



What Growers Can Expect from Farmland Protection Tools

A publication of the Farm Prosperity Project – providing information and decision making tools on new crops and farm protection to farmers.



Thatchmore Farm, Tom Elmore photo

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As the interest in farmland protection grows, new approaches continue to emerge, but too much legal and financial terminology can make it difficult for the owners of farm and forest operations to understand how these approaches will work on their land. This document is intended to help growers sort out the choices that are available and to help them decide which tool or which combination of tools is the best match for their farm.

The Farm Prosperity Project (www.ces.ncsu.edu/fletcher/programs/herbs/prosperity) produced three guides or “tools” to help with farm-related decisions. These are:

- High Value Crops Tool (summary on pages 9–10 of this document and on the Web site in detail),
- Sustainable Decisions Tool for WNC Farmers (on the Web site) and
- What Growers Can Expect from Farmland Protection Tools (this document).

Figure One (page 4) provides an overview of the protection tools discussed in this document and how they relate to each other. We discuss each protection tool in more detail starting on this page. The three tools are intended to complement each other, but they can also be used alone.



The eight most common methods that landowners use to preserve their farms are described in sections below with each method explained through the following categories:

- Basic Requirements
- Financial Benefits
- Strings Attached
- Timeframe
- For more information

A final section offers examples of combining methods to exceed the benefits of any single approach. Most farms will benefit from using more than one method.

Present Use Value

Property Tax Assessment – A program through which qualifying property can be assessed, for property tax purposes, based on its use as agricultural, horticultural, or forest land, rather than on its market value for development. Present-use value is usually much less than market value.

Basic Requirements – Land must be under sound management, with a minimum acreage in production: 10 acres for agricultural use, 5 acres for horticultural use, and 20 acres for forest use. For agricultural or horticultural land, at least one qualifying tract must have produced an average gross income of at least \$1,000 for the three years preceding the application year. Forestland must be managed according to a written forest management plan.

Financial Benefits – Typically, the assessed value of land in a use value program will be 25–40 percent of the market value. For 2009 the following schedule of assessment values was applied (the range is based upon soil quality): horticulture \$480–\$1,940 an acre, agriculture \$355–\$1,155 an acre, and forestry \$35–\$615 an acre.

Strings Attached – The difference between the amount of taxes that would have been owed if the land were assessed at market value and the amount paid under present use value is *deferred*. If the land is sold or no longer qualifies, then the deferred taxes and interest for the previous three years may be due to the county.

Timeframe – To enroll, the property must have been the owner’s place of residence at the beginning of the application year or owned by the current owner or a



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relative of the current owner for four full years prior to the beginning of the application year. Applications are generally due in January. Buyers of land enrolled in present use value can apply for continuation of that status within 60 days of property purchase, as long as the land continues to meet the requirements of the program.

For more information – Consult your county assessor or see www.dornc.com/downloads/wwab_manual_2009.pdf.

Transition Plan – A process that a landowning family uses to pass the farm business management and assets to the next generation. By starting this planning process early, a family increases the chances that its land will remain a farm, whether owned and managed by a family member or by someone else.

Basic Requirements – Family members must be willing to communicate. The step of establishing goals and objectives is the hardest part. Once these values are clarified, professional advisors can be brought into the process to help determine the most effective tools. If the farm is to remain intact, it must be a financially sound enterprise (more income than expenses). Someone must be willing to operate the farm when the current operators retire, either through owning the land or by leasing the land from heirs. The transition handbook at www.ncftn.org/planning/PFYFworkbook/ is particularly helpful for this process.

Financial Benefits – A smooth transition can maximize the profitability of the business enterprise, create an equitable distribution of family assets, and minimize estate and income taxes.

Strings Attached – Current owners, heirs, and operators must be willing to discuss transition and to agree on a plan for the future. While this discussion is sometimes difficult to begin, many farm families find the discussion rewarding and are pleased to know what the future will hold for their farm.

Timeframe – The earlier that discussions begin, the greater the number of options available. Family discussions typically take months to years to complete. Once an agreement on the goals and a general framework is reached, the actual paperwork can take as

little as a few weeks. It can happen even after the death of the current owner. Transition planning is an ongoing process that needs to be continually revisited as conditions change.

