

VERMONT FOOD SYSTEM PLAN ISSUE BRIEF



ISSUE: Succession

What's At Stake?

At a time when Vermont farms are facing downturns in prices and markets — and most are challenged to be profitable — farms are also set to transfer to new ownership at an unprecedented rate. The majority of Vermont farmers do not have a succession plan in place, and many do not have an identified successor. Of Vermont farmers 65 and older, 92% have no one under 45 working under them, and relatively few incoming farmers are interested in or prepared to assume responsibility for large-scale operations. This may lead to a change in the agricultural landscape that has not been seen for many generations, including a significant decrease in the amount of land in active agricultural use, land lying fallow for years or developed for other uses, and a setback in the amount of food produced in the state.

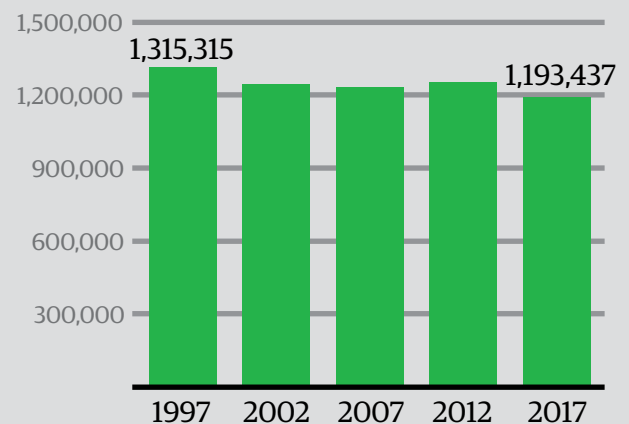
Current Conditions

Vermont farmer retirement and succession are occurring at a rapidly increasing pace year to year. For instance, the Vermont Land Trust estimates that as many as 300 farms could change ownership between 2020-2025. Many soon-to-be retiring farmers are not prepared to make decisions that will keep their land in farming, provide farming opportunities to family or unrelated producers, and maintain their farm business into the future.

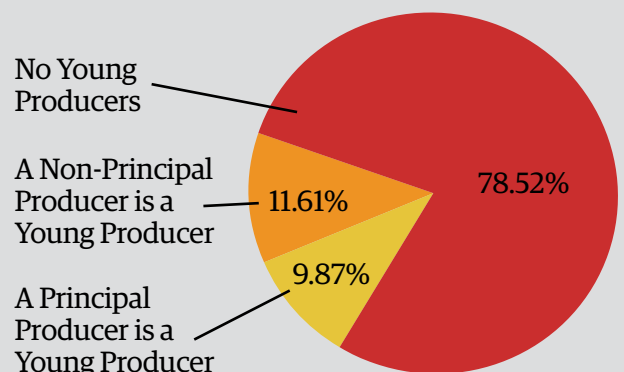
It is much more difficult to successfully transition farmland and farm businesses when the businesses on the land are not currently profitable. In many instances, the retiring generation may profitably operate farmland with low debt, but future owners may not reach profitability because they will be servicing the debt load of the land purchase and/or investing in new farm infrastructure. In addition, new farm businesses tend to be significantly smaller farm operations in terms of acreage in active production than existing farm businesses, and this poses a challenge to successful land transfers to new and beginning farmers.

Vermont and the Northeast have services and tools available to support retirement and succession, as well as finding a buyer or successor, but the current funding, personnel, and promotion of these services do not match the high need (see [Business and Technical Assistance brief](#)). Although 21.6% of Vermont's agricultural land is conserved, we must confront the possibility that much of Vermont's agricultural land may be underutilized or at risk of being lost, potentially permanently, to development or alternative land uses in the near future. Additional human and financial capital are needed to accelerate the rate at which farms move through the succession process.

Acreage in Farms in Vermont



Percent of Vermont farmland in 2017 managed at least in part by young producers (35 years of age or younger)



Bottlenecks & Gaps

- The cost of farmland (for lease or purchase) is high relative to the profitability of business models on that land base given current market conditions.
- Old infrastructure is often a liability for successful farm transition (e.g., run-down barns), as is marginal production land, particularly when those lands or outdated infrastructure have created water quality issues.
- In many cases, there is not enough capital left in farming businesses (e.g., equity, retained earnings, net-positive cash flow) given current market conditions, to enable successful transfers.
- Retiring farmers struggle to have sufficient retirement income and housing options.

Opportunities

- Multi-stakeholder farming opportunities exist for utilizing larger farm parcels.
- Some established farms continue to have the ability to purchase land and grow, and will purchase a farm from retiring owners.
- Retiring farmers without successors are willing to transfer their farms to unrelated farmer-owners.
- Vermont has a strong foundation of existing programs and farmland access tools, such as the sale of development rights, to enable initial access to affordable farmland for farmers at all stages of their business development.
- Developing new market opportunities in Vermont and the Northeast metropolitan region could be a way to create predictable, scaled-up markets for existing and beginning farms.

Recommendations

- Increase state resources for conservation efforts that support farmland access and succession planning (see [Supporting Future Farmers brief](#)).
- Consider options to encourage multiple tenants/owners on larger conserved farms, including policy incentives. Public funds and/or easement permissions may be critical to repurpose, remove, or add infrastructure to support new businesses and new business models.
- Increase availability of business assistance for farmers looking at options for farm transfer and succession, as well as legal and tax capacity and support. In particular, increase the number of service providers of succession assistance (see [Business and Technical Assistance brief](#)). Cost: \$600,000 per year for six additional FTE.
- Invest in sample business plans, market analyses, and financial benchmarking tools for emerging business models such as grass-fed beef, hemp/CBD, pork, and value-added dairy products. Cost: \$250,000 over three years.
- Develop additional low-cost and flexible financing programs for farm buyers. The Vermont Land Trust (VLT) is currently raising \$15 million for their Farmland Future Fund that will enable them to provide low-cost financing for farm buyers to make infrastructure changes and improvements.
- Vermont Agency of Agriculture, Food and Markets, VLT, and members of the Clean Water Partnership should assess and quantify the funding gap and identify sources of funding needed for farmland conservation. Then make public funds available to resolve older infrastructure that can have water quality issues.

Farm to Plate is Vermont's food system plan being implemented statewide to increase economic development and jobs in the farm and food sector and improve access to healthy local food for all Vermonters.

The Vermont Agency of Agriculture, Food & Markets (VAAF) facilitates, supports, and encourages the growth and viability of agriculture in Vermont while protecting the working landscape, human health, animal health, plant health, consumers, and the environment.

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