. Oats need to be planted as early as possible in the spring. Excessive rains in the spring delay planting. This puts maturity of the crop into the hottest part of the summer. That leads to small sized oats and a lot smaller production. Not only less crop to harvest, but combine that with excessive rains at times in the summer and the oats don't dry out as well. That leads to

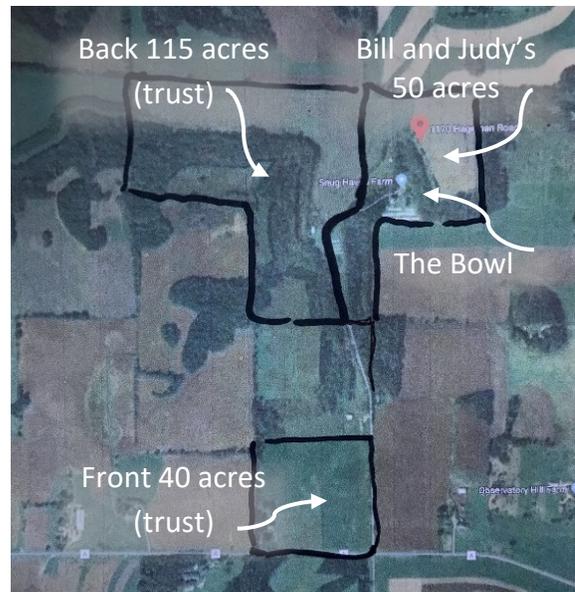
molding or mildewing of the crop, which makes them useless.

We have also had lower production on our outdoor peppers, mirroring what other farmers have said. The hoops lessen the extremes of Mother Nature. They protect from excessive rain, strong sustained winds and we can use shade cloth to protect from too much heat. The hoop houses allow us to minimize risks in the spring, summer and fall, and to actually give us an extra season. We have produce to sell in the winter also. I see hoop houses playing a larger role in the future, for production of food and helping farmers to keep and maintain their farms.”

A family’s heritage in land

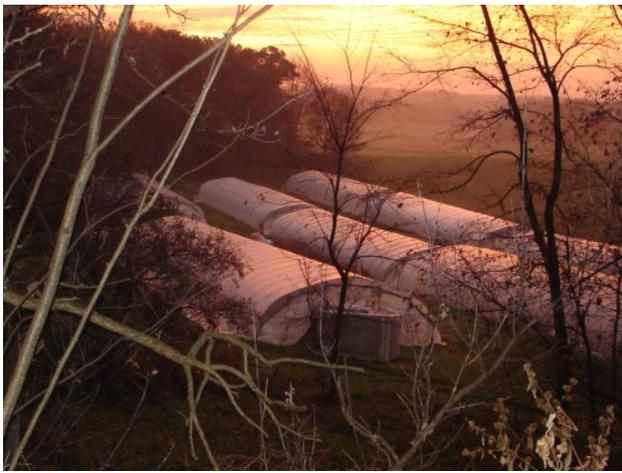
The land on which Bill and Judy farm is a special place. Though they are only a 30-minute drive from the mid-size city where they market their produce, the farm feels very remote. Only one other house is visible from their home and there are only two other houses within a half mile. Bill and Judy love the feeling of seclusion and beauty of the land.

The farm estate includes a parcel that Bill and Judy own, as well as land in a family trust. Bill and Judy own 50 acres, including a 15-acre portion they refer to as “the bowl.” Until recently, the balance of the estate was owned by Judy’s father, Cal. However, when he passed away less than a year ago, followed a week later by one of Judy’s sisters, the land passed into a trust and will now be divided among Judy and her surviving siblings. Judy’s sister left her share of the farm to Judy so she will own 40% of the trust. The trust comprises a 40 acre ‘front’ parcel with a house and agriculture land. The back portion is 115 acres, abutting Bill and Judy’s land. It is about half wooded and half tillable land. The non-tillable acres in the back are hilly and forested and



appreciated by the extended family for their natural beauty. Bill and Judy would like to buy all of the back acres from her siblings, but their percentage of the trust will make it difficult to afford.

