



# Satisfaction with Owning Farmland Protected by Conservation Easements

## Findings from Two Recent Surveys of Landowners

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**Presented at**

**Saving America's Farms and Farmland: Celebrating 40 Years of Farmland Preservation**

**Hershey, PA**

**May 12-13, 2014**

# Focus of Presentation

- How do owners of preserved farmland feel about their experiences with conservation easements programs?
- Results are drawn from two survey-based studies of preserved farmland owners with land protected under:
  - 1) USDA's Farm and Ranch Lands Protection Program
  - 2) State purchase of development rights programs in 3 Mid-Atlantic states
    - New Jersey Farmland Preservation Program
    - Delaware Agricultural Land Preservation Foundation
    - Maryland Agricultural Land Preservation Foundation
    - Maryland Environmental Trust
    - Maryland Rural Legacy Program

## Acknowledgements

### Mid-Atlantic Study

Research supported by a grant from the Agriculture and Food Research Initiative (Competitive Grant No. 2010-85211-20515) from the USDA National Institute of Food and Agriculture

- Brian Schilling, Rutgers University
- Josh Duke, University of Delaware
- J. Dixon Esseks, Northern Illinois University
- Paul Gottlieb, Rutgers University
- Lori Lynch, University of Maryland
- Lucas Marxen, Rutgers University
- Kevin Sullivan , Rutgers University

### FRPP Study

This project was made possible through a contribution agreement between the USDA Natural Resources Conservation Service and the American Farmland Trust.

- J. Dixon Esseks, Northern Illinois University
- Brian Schilling, Rutgers University
- Alex Hahn, University of Nebraska-Lincoln



## Research Questions Common to Both Studies – 1 of 3

### **1) Do the owners of farmland protected by conservation easements tend to be satisfied with owning such land?**

*Why is this question important?*

- The attitudes of current clients may have important impacts on the future health of land conservation programs.
- Satisfied clients may:
  - enroll more land in the programs,
  - urge relatives and friends to participate in PDR,
  - report their satisfaction to legislators who vote on re-authorizing programs/program appropriations.
- Dissatisfied clients can bring about opposite effects.

# Research Questions Common to Both Studies – **2** of 3

## **2) What factors influence owners' level of satisfaction?**

*Why address this question?*

- Some positive causes of satisfaction may be conditions that legislators and/or program administrators can strengthen (or at least maintain).
- Conversely, negative factors may addressed

## Research Questions Common to Both Studies – 3 of 3

### **3) Are satisfaction levels related to, and perhaps causes of, important management decisions by owners?**

*What are examples of positive management decisions that would interest policy makers/program managers?*

- Whether or not to invest the proceeds from sales of easements into the protected land's agricultural productivity.
- Whether—among owner-operators—to farm at a commercial rather than hobby scale.
- Whether—among owner-operators—to diversify their operations after the conservation easements are in place.
- Whether or not to make plans for their successor to be someone who would farm the protected land.