For more information – Contact the NC Farm Transition Network, Appalachian Sustainable Agriculture Project, Cooperative Extension, or an area land trust (in Western North Carolina, contact the Carolina Mountain Land Conservancy or the Southern Appalachian Highlands Conservancy).

Conservation Cost Share Programs – State and federally funded programs that provide partial payment for new conservation practices on the farm to improve soil and water quality.

Basic Requirements – Ownership of a farm with specific resource needs. Programs are competitive, limited in funding, with farms ranked based on local priorities. Programs include: *State* – Agricultural Cost Share Program, Forest Stewardship Program, Forest Development Program; *Federal* – Conservation Security Program, Conservation Reserve Program, Wetlands Reserve Program, Environmental Quality Incentives Program, Forest Land Enhancement Program.

Financial Benefits – Programs pay partial-to-total cost for installing practices. Some programs pay annual rental payments for keeping land out of production, and others provide technical assistance in conservation planning on the farm.

Strings Attached – Landowners must keep the practice in place for the length of contract.

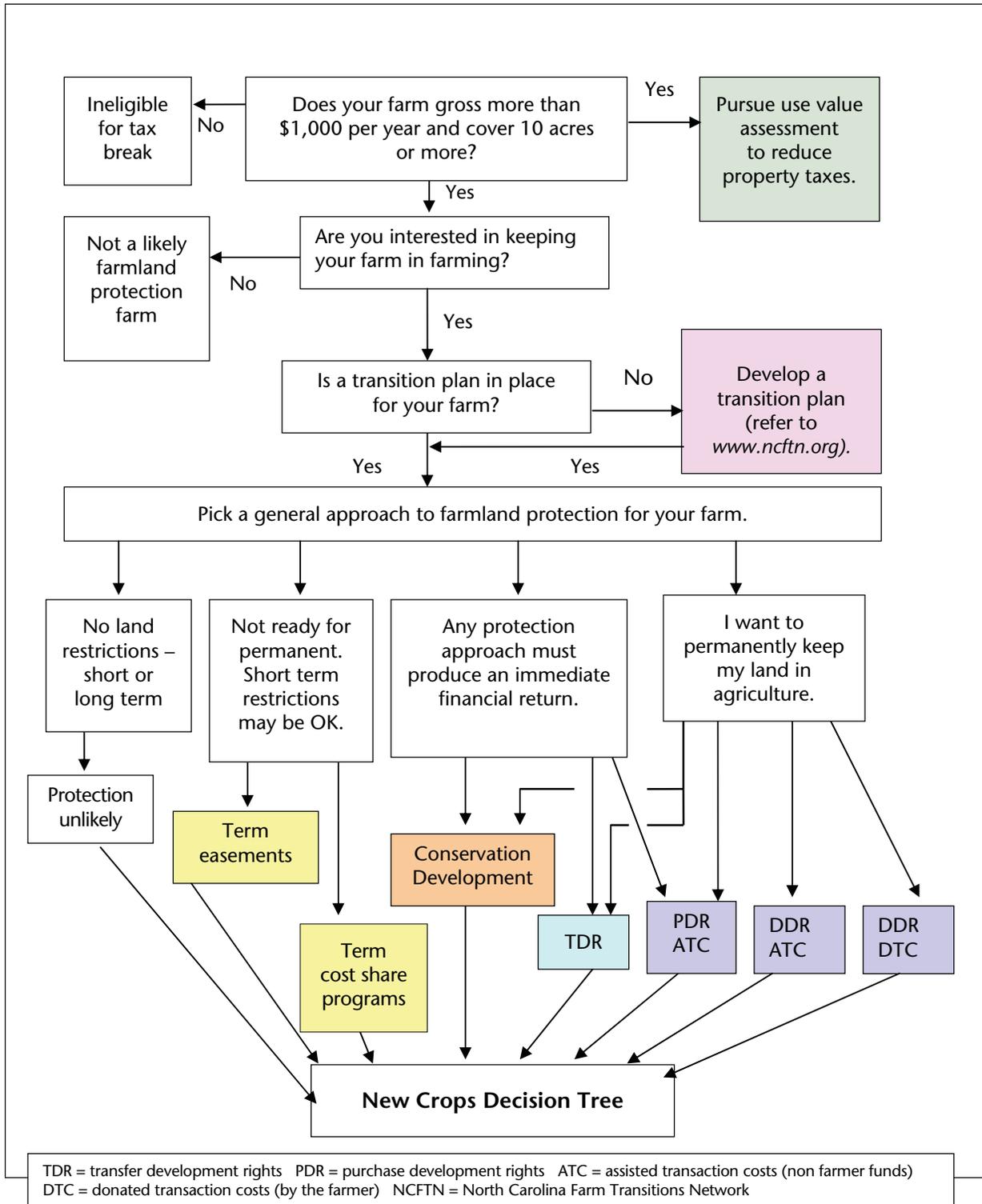
Timeframe – Varies by program, but most require a 5–20 year agreement.