Some portion of the trust will probably be sold. In all likelihood, the front 40 acres will be sold with some housing development on it. That money will be split between the trustees. That leaves the back of the trust to consider. From a development perspective, housing sites have value and they are more valuable in the back due to the natural landscape. The most valuable portion of land is the bowl due to its feeling of seclusion. The bowl is the site of the farmhouse



and primary farm production area. Bill and Judy live in the original farmhouse, which is about 100 years old. Both Judy and her daughter were raised in the house and this place on the farm, in particular, holds a lot of memories--both good and bad. This section of land is also home to the existing outbuildings and high tunnels on the farm, making it the primary income generating land for the existing business.

The family is open to conservation options for the back parcel such as a land trust or conservation easement. There are three primary approaches to this: 1) Sell the back parcel to a land trust. Ownership would transfer outside the family but remain undeveloped. It is unknown if there is interest from a land trust in buying this land; 2) Renew the eligible portion of the back in the Conservation Reserve Program (CRP), a federal land conservation program that would provide about \$7,000 annually over 10 years. CRP enrollment is a competitive process, selected from a national pool. Though they have applied it is unknown at this time if the Snug Haven land will be selected; 3) Explore a conservation easement on the back portion. A conservation easement typically involves an organization buying development rights, which brings down the value of the land. This may allow Bill and Judy to be able to afford the land at a lower price, with development prohibited over a long timeframe. Again, it is unknown if this land is eligible or of interest for a conservation easement.

The decision is financial and also deeply emotional. Judy explains

[The land] has always been the gathering place for our family since we moved back here and seems to be the center of our heritage. This is so very hard. Especially when I am the one

that would essentially change all that with the most drastic decision of selling the bowl.”

As Bill and Judy consider the next phase of their livelihood and that of the farm, they are faced with a difficult decision about the future of their business and the farmland. Bill and Judy do not have any children or close family members that are interested in taking on the farm business. They would like to spend the rest of their lives on the land. They see three primary options for the future of the farm:

Options for the future

The first option is to sell “the bowl.” This area of the farm is especially beautiful and could likely be sold for the highest price of any area of the farm. If they sold the bowl, they could probably afford to buy most of the back section from the trust. If the bowl were sold, Bill and Judy would have to build a new house elsewhere on the farm and relocate their high tunnels and primary farm operations. Bill and Judy imagine that if they choose this option, they would build fewer tunnels and operate a smaller scale “retirement” business and continue selling at farmers markets.

The second option is to keep the bowl and continue operating under the existing farm business model. Bill and Judy hope that they will physically be able to farm for about 10 more years. They could push through for the remainder of his career, keeping the farm business as is at which time they could retire. This scenario probably means they will have a less secluded lifestyle and no control over the use of the land in the trust. They could also bring on a partner who would eventually take over the farm. The land would have to be sold at a price reasonable for a new farmer to successfully continue a profitable farm business so this will bring in less money than selling the land for the highest dollar value.



Option three is to try to buy the back part of the farm *and* keep the bowl. This is the ‘ideal’ situation if money was not important. This means they would probably be land rich and money poor. At some point in the future it is likely that Bill and Judy would have to sell some part of their property to pay for the costs of getting old and retiring. The option of keeping the bowl and buying the back may be possible only with the assistance of some sort of land conservation program.

Discussion questions for Legacy of the Land decision case

What are the primary choices Bill and his family are facing? What considerations are they weighing?

- a. How does high tunnel production impact the farm business?
 - i. In terms of revenue?
 - ii. In terms of workload?
 - iii. In terms of crops grown?
 - b. How could the larger community support farms such as Snug Haven?
 - i. Public policy?
 - ii. Community efforts
 - iii. Alternative land ownership models?
 - c. Could Snug Haven have done anything differently to avoid the land predicament?
 - d. What resources does Snug Haven have in planning for their transition?
 - i. High value land
 - ii. Well established market for high-value product
2. Teaching notes – case objectives, lesson outlines and epilogues (in Teacher's edition only)
- a. Objectives
 - i. Understand role of land prices and inheritance in farm longevity, development pressure and farmer retirement.
 - ii. Understand role of high tunnels in farm income and business model