

# **The Future of Preserved Farmland**

## **Ownership Succession in Three Mid-Atlantic States: New Jersey, Maryland, and Delaware**

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# Research Questions

- Does the transfer of ownership from the “first generation” (those who owners who sold or donated easements to their farmland) to the “second or later generation” (those who purchased or inherited preserved land) result in significant differences in how the land is managed or is likely to be managed?
- **More specifically , does it result in differences in:**
  - how much of the preserved land is in a farm operation (the owner’s and/ or his or her tenants’),
  - **the extent to which “young farmers” own the land, and**
  - the extent to which current owners have written or oral succession plans providing for a farmer to be the next owner of the eased land and to farm that land?

# Data for Addressing the Three Questions

- Telephone interviews lasting on average 31.7 minutes with 507 owners of preserved land.
- Survey conducted from mid-July 2011 to January 15, 2012.
- Sample derived from owner lists of five state-level programs:
  - Delaware Agricultural Land Preservation Foundation (DALPF) = 59 owners surveyed
  - Maryland Agricultural Land Preservation Foundation (MALPF)= 155 owners
  - Maryland Environmental Trust (MET) = 73 owners
  - Maryland Rural Legacy (MRL)= 29 owners
  - New Jersey Farmland Preservation Program (NJFPP) = 191 owners

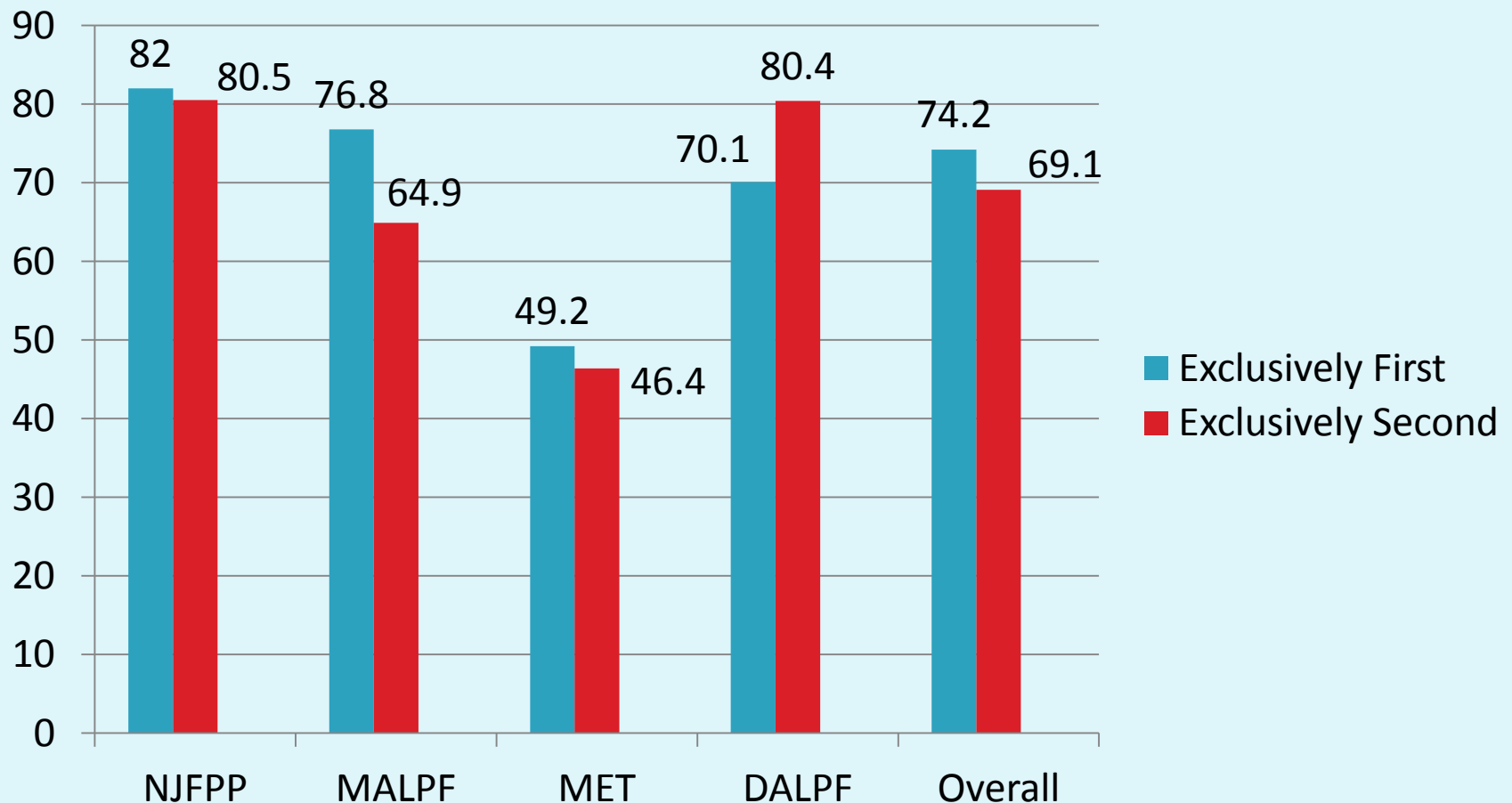
## Data (continued)