For more information – Contact your county Soil and Water Conservation District, Natural Resources Conservation Service, or the NC Division of Forest Resources.



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FIGURE 1. Protection Decision Tree





Department of Communication Services, NC State University photo

Voluntary Agricultural District (VAD) – Local programs, authorized by state law, that allow farmers to form areas where commercial agriculture will be encouraged and protected.

Basic Requirements – Counties must pass a farmland preservation ordinance to establish a VAD program. Landowners can then apply to their local program, which sets minimum acreage requirements; their land must also be eligible for present use value property tax assessment.

Financial Benefits – Landowners agree to limit development for a 10-year period in exchange for a set of locally determined benefits, such as:

- notification to buyers of nearby property that they are about to move into an agricultural area,
- exemption from water and sewer assessments,
- public hearings on any proposed condemnation of farmland,
- stronger protection from nuisance suits in those counties that have computerized land record systems, and
- representation by a board, appointed by the county commission, on threats to the agricultural sector.

Strings Attached – Participants are limited to no more than three house lots during enrollment. They can withdraw at any time with no penalty.

Timeframe – Landowners sign up for a 10-year agreement but can withdraw in writing at any time. Counties can also create an Enhanced Voluntary Agricultural District option, in which additional benefits are offered to landowners willing to make an irrevocable 10-year agreement (see www.ncadfp.org/documents/EVADBrochure.pdf).

For more information – Contact your county Soil and Water Conservation District or Cooperative Extension office.

Agricultural Conservation Easements – A written agreement between a landowner and a qualified conservation organization or public agency under which the landowner commits to keep land available for agriculture and to restrict subdivision, non-farm development, and other uses that are incompatible with commercial agriculture.

Basic Requirements – A landowner must decide that a conservation easement is in his or her interests and makes sense for the farm operation. The landowner must find a willing holder of the easement such as a land trust, conservation district, or local government. The easement holder commits to ensuring that the terms of the written agreement are followed on the land in perpetuity.

Financial Benefits – Conservation easements usually entitle the landowner to a state income tax credit and federal income tax deduction. If a farmer has substantial income from farming or other enterprises, it may make financial sense to donate the full value of the conservation easement in order to maximize tax benefits. Donations can be structured to spread this tax benefit over many years. If the farm family does not have a significant annual tax bill, these income tax benefits may not be very useful.



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Thatchmore Farm, Tom Elmore photo

Depending on funding availability and attributes of the property, the landowner may be able to sell the development rights. In most cases the farmer receives less than the full value of the development rights. This approach is called a “bargain sale” to the land trust or other qualified holder of the conservation easement, providing the landowner both cash and some relief from the income tax burden. Any payment received is subject to the capital gains tax. The demand for conservation easement funding far exceeds the supply so these payments are not guaranteed even if the farmer is willing.

A conservation easement can also be beneficial in estate planning. It can reduce or eliminate the estate tax liability when the farm is inherited by a farmer’s heirs.

Strings Attached and Other Considerations – A conservation easement places significant limitation on future subdivision or development. These limitations can be creatively written to include provisions such as house sites for grandchildren. Normal farm operations are nearly always allowed. Despite the term “easement,” no access to the protected farm by the public is required by the agreement; the land does not in any way become a public park. A periodic inspection of the property by the easement holder is required to ensure that the terms of the easement continue to be met.

