



Exploring Collaborative Farmland Ownership and Community-based Land Access Models in Vermont

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Background

Vermont is facing an increasing loss of agricultural land to development and an aging farm community with few identified successors. At the same time, new and beginning farmers are encountering rising land costs, higher capital access costs, and farms with land and infrastructure that don't meet their needs. These challenges are forcing the next generation of farmers to consider new models for accessing and owning land. This project examined three of those models to determine their histories, structures, and current states. The goals of the project were to share the potential benefits and challenges of each model with farmers exploring different models of land access and to inform advocates and policymakers about the need for new approaches to farmland access.

Case Study Summaries

Collaborative or co-ownership of land by multiple farmers and/or farm businesses: Lee River, LLC, The Farm Upstream, and Bone Mountain Farm

In 2021, a group of four farmers established The Farm Upstream (TFU) to grow a few wholesale crops on leased land in central Vermont. They wanted to try farming together before fully committing to the possibility of co-owning land and transitioning away from their full-time jobs. In their second year, they expanded, securing two additional leases and doubling farm revenue. By the end of the 2022 season, they were confident enough in their model to begin seeking land to purchase.

They identified a property in Jericho, the Lee River Farm, that met their criteria and was potentially for sale. The 50+ acre farm property has roughly 20 acres of prime tillable soils, a consistent water source, direct market access to nearby town centers, and on-site retail opportunities. In addition to the tillable acreage, the property has an older farmhouse, large barn, multiple outbuildings, and an additional 5+ open acres suitable for perennials and livestock along the river. It has the potential to support the expansion of these farm businesses and to become a permanent hub for growing food and building community.

Another farmer, the owner of Bone Mountain Farm, was also interested in Lee River Farm. He had similar goals to expand and relocate his vegetable farm business away from his current flood-prone location. After hearing of each other's shared interest in purchasing the property, the farmers of TFU and Bone Mountain Farm began exploring the idea of collaboratively purchasing the land and leasing it to their individual farm businesses.

The Vermont Land Trust and the Jericho Underhill Land Trust worked with the landowners to permanently protect Lee River Farm with an agricultural conservation easement. Once the easement was in place, the five farmers formed Lee River, LLC, the landholding entity with five members, and purchased the farm property in 2023.

Community land trust-owned land with a long-term farmer lease: Earth Bridge Community Land Trust and Milkweed Farm

Milkweed Farm began as a small, diversified vegetable farm on one acre of leased land in Brattleboro, Vermont, in 2017. For the first two seasons, the owner worked part-time selling at farmers' markets and to local restaurants. After two seasons, the farmer relocated operations to another property, taking a short-term lease on two acres in Guilford and receiving additional part-time help from their partner. In 2020, they began selling vegetables through a small CSA and through wholesale to local food hubs and food co-ops. With the growth of the business, the owner was able to shift to working full-time on the farm. In 2021, despite sales growth, the farm's land tenure instability made future planning impossible.

The farmers began exploring a land opportunity at Earth Bridge Community Land Trust (EBCLT) in Westminster West. EBCLT is a small, member-run non-profit organization that owns and stewards about 400 acres of rural land in Vermont and New Hampshire. About 50 members have long-term leases on the land while owning their homes and other improvements. When Milkweed Farm approached EBCLT, they learned that an EBCLT member was planning to sell their farmhouse and all farm infrastructure (including several greenhouses and high tunnels, a well and irrigation system, half-acre orchard, and a few smaller outbuildings) and transfer their 89-year ground lease to someone else who would farm the land. In 2022, Milkweed Farm purchased the improvements, and the 10-acre leasehold was transferred without a habitable house. In 2022, Milkweed Farm assumed the long-term lease and purchased the existing infrastructure with the intention of replacing the existing home.

Nonprofit ownership of land with a long-term farmer lease: Vermont Land Trust, White River Land Collaborative, and Flying Dog Farm

In 2020, a historic, 200-acre Vermont organic dairy farm came up for sale in Tunbridge. The property had 140 forested acres and 60 acres of open pastureland conserved through an agricultural easement with the Vermont Land Trust. The property also had a turn-of-the-century farmhouse, an enormous old stock barn, stables, silos, and many other barns and outbuildings. Flying Dog Farm, a local grass-based livestock farm, had been searching for more pasture to graze its beef cattle, pigs, and sheep, but the purchase price of the historic farm was beyond their reach.