# Telephone Surveys

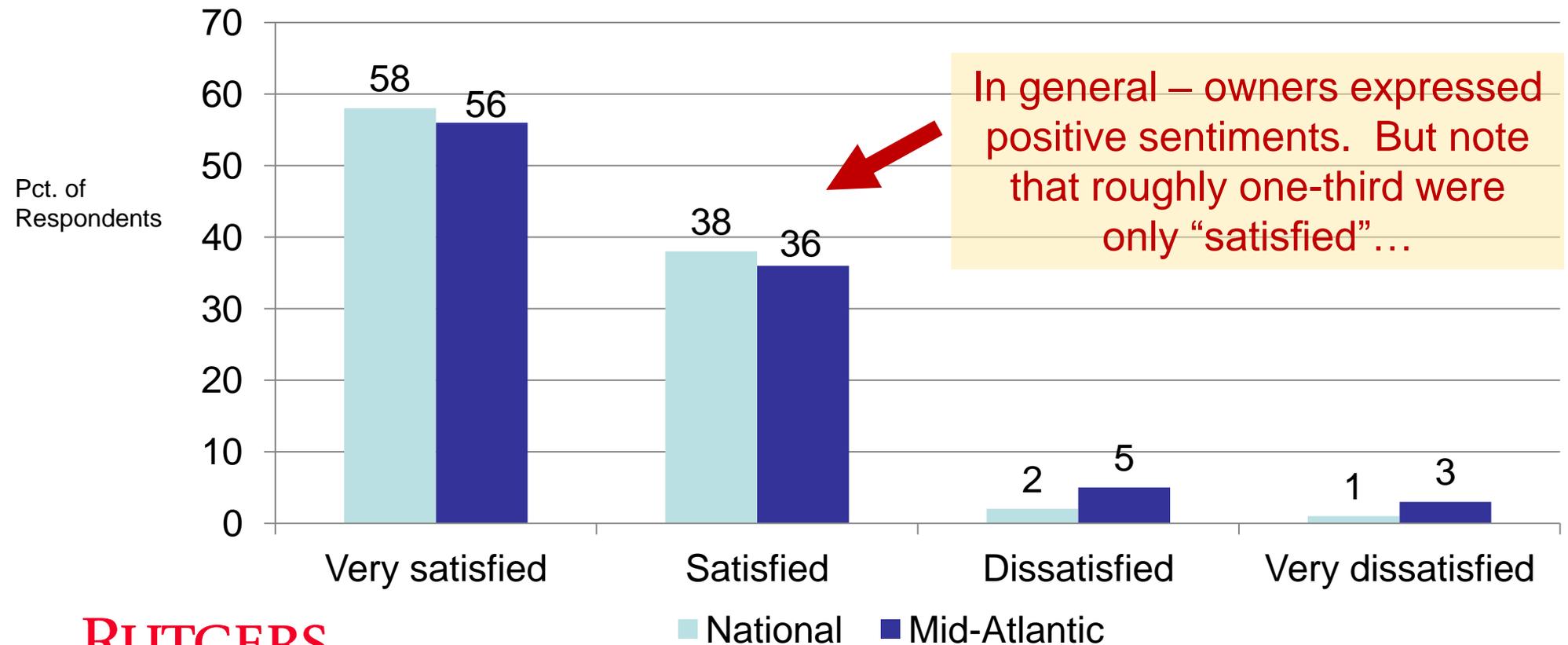
## Mid-Atlantic Survey

## National Survey

- 507 owners of preserved farmland in DE, MD, NJ
  - Interviews conducted from July 2011 to Jan. 2012
  - Average interview length: 31.7 minutes
  - Response rate: 53.8%
  - Random sample from lists of current owners of preserved properties whose easements were held by five state-level programs
  - Composition of sample:
    - (n=59) Delaware Agricultural Land Preservation Foundation
    - (n=155) Maryland Agricultural Land Preservation Foundation
    - (n=73) Maryland Environmental Trust
    - (n=29) Maryland Rural Legacy
    - (n=191) New Jersey Farmland Preservation Program
- 506 owners of preserved farmland
    - (42 respondents from DE, MD, NJ)
  - Interviews conducted from Feb. 2012 to May 2012
  - Average interview length: 37.1 minutes
  - Response rate: 54.1%
  - Random sample from a list of owners of properties that had “closings” on their conservation easements from Oct. 2005 to Jan. 2012, and that were preserved in part through funds provided by FRPP

# Top-Line Findings

We asked each respondent about their “*overall evaluation of being an owner of farm or ranch land protected through a conservation easement: Looking back on your experiences as an owner of such land, how satisfied or dissatisfied are you?*”