Carrying out an agricultural conservation easement usually requires funds in the range of \$20,000 to \$40,000 (depending on the size of the parcel) to cover the costs of the real estate transaction. These costs include legal costs, survey expenses, and an endowment to allow the steward of the conservation easement to ensure that the land stays as farmland forever. In some cases grant funds or donors can cover these costs. Two separate appraisals are needed to determine the value of the conservation easement, which on average is about half the total value of the land. Typically the sale of a conservation easement does not require the landowner to pay for appraisals, stewardship endowment, and even in some cases the survey.

Timeframe – Reaching agreement on a conservation easement among family members and the prospective easement holder can take years including the time needed for internal family discussions on farmland protection. Once all parties are in agreement and the funding is lined up, several months are required to process the easement transaction.

For more information – Contact your local land trust or Soil and Water Conservation District.

Agricultural Term Agreements – A farmer receives a payment to keep his or her land in production for a fixed period of time (the *term*). One way of describing this arrangement is “leasing” a farm’s development rights. Term easements are relatively new to North Carolina; the NC Department of Agriculture and Consumer Services began awarding term easement grants in the summer of 2008.

Basic Requirements – As with an agricultural conservation easement, the landowner must find a willing holder of the easement such as a land trust, conservation district, or local government, which commits to ensuring that the terms of the written agreement are followed.

Financial Benefits – The landowner can keep farming, receive cash payments for part of the development potential of his or her land, and retain the potential to develop that land in the future. Typically a farmer will receive lower payments for shorter terms and larger payments for longer terms, but the value will always be significantly less than that of a perpetual conservation easement. While each case is different, the following table presents a general guide to the value of term easements across North Carolina.



Jeanine Davis, NC State University photo

Term of agreement	Value of the agreement to the farmer	Hypothetical value assuming land value of \$10,000 per acre
Perpetual easement*	Roughly 50% of land value*	\$5,000
50 years	60% of perpetual	\$3,000
30 years	30% of perpetual	\$1,500
20 years	20% of perpetual	\$1,000
10 years	10% of perpetual	\$500

* Refer to the Agricultural Conservation Easements section, pages 5 and 6.

So in this example, a farmer who signed a 20-year easement agreement would receive a payment of \$1,000 per acre to keep the farm undeveloped for 20 years.

Strings Attached – Similar to conservation easements, landowners are not allowed to subdivide or to develop their farmland during the term of the agreement. After the term of the agreement, this limitation will disappear. Additionally, not all potential easement holders (such as land trusts or conservation districts) will agree to hold term easements.

Timeframe – The demand for funds under this new North Carolina program far exceeds the amount appropriated by the Legislature. Once funding is approved, it only takes a few months to execute a term agreement. Since the waiting list is long, it makes sense to contact partners, such as those listed below, soon if you are interested in this approach. They can best assess the time that your farm will be on the list.

For more information – Contact your local land trust, Soil and Water Conservation District, or North Carolina Agricultural Development and Farmland Preservation Trust Fund at www.ncadfp.org/.

Carefully Limited Development to Support Your Farm Operation

– This topic may look a little odd in a list of farmland protection tools, but some farmers find that limited development on the less productive parts of the farm allows them to reduce debt, to buy out non-farm family members, or to capitalize long-term prosperity for the farm. Particularly savvy farmer-developers can take advantage of the proximity of the farming operation to raise the value of their development to prospective buyers. For example, one farmer offers horse stable services to make houses in his development more attractive to buyers and also to ensure long-term customers for the farmer’s stable.

Below we offer an example of a hypothetical farmer in Western North Carolina who decides to sell or develop a 100-acre portion of his larger farm.

[Thanks to Gerald Green of N•Focus in Asheville (www.nfocusplanning.org) for his help on this conservation development example.]

Basic Requirements

Option One – Sell the land to a developer at \$20,000 per acre. Land values will vary based on location and ease of building. This approach requires little of the farmer’s time but offers little or no control on how this part of the farm will be developed or managed in the future.