- The distribution of interviewed owners by program closely matched the distribution by program in our sampling frame (within 0.2 to 2.6 percentage points). For sample-wide analysis, we used weightings to adjust for the differences.
- The overall response rate was 53.8%.
- Because these programs have been receiving easements for many years (since 1980 for MALPF, 1985 for NJFPP, 1991 for DALPF), our sample had sizable proportions of exclusively first- and exclusively second-generation owners: **First = 348**  
Second = 111

# Part 1 Findings

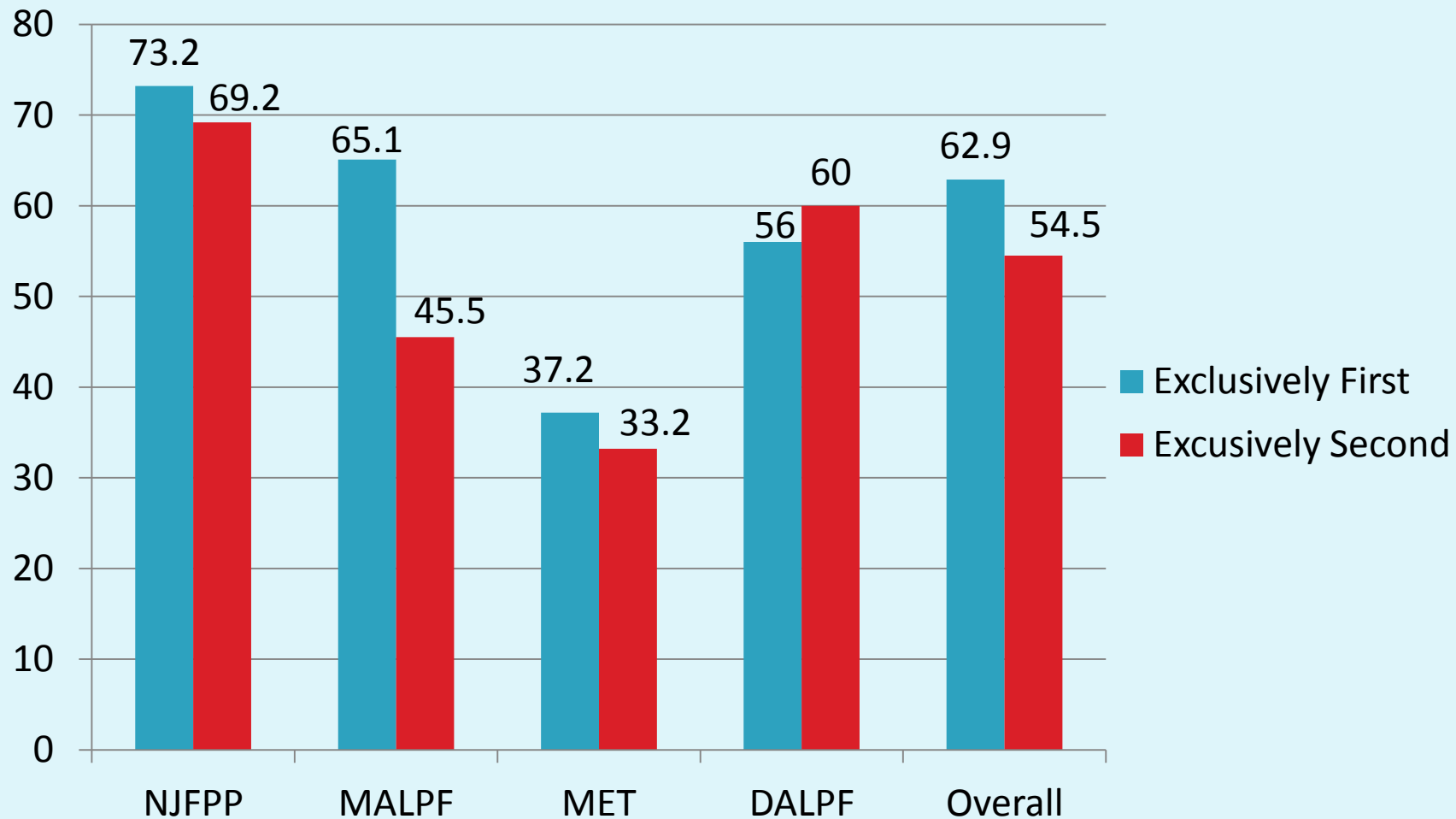
Average percent of total preserved land reported in a farming operation in 2010: Exclusively first-generation compared to exclusively second or later generation.