**– Study 1 –**  
**Landowner Perceptions**  
*Farm and Ranch Lands Protection program*

# Farm and Ranch Lands Protection Program

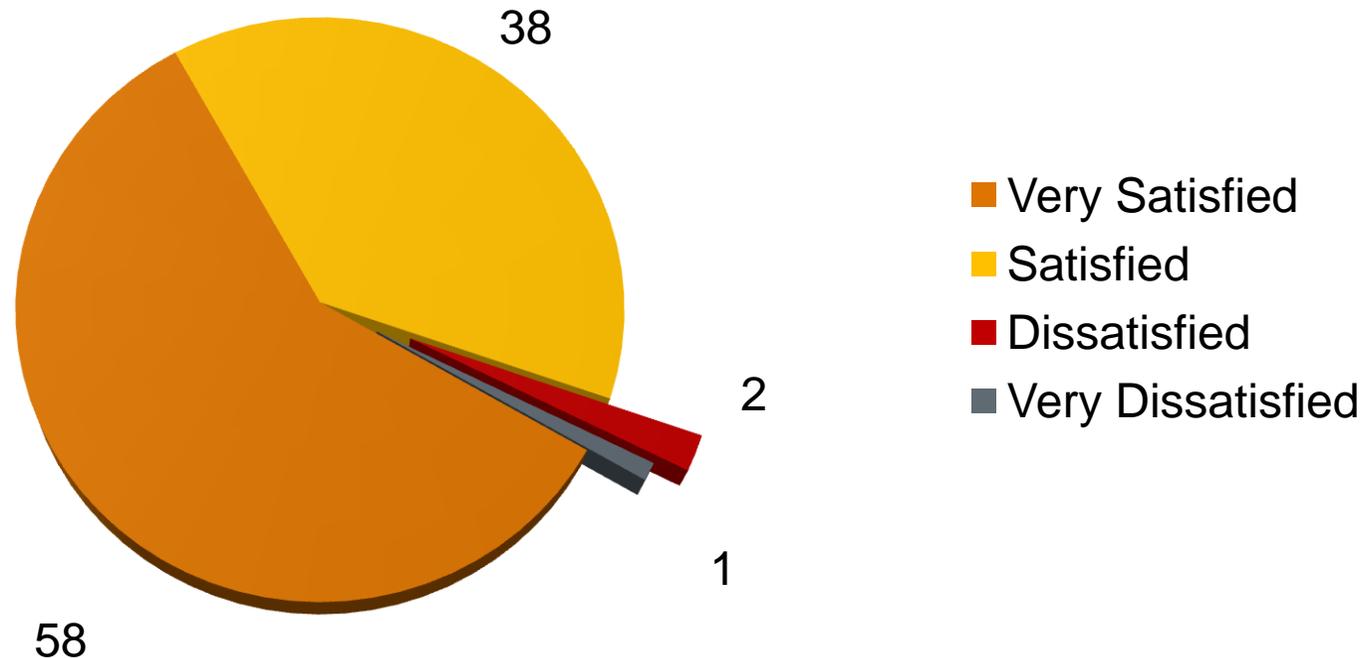
- From 1996-2014, FRPP provided matching funds to help purchase development rights on farmland
  - Partnered with State, tribal, and/or local governments, as well as NGOs
  - Provided up to 50 percent of the fair market value of the conservation easement.
- Supported the preservation of 1.13 million acres of farmland (through 2012)
- The cumulative “program allocations” to states and Puerto Rico from 1996 through 2012 were almost \$1.2 billion
  - See AFT’s fact sheet at: [http://www.farmlandinfo.org/sites/default/files/FIC\\_FRPP\\_09-2013.pdf](http://www.farmlandinfo.org/sites/default/files/FIC_FRPP_09-2013.pdf)

## Agricultural Conservation Easement Program (ACEP)

- Under the 2014 Farm Bill, USDA continues to “help...farmers and ranchers keep their land in agriculture” and again “may contribute up to 50 percent of the fair market value of the agricultural land easement.”
- However, these functions now fall under the “Agricultural Land Easements” component of the new “**Agricultural Conservation Easement Program.**” The new program focuses on “protecting working agricultural lands and limit[ing] non-agricultural uses of the land.”
- 
- This statement of purpose is close to the published main goal of the FRPP -- of helping “to keep productive farm and ranch land in agricultural uses.”
- But some fans of an effective Federal role in farmland protection may be pleased with the change from “productive” to “working” agricultural lands, and also with the additional goal of “limit[ing]” non-agricultural uses of the land.”

*“Looking back on your experiences as an owner of such land, how satisfied or dissatisfied are you?”*

*Pct. of 506 Owners of farmland preserved, in part, through FRPP*



Responses to the question: “What are your reasons for giving that overall evaluation [of the FRPP]?”