Option Two – Form a partnership with a developer to jointly develop the 100 acres into 20 clustered building sites at \$90,000 each. As with any farm enterprise, a development partnership has both possible benefits and inevitable risks. A well-structured written agreement based on sound legal advice is critical to protect all parties to the agreement as well as to protect the existing farm.

Financial Benefits

Option One Income (farmer sells the land outright)

100 acres X \$20,000 per acre = \$2 million
(less taxes and closing costs)

Option Two Income (farmer is an active partner in development)

- The farmer partner brings part of his land valued at \$1 million to the partnership. The developer brings cash, experience, and the time needed to work with contractors to construct the development. Developer cash outlays are estimated to be for infrastructure (e.g., roads) = \$400,000 (an estimated \$20k each for 20 lots) plus incidental development expenses of \$100,000 for a total developer share = \$500,000 plus his time. In this example the farmer owns two-thirds or 66 percent of the joint venture.
- When the lots are sold (20 lots at \$90,000 = \$1.8 million) the farmer receives two-thirds of the proceeds or \$1.2 million. The farmer may also continue to farm most of the land considered “open space” for the development, as well as all his land not involved in the development.
- The sale of development lots would probably happen over several years, allowing the landowner to structure the tax burden strategically.
- Most importantly, as a majority partner in the development, the farmer retains significant control over the way the development is designed and how it affects the rest of the farm operation. This control is lost if a farmer chooses to sell land outright to a developer.

Strings Attached – Inviting 20 new families into a rural community will have implications for traffic, schools, public safety, and property taxes. These people can be customers for farm products such as horse boarding or produce, but they also may object to normal farm operations nearby (spreading manure, for example). While this cash inflow to the farm may help with financial needs such as funding retirement by one generation and start-up by a younger grower, even partial development of a farm does have impacts on the community.

Timeframe – Development could happen over a year or could be staged to last longer, spreading out the income over several years.

For more information – Contact your local land trust, land use planning firm, or county planning office. For examples, see the Guildford Farm (VA) project (www.cooperativeconservationamerica.org/viewproject.asp?pid=648) and Dutchess County, NY, Greenway

Guide: *Saving Farmland with Development* (www.farmlandinfo.org/documents/30902/Hudson_Valley_Greenway_Saving_Farmland_with_Development.pdf.)

On the Horizon – Transfer Development Rights to Land in Other Areas

Transfer of Development Rights (TDR) is a planning tool used in other states to allow landowners to benefit from the development potential of their land without actually developing it. Under this system a farmer in a rural area will sell development rights from his or her farmland to a developer in a nearby urban area. The city where the developer operates must agree in advance to give the developer credit for the rights that he buys from the farmer. That credit translates to increased density (more units) in a development in the city.

Basic Requirements – Some County Attorneys believe that the NC General Assembly must provide specific authority to a local government interested in creating a TDR program. Similar approaches may be possible without new legislative authority. A local government must be willing to allow the transfer. A willing developer and willing farmer must agree on a price for the transferred development rights.

Financial Benefits – While the value of development rights varies from place to place, we can assume that the development rights of an acre of farmland are worth about half of the value of the land itself. Under TDR, a farmer owning 50 acres worth \$10,000 per acre could receive a payment of \$250,000 and continue to farm the land.

Strings Attached – The farmer gives up the right to develop the land and the development rights are transferred to the developer in the city. An inspector will check from time to time to ensure that the land is still available for farming.

Timeframe – These programs are complicated and require proper legislative authority and public education work. Developing these programs can take several years, but once they are put in place, the transactions can happen in a few weeks or months.

For more information – See the TDR section at www.farmlandinfo.org under Collected Laws.

High Value Crops – In parallel with selecting the most likely farmland protection approaches for your farm, it may be equally important to examine your farm business to ensure that it will be financially viable into the future. One of the best ways to ensure that a farm remains in farming is to put in place a crop mix that will generate a reliable income in today’s market. Often the addition of a high-value crop or agricultural enterprise to an existing operation will bring valuable extra income.