Through a series of conversations, Flying Dog Farm, members of the 4-Town Coalition (a grassroots-based effort for local housing and conservation planning), and an attorney from the Center for Agriculture and Food Systems at the Vermont Law School became the founding members of The White River Land Collaborative. The WRLC was based around a vision to transform the former dairy farm into a hub that would support sustainable agricultural enterprises, forest stewardship, and community activities. Needing more time to structure the non-profit entity, plan for its future land strategies, and raise capital for the future land purchase, the WRLC proposed that the VLT buy the farm and lease it back to WRLC. The plan was for Flying Dog Farm and possibly other farm enterprises to sublease the pastures and farmhouse from the WRLC. VLT had used a similar buy-hold-sell model on other properties, allowing individual farmers to lease from them, build their businesses, and eventually purchase the farm. The Vermont Land Trust agreed to the plan, bought the farm in 2021, and gave WRLC five years to raise the capital they needed to purchase the property.

Findings

Affordability vs. Equity

- Affordability tools, such as conservation easements, can reduce the cost of land but can also limit the farmer's capacity to build equity in the land asset.
- Shared ownership in the land can reduce purchase cost, but can also reduce the capacity to build equity.
- Those engaging in collaborative land access models should focus on income from operations and on diversified ways to build equity (retirement savings, purchase of other land/housing).

Secure land tenure

- Long-term, legally enforceable tenure agreements are critical for farmers to invest in and grow their businesses.
- Long-term leases can provide some security but have greater risks than ownership. Even well-thought-out lease agreements can include language that conflicts with farm activities or creates a power imbalance between lessee and lessor.

Values and Land Ideology

- Farmers' values are often an important part of the decision to explore alternative land access models.
- Values can impact decisions around ownership, governance, and stewardship. They may not align with norms for legal structure or access to capital.
- Integrating community goals or indigenous perspectives into models can increase complexity, which may not align with existing social, financial, and legal frameworks.

Scale and farm type

- Land and infrastructure often do not align with the new farmers' needs or goals. A comprehensive assessment of the land and infrastructure is essential to understanding the property's costs and limitations.
- Planning for collaborative usage and potential future growth should be done as early as possible to avoid conflicts or limitations to business viability.

Financial Feasibility

- New models can be challenging for lenders to assess and support. Local lenders have been more open to considering collaborative projects, as they may have greater flexibility in underwriting and loan approval processes.
- Some lending programs have structural barriers that go beyond financing requirements and are tailored toward traditional family structures and farming models.
- Financial planning for both farm enterprises and the land holding entity is essential to ensure long-term viability. Even if profitability is not the goal, there needs to be a plan in place to cover the costs of ownership and upkeep.
- Financial obligations, including lease and membership payments, should be transparent and detailed.

Legal and Tax Considerations

- Legal and financial structures should be determined as early in the process as possible to avoid costly mistakes.
- Finding legal and tax professionals with farm experience and who are open to exploring novel approaches can be challenging.
- Using separate land-holding and operating entities can create opportunities for flexibility in ownership and potentially reduce risk to farm operations if a member wishes to leave.

Housing and Infrastructure

- Farm housing is a common challenge, with many farms having sub-standard structures or housing that doesn't meet the needs of the new farmers.
- Regulations or easements can limit options for expanded housing options, including multifamily units.
- Easements have a profound impact on the ability to access financing for housing improvements, making it very difficult for farmers to access enough capital to renovate or build. Even if farmers are able to access the capital to build or renovate, the impact of the easement on the value of the improvement will mean that the farmer is losing a significant amount of equity.

Governance and Conflict Resolution

- Clear governance structures are essential and are easier to develop when farmers are in the positive stages of project development. They can provide structures for resolution when/if conflict arises later.
- Non-profit ownership structures have more complex governance and reporting requirements that require specialized expertise to develop and maintain.
- Values can be integrated into legal structures. Cooperative principles can be applied to a Limited Liability structure, allowing for the benefits of cooperation with the complexities of the Cooperative legal structure.
- Succession planning should be integrated into any legal structure and planning process.
- Multi-member entities may include non-farming members who can bring different priorities and values to the process.

Recommendations & Next Steps

Project development recommendations:

- Develop project structure as early in the process as possible with attention to governance, conflict resolution, and exit. Ideally, legal structure and governance frameworks are defined before the land purchase.
- Create project financials that can demonstrate the capital investment needs and the ongoing costs of the land holding entity to ensure long-term viability. Profitability does not necessarily need to be a goal, but there needs to be a plan to cover costs. Be conservative in financial projections and, if possible, develop a capital reserve.
- Identify goals and values of all involved parties early in project development. Work to develop mechanisms for balancing differing views and ensuring they will not impact long-term viability.

Policy recommendations:

- Continue developing conservation programs that offer greater flexibility in ownership and housing models. This could include shared equity ownership models and multifamily dwellings.
- Increase understanding among capital providers of collaborative land access models. Reform lending guidelines for more flexibility relating to multiparty purchase and operating loans.