Positive Reasons	% 506 Respondents Giving that Reason
Satisfaction from having prevented agricultural land from being developed; having preserved it for agriculture.	45%
Program met expectations; no negative effects; they don't micromanage us.	24%
Used easement money to buy agricultural land, to pay down the farm's mortgage, or otherwise improve the operation.	12%
Saving the land for self or family because of its heritage and/or lifestyle value.	11%
Used easement proceeds to meet personal or family needs (other than those of farm/ranch operation), e.g., to cover children's education, health care costs.	10%
Working with helpful, pleasant staff from the relevant program agencies.	8%
Doing the right thing for the community or country: saving land to produce food, protect wildlife habitat, prevent flooding	8%

Reasons for “giving that overall evaluation [of the FRPP]” (continued)

Negative Reasons	% 506 Respondents Giving that Reason
The process of negotiating the easements was flawed: too long, complicated, confusing, hard to get information about it.	8%
The amount paid for the easement was inadequate.	4%
Critical of easement regulations, such as limits on impervious surfaces and required buffers along streams.	2%
Other problems with easements: that the easement is perpetual, difficult to get loans for eased land, the concern that regulations will increase.	2%

Another source for understanding owners' level of satisfaction with their farmland being under easements

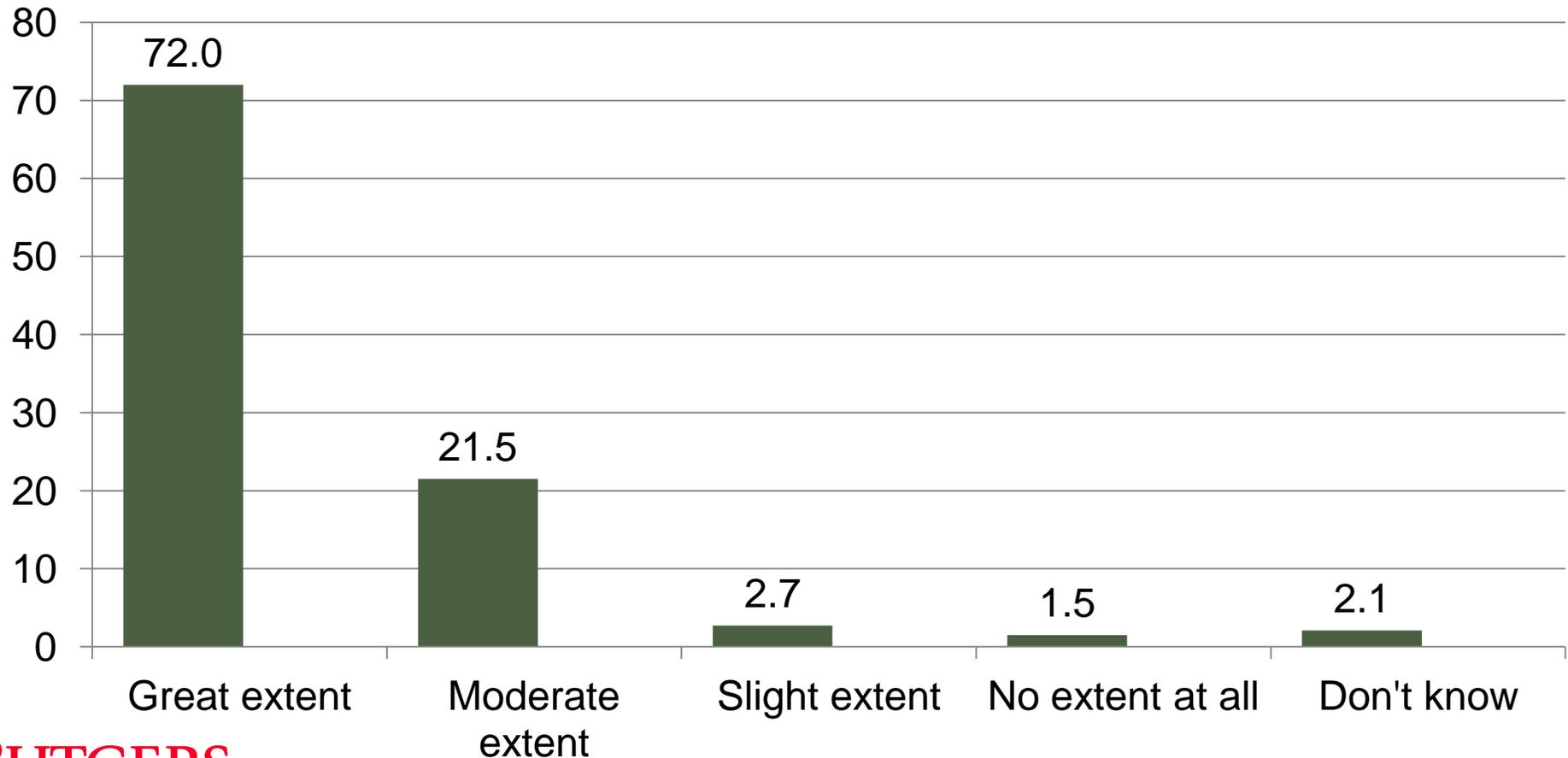
Among the 479 Owners <u>Who Sold Easements</u> to their Land: Their Reported Goals for Those Sales	% of 479 Respondents
To <b>save land for agriculture</b>	68%
To <b>obtain money to meet personal or family financial needs</b> (children's education, home mortgage, cost of a parent's nursing home, one's own retirement fund)	28%
To <b>protect the family heritage</b> (save farm that was in family several generations, save land for children and grandchildren, honor legacy of father, dying wish of husband, farm is where owner grew up)	19%
To <b>improve the farm/ranch business</b> (such as by purchasing farmland, reducing mortgage or other farm debt, building or repairing farm buildings, and buying new equipment)	16%
To <b>preserve a lifestyle for self or family</b> (beautiful landscape, open space, land used for hunting, historically important land)	14%