Basic Requirements – Farm managers must be willing to consider new crops or new ways to manage current crops. Table 1 describes 12 representative new crops categories and provides a list of factors to consider when evaluating that type of enterprise for a possible place on your farm. The factors include both farm and farmer characteristics. For example – Does your farm have irrigation? Do you like to work with people? While irrigation can be added, that new enterprise might be more likely if a farm already has

TABLE 1. High Value Crops Decision Guide

Agritourism Activities	Y	Specialty Nursery	Y	Value-Added Products	Y	Specialty Meats, Dairy & Eggs	Y	Organics	Y	Specialty Fruits & Vegetables	Y
Are you okay with having people on your farm?		Do you have greenhouses?		Do you know what your customers want?		Do you have the facilities needed?		Are you certified organic or willing to become so?		Do you have a market for your products?	
Are you in a good location for a public activity?		Do you have access to good water?		Do you have good organizational and business skills?		Will there be customers for your products?		Are you willing to do paperwork and abide by the rules?		Is it legal to grow the crop of interest?	
Do you enjoy working with the public?		Do you have capital to start a nursery?		Do you have capital to start a new enterprise?		Do you know the state regulations?		Could you make a profit without a price premium?		Do you have a source of seeds or planting stock?	
Are you creative?		Do you have a good knowledge of the plants?		Are you creative and entrepreneurial?		Are you willing to do paperwork and abide by the rules?		Do you have the labor resources for weed control?		Do you have good fields to grow in?	
Do you have good social skills?		Are you willing to attend trade shows?		Are you willing to do paperwork and abide by the rules?		Do you have adequate pasture?		Do you have a market for your products?		Do you have the ability to irrigate?	
Can your roads accommodate additional traffic?		Can you handle the stress?		Do you like to cook or follow a detailed process?		Are you willing to take on a 365 day a year operation?		Do you have good fields to grow in?		Do you have post harvest facilities?	
Do you have parking, restrooms, and shelter?		Do you have entrepreneurial skills?		Are you willing to attend trade shows to sell product?		Do you have an entrepreneurial spirit?		Do you have the ability to irrigate?		Do you have labor to harvest your crops?	
Are you willing to take on the liability risks?		Do you have organizational skills?		Do you have the means to store and distribute?		Do you know where to get assistance?		Do you have post harvest facilities?		Do you have greenhouses or high tunnels?	
Are you able to promote your farm?		Do you have the basic technical skills required?		Do you have a marketing plan?		Will you have adequate labor?		Do you have greenhouses or high tunnels?		Do you have an entrepreneurial spirit?	
Does local zoning permit the activity you want to do?		Are you willing to run a year-round business?		Do you have family members or employees to help?		Can you find affordable sources of supplies?		Do you have access to organic supplies?		Do you know where to get assistance?	
Agritourism Activities		Specialty Nursery		Value-Added Products		Specialty Meats, Dairy & Eggs		Organics		Specialty Fruits & Vegetables	

Instructions for using the High-Value Crops Decision Guide: Working in columns, put a check mark next to each question that you can answer with “yes.” If you answer “yes” to every item in the column, put a star in the box at the bottom. Categories that receive a star are enterprises for which you are probably well suited right now. If you have most of the boxes checked, you might consider that enterprise. If you have few boxes checked, the enterprise is probably not a good fit for you.

TABLE 1. High Value Crops Decision Guide (continued)