**No statistically significant differences between generations were found.**



**Part 1 Findings: Percent of Owners Reporting at Least Three-quarters of Their Preserved Land in a Farming Operation.** Exclusively first-generation compared to exclusively second or later generation.

**The only statistically significant difference is for the MALPF comparison.**



## **Part 1 Findings : Statistically Significant Predictors of Owners Reporting at Least Three-quarters of Their Preserved Land being Farmed**

According to binary logistic regressions for the entire relevant sample (454 cases):

- 1) “Generation” was not a significant predictor, but whether an owner had sold easements was.

Why? Presumably because at the time of selecting properties to protect, the preservation program favored—at least in a substantial number of cases—those applicants who farmed all or most of the farmable land at issue.

- 2) Among the five binary predictor variables in our analysis, being a farm operator (i.e., “in the sense that you made the day-to-day decisions about such things as planting, harvesting, feeding livestock, and marketing”) had by far the highest estimated predictive impact .

Why? Presumably, compared to non-operators , owners who farmed their preserved land tended to have greater financial and other motivations for farming most or all of their farmable preserved acres.



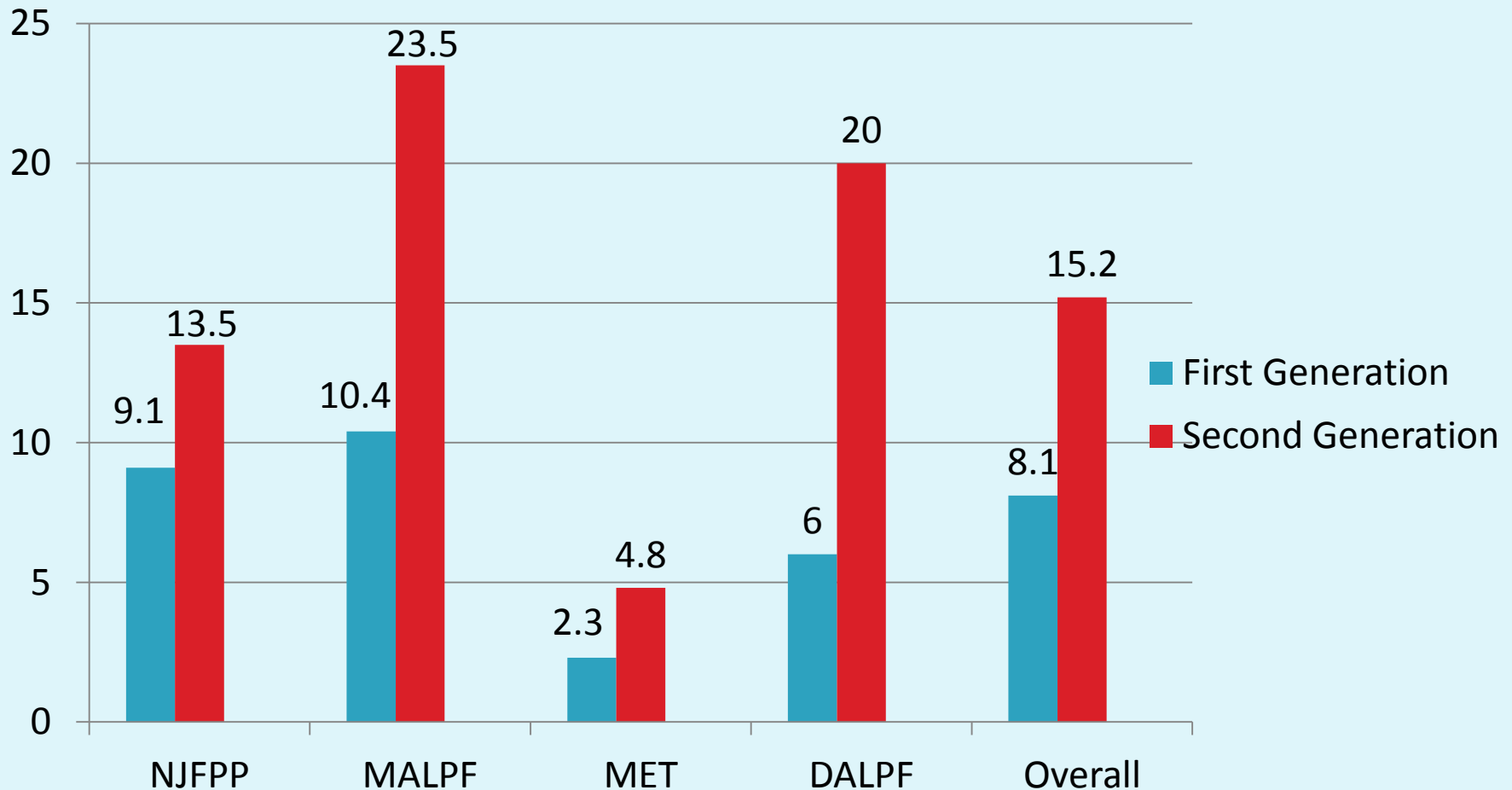
**Part 1 Findings : Statistically Significant Predictors of Owners Reporting at Least Three-quarters of Their Preserved Land being Farmed (continued)**