## Goals in Selling Conservation Easements (continued)

Goals	% of 479
<p>To <b>preserve environmental values</b> (such as to protect habitat for wildlife, keep the area natural, preserve river or stream environment, keep up the conservation work, protect woodlands, promote water conservation, and preserve the high-land mountain area)</p>	7%
<p>To <b>facilitate transfer of land ownership to the next generation</b> (such as because the land would become more affordable for family members to buy, the estate and property taxes would become lower, and they could use easement sale proceeds to buy out brothers and/or sisters)</p>	5%

“To what extent has the sale of the conservation easement enabled you to achieve the goals you had at the time of the sale?”

*Percentage of the 479 owners who had sold conservation easements*



## Predictors of Owners Reporting They Were “Very Satisfied” with Owning Preserved Land

According to binary logistic regressions for the entire sample (506 cases), owners were statistically more likely to have selected the “very satisfied” response option if:

- one (or their only) goal in selling an easement was to save land for agricultural use (*Having this goal increased the odds of being very satisfied by an estimated factor of 2.201, other hypothesized causal traits held constant*)
- their goals included the protection of their family’s heritage, (*by a factor of 2.300*)
- they had the goal of protecting a rural or agricultural lifestyle, (*factor of 2.070*)
- they evaluated the staff of the easement program and perhaps related agencies as “sensible,” “flexible,” “supportive,” or otherwise helpful, (*factor of 2.568*) and/or
- they had received at least \$750,000 in payments for the easement. (*factor of 1.994*)

## Predictors of Satisfaction (continued)

Owners of preserved farmland were statistically less likely to be “very satisfied” if:

- they complained about the excessive time required to negotiate easements and obtain payment, (*Having this attitude decreased the odds of being very satisfied by an estimated factor of .420*)
- they found inadequate the payment they received when selling the conservation easement, (*factor of .033*)
- they found fault with agricultural-use regulations imposed by the easement, (*factor of .063*), and/or
- they had relatively high percentages of unit increase in their preserved land in agricultural use (*factor of .991 per percentage-point increase*)

# Owner Satisfaction and Land Management *Succession Planning*

- Regression analysis applied to the Mid-Atlantic survey data found that owners who were “very satisfied “with their easements were more likely to have lined up a successor who definitely would be a farmer who uses the preserved land for agricultural purposes (with other owner traits like the total acres under easements and their education level held constant). (*The odds of being “very satisfied” were estimated to be higher by a factor of 3.150, other things being equal.*)
- Preliminary analysis of the national survey data found that, among the 94% of owners who sold easements, those who were less than “very satisfied” with their easements and/or who had not achieved their easement-selling goals to “a great extent” were less likely to have a written succession plan.

# Owner Satisfaction and Land Management *Investments in the Farm Operation*

- In the national survey, owners who had achieved their easement-selling goals “to a great extent” were more likely to have made such agricultural investments\* (*by an estimated factor of 2.035, with other owner traits like being an operator held constant*).

\* Spending proceeds from easement sales on agricultural purposes (e.g., paying off mortgages, buying more farmland, purchasing farm equipment, constructing or improving farm buildings)

# Owner Satisfaction and Land Management

## *Management of Protected Land*

- Preliminary analysis of the national survey data suggests that being “very satisfied” with owning protected land was associated with smaller percentages of that land being in agricultural use.
- Analysis of the Mid-Atlantic survey data is in progress to test hypotheses about the effects of owner satisfaction levels on owners’ management of their preserved land (in addition to hypotheses about succession planning).