Medicinal Herbs	Y	Mushrooms – Shiitake	Y	Truffles	Y	Hops	Y	Organic Grains	Y	Wasabi	Y
Do you have a market?		Do you have a market?		Do you have a market?		Do you have a market?		Do you have a market?		Do you have a market?	
Do you have local herbal product manufacturers?		Do you have high-end restaurants nearby?		Do you have high-end restaurants nearby?		Do you have microbreweries nearby?		Do you have specialty bakers nearby?		Do you have high-end restaurants nearby?	
Can you grow to help meet manufacturers' GMP guidelines?		Do you have a source of small diameter oaks?		Do you have an appropriate orchard site?		Do you have a site for a permanent large trellis system?		Do you have large open fields to grow grains?		Do you have a stream or high-volume water source?	
Do you have a dryer?		Do you have a dryer?		Do you have a cooler?		Do you have a dryer?		Do you have a storage facility?		Is your water quality high?	
Will you make value-added products?		Will you make value-added products?		Will you make value-added products?		Can you sell retail and wholesale?		Can you sell retail and wholesale?		If you will grow in the stream, is it legal?	
Can you wait 1–5 years to harvest?		Can you wait 6–18 months to harvest?		Can you wait 5 or more years to harvest?		Do you have a source of labor for harvest?		Do you have equipment to harvest?		Are you willing to grow organically?	
Are you certified organic or willing to become so?		Can you check your logs daily for fruiting?		Do you have the capital to get started?		Can you come up with a good weed control strategy?		Are you certified organic or willing to become so?		Will you make value-added products?	
Do you know where to get assistance?		Do you know where to get assistance?		Do you know where to get assistance?		Are you willing to keep up with industry trends?		Do you know where to get assistance?		Do you have a cooler?	
Are you willing to keep up with industry trends?		Can you do year-round production?		Can you keep and train a dog to hunt for truffles?		Do you have the capital to get started?		Do you have a source of organic seed?		Can you track down a supply of planting stock?	
Do you have the ability to irrigate?		Do you have the ability to irrigate?		Do you have the ability to irrigate?		Do you have the ability to irrigate?		Do you have a source of affordable organic fertilizers?		Do you know where to get assistance?	
Medicinal Herbs		Mushrooms – Shiitake		Truffles		Hops		Organic Grains		Wasabi	

irrigation. People skills can be hired or found in another family member, but a people-intensive enterprise might be more comfortable for a farmer with a natural ability to work easily with potential customers.

Financial Benefits – High value crops can bring more return per acre than some traditional crops. In some cases a traditional crop can be managed or marketed in a different way to increase its value. For example, cow-calf operations are fairly common in Western North Carolina, but the direct sale of finished beef to the consumer is less common. With each step that growers take to be closer to the final customer, they improve the return to the farm. Effort is involved with each of those steps, but the added income may be worth the effort to some growers.

For example, lettuce grows well in Western North Carolina and is a popular product with consumers. Wholesale lettuce can bring 50 cents a head. Retail lettuce can bring one to two dollars at a tailgate market. Making the transition from wholesale to retail usually means growing less acreage of the crop but spending more time marketing. Organic certification often adds a third to wholesale prices as well as to retail prices. The organic market is smaller though and requires organic certification. Turning lettuce into salad mix can bring \$6–\$10 per pound. Direct sale of organic salad mix to consumers requires work by the grower to establish marketing channels and additional food safety issues must be addressed, but moving from 50 cents to several dollars a head may be worth the effort.

Strings Attached – In addition to the factors on Table 1, growers need to evaluate how a potential new crop will fit into their farm. Does it require labor when labor is available? Does it use resources that are not currently used productively on the farm? Will it adversely affect other successful farm enterprises? Can the grower carry the up front cost until the crop starts to generate a return? Does the grower enjoy growing and selling the new crop?

Timeframe – While some crops can be added in a few weeks, several years is a more typical timeframe. Research and talking with successful growers can take a while. Usually a new crop is tried at a small scale for a few years to see how it reacts to different seasons on a particular farm. Starting small also allows growers to assess acceptance by customers in a new market. The final step in most cases is moving to a production scale that matches the market that the grower cultivated during a smaller scale test.

For more information – Table 1 is from “New Crops and Agricultural Enterprises Decision Assistance Tools” written by Jeanine Davis and Amy Hamilton and available online at www.ces.ncsu.edu/fletcher/programs/herbs/prosperity. Consult that document for additional information on new crops and decision making related to new crops for your farm.

Combined Approaches (Any or All of the Above)

Most farms will benefit from a combination of protection approaches. Virtually all farms should apply for Present Use Value Property Tax Assessment to reduce their property taxes. Most farms should have a farm transition plan in place as well. Below are some examples of ways that protection methods can work together and can work with high value crops to improve farm prosperity.