- 3) Less important, but not statistically or practically insignificant, was whether the owner's primary occupation was farming.
  
- 4) Of similar level of importance was being in the New Jersey program.

# Part 2 Findings

Percentage of Young Farmers (40 years old or less) When They First Owned Preserved Land : Comparisons by Generations”

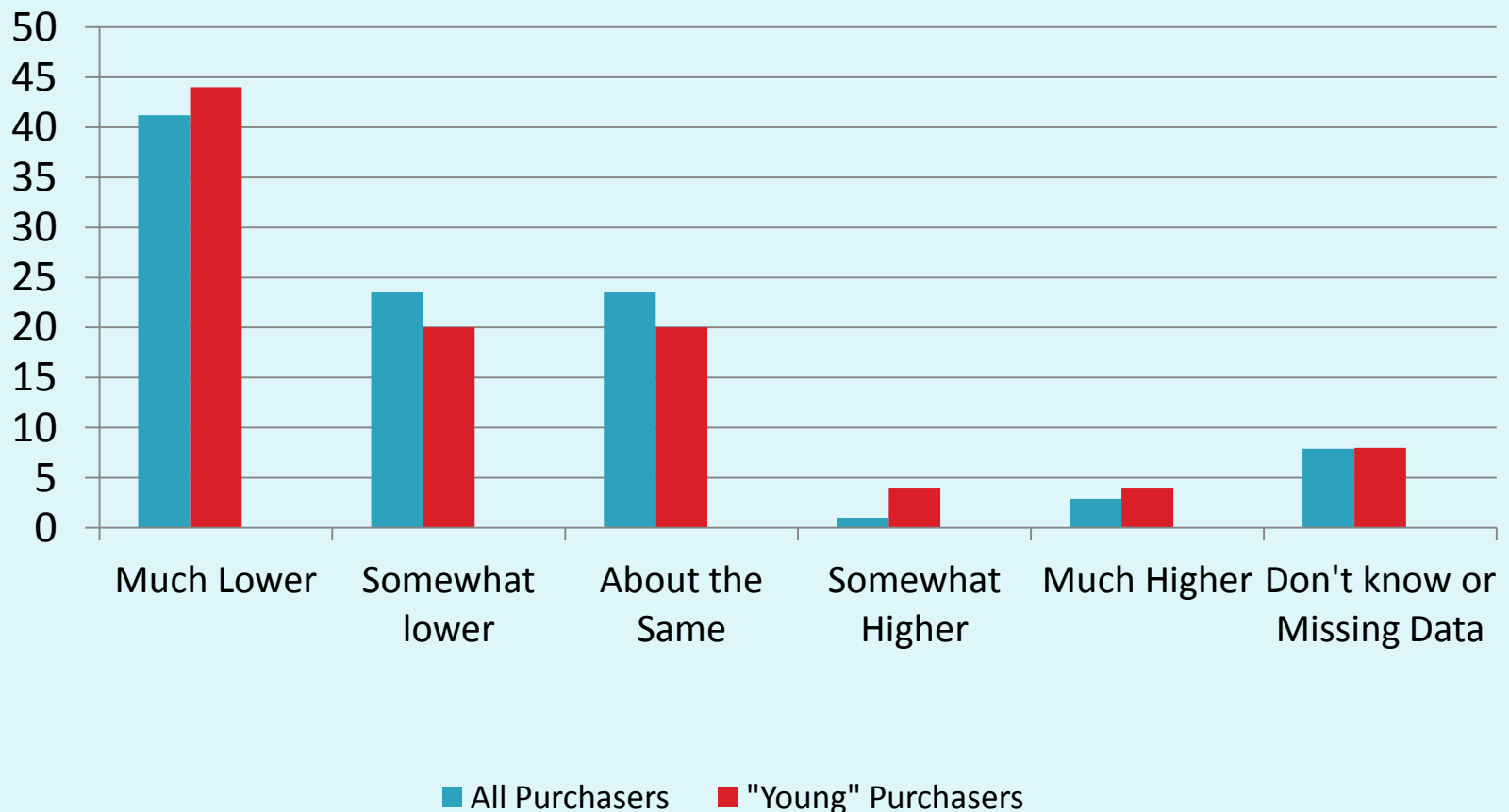
(Statistically significant differences: for MALP & Overall)