Conservation Easement plus Agritourism plus Conservation Development

Fred owns river frontage on the French Broad River and a minor tributary called Brown Creek. He signed an agreement with the Clean Water Management Trust Fund to create a 10-acre conservation easement along those waterways. The 300-foot width of the easement takes some land out of cultivation, but he is allowed to use that land for perennial crops like hay. The cash payment of \$60,000 was used in part to allow his father to retire from active farming and in part to plant 5 acres in blueberries for a pick-your-

own operation. For a 5-acre parcel of the farm with easy road access, Fred worked with a developer in the community to build eight townhouses with river access and walkways along the river. By marketing these units on just a few acres of the farm to rafters and wildlife enthusiasts, Fred was able to command a high price for these units and add to his likely customers for blueberries.

Agricultural Term Agreement plus Transition Plan plus High Value Crops

Helen has run the farm for years since her husband died but is starting to look toward retirement. She and her three children in Charlotte want to see the farm continue but none of them is interested in actively running the farm. The four family members formed a corporation to manage the farm, and over time Helen will transfer a share of her ownership to her children every year, avoiding an eventual tax burden. They succeeded in selling a 10-year conservation term agreement on their 600 acres to the Conservation District, which yielded \$100,000 in cash to support Helen’s retirement and to plant an Asian Pear orchard. The family corporation hired a neighbor to manage and market the pears when they begin to bear. In a few years, income from the pears will maintain the farm and support Helen in retirement.



Department of Communication Services, NC State University photo

Combining Tools Maple View Farm

When Bob Nutter moved his dairy from Maine to North Carolina in 1963, he didn't anticipate the possibility of too much equity to be a problem. However, the farm's proximity to rapidly growing Chapel Hill brought about an explosion in his land value, meaning that the family would have to sell much of its 400 acres to cover the estate taxes down the road. At the same time, the Nutters' moderately sized herd would have a hard time competing in the increasingly industrialized dairy world. With the help of a conservation-minded land use planner, the Nutters developed a whole farm plan for Maple View Farm, identifying the most productive agricultural land.



Maple View Farm photo

They sold a few high-end housing lots on land not important to the farming operation, used the proceeds to put in a bottling plant and market their milk to local customers, and began protecting the farm with conservation easements, implemented to maximize their tax advantages. Bob's son Roger began bottling milk at the onsite plant in 1996. In 2001, Bob and his daughter Muffin opened the first of three ice cream stores located in Hillsborough and in Carrboro. In the spring of 2009, Bob and partner Allison Nichols founded Maple View Agricultural Center, a unique learning facility that aligns with the North Carolina Standard Course of Study in Science and offers four hands-on learning labs, a barnyard, hayrides and numerous gardens. The center, located on 24 acres of the farm, operates to increase community awareness of agriculture, land conservation and sustainability. Every Orange County student grows up thinking *Maple View* when they hear "farming." For more information, visit www.mapleviewfarm.com and www.mapleviewagcenter.com.

Conservation Easement plus Transition Plan

Joan and Ted are fourth generation farmers having raised tobacco, tomatoes and beef for 30 years. Agriculture has given them a good life, and they decided to seek an agricultural conservation easement to ensure that the land stays in farming in the future. They reached this decision over a year of discussions with their son in Atlanta. He has a successful career in the city and is not able to run the farm himself but wants the home place to remain intact in the future. The family negotiated a bargain sale of a conservation easement with their local land conservancy. The reduced price resulted in a tax credit and deduction to shelter the income from sale of the easement. The proceeds were invested to provide retirement income to Joan and Ted. The terms of the easement provide

a future house site for their son and possible grandchildren, should they choose to build on the farm in the future.

Through a local food nonprofit they found a young couple interested in managing a livestock operation. The family reached an agreement to sell them 10 acres of the farm plus access to the rest of the farm for livestock in return for an annual lease payment that supplements Joan and Ted's retirement income. As the young couple's farming operation becomes more profitable, the family will consider selling more of their protected farmland to them over time. With the development rights removed by the conservation easement, the land is likely to be more affordable to the young farmers.



What Growers Can Expect from Farmland Protection Tools is a publication of the Farm Prosperity Project – providing information and decision making tools on new crops and farm protection to farmers. Visit the Farm Prosperity Project at www.ces.ncsu.edu/fletcher/programs/herbs/prosperity for more information and tools to help agricultural landowners plan for their farms and futures.