## Part 2 Findings: Surveyed Owners who Purchased Farmland under Conservation Easements - Their Perceptions of the Price of the Land They Bought Compared to “the price of similar land with its development rights intact.”

### All Purchasers (n=102) Versus “Young” Purchasers (n=25)

(Young purchasers are owners who were 40 years old or less at the time of purchase)



# Part 3 Findings

## Reported Progress in Transfer of Ownership.

Comparisons by Generation of Ownership and Program (Percent of Owners)  
**(Underlining = Pairs of Percentages that are Statistically Significant)**

Extent of Progress	NJFPP		MALPF		MET		All Five Programs	
	First	Later	First	Later	First	Later	First	Later
Has a written plan	45.5	42.3	<u>65.4</u>	<u>44.1</u>	53.5	38.1	<u>58.6</u>	<u>41.8</u>
Has an oral agreement	13.8	5.8	<u>7.5</u>	<u>20.6</u>	7.0	14.3	9.5	12.7
<i>Either a written or oral agreement</i>	59.3	48.1	72.9	64.7	60.5	52.4	<u>68.1</u>	<u>54.5</u>
Successor definitely will be a farmer who farms the preserved land	23.6	28.8	27.1	11.8	11.6	4.8	24.7	17.1
Probably will be such a farmer	<u>14.6</u>	<u>8.0</u>	13.1	17.6	11.6	14.3	14.6	9.9
<i>Either “definitely” or “probably” will be a farmer</i>	38.2	28.8	40.2	29.4	23.3	19.0	39.3	27.0
Total cases	123	52	107	34	43	21	348	111

## **Part 3 Findings : Statistically Significant Predictors of Owners Reporting that They Had Lined up Farmer Successors Who Would Farm the Preserved Land**

According to binary and/or ordinal logistic regressions for the entire relevant sample (454 cases):

- 1) Generation ceased to be a significant predictor when the analysis controlled for other significant predictors like owner's age and primary occupation.
- 2) Not surprisingly, older respondents were more likely to have lined up a successor who would farm the preserved land, other predictors held constant.
- 3) So, too, were owners whose primary occupation was farming, perhaps because such owners had relatively greater financial and /or self-esteem stakes in planning for the operation to continue.

**Part 3 Findings : Statistically Significant Predictors of Owners Reporting that They Had Lined up Farmer Successors Who Would Farm the Preserved Land**  
(continued)

- 4) The odds were higher for owners of relatively larger amounts of farmland and, also,
- 5) for those who were “very satisfied” with being owners of farmland preserved through conservation easements. Presumably, high satisfaction with their land being preserved for agriculture encouraged owners to find such successors and persuade them that owning the land would be to their (the successors’) benefit.

# The findings from our study and similar inquiries will hopefully provide help to:

- (a) owners of preserved land who are trying to identify conditions of their ownership that are relevant to their decisions about succession,
- (b) the staff of preservation and other conservation programs who are seeking to help owners of eased land to develop satisfying and sound succession plans, and
- (c) policy makers, program administrators, academics, and others interested in evaluating how effectively PDR is supporting succession planning and the accessibility of preserved farmland to current/future farmers.

# Contact Information

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