**– Study 2 –**  
**Landowner Perceptions**  
*Reports from Delaware, Maryland & New Jersey*

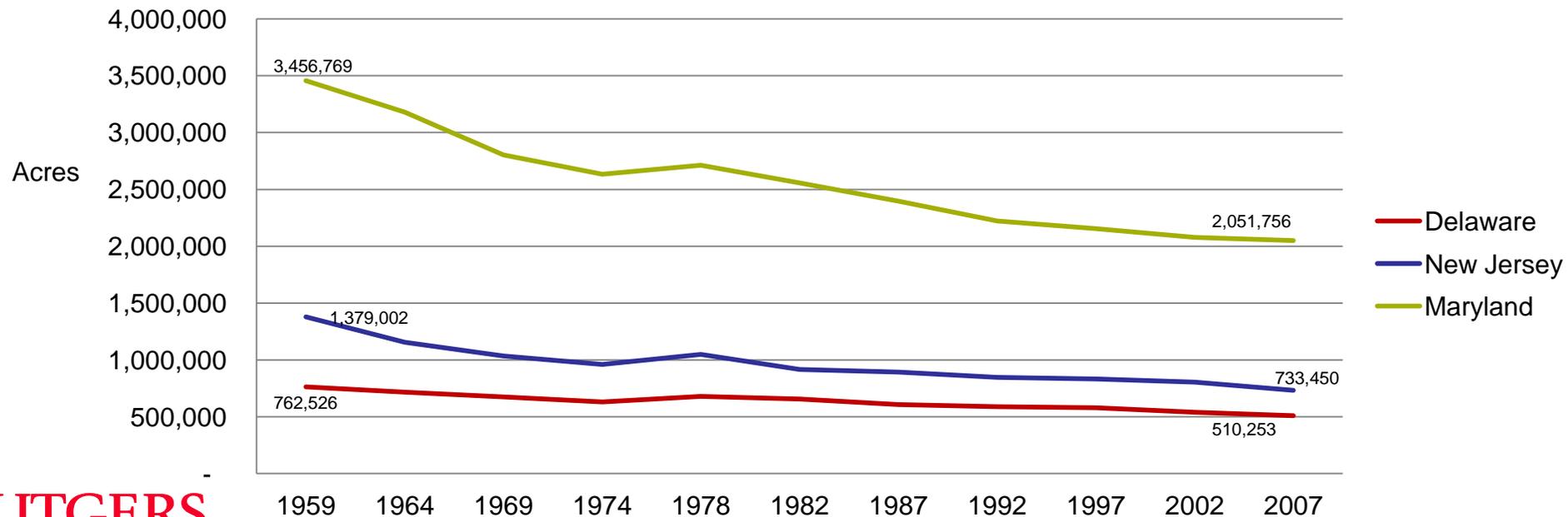
## Context for Discussion

According to American Farmland Trust, through May 2013:

- 28 states have funded agricultural easement acquisitions
  - 27 programs remain active
  - 1 program is discontinued (expired authorization)
  - 4 states have authorized PDR, but do not yet have programs
- 2.37 million acres of farmland protected under state PDR programs
  - Program investments of \$3.6 billion (+ \$2.3 billion in “additional funds”)
- Little academic research on landowner perceptions of PDR *post-preservation*

# Trends in Farmland Acreage within Study Area

Based on the most recent Census of Agriculture (2007), there are 25,707 farms in Delaware, Maryland and New Jersey. These farms operate nearly 3.30 million acres of farmland. **This is 41% less farmland acreage (2.3 million fewer acres) than existed in 1959.** The greatest proportional loss of agricultural land was experienced in New Jersey, which lost 47% of its farmland base over the past half century. Maryland and Delaware had losses of 41% and 33% in farmland acreage, respectively.



## PDR Progress in DE, MD & NJ

	Delaware	Maryland	New Jersey	
Land in farms (acres), 2012 <sup>a</sup>	508,654	2,030,745	715,057	
Land in farms (acres), 1982 <sup>b</sup>	655,465	2,557,728	916,331	
Change in farmland acres	<b>(22.4%)</b>	<b>(26.0%)</b>	<b>(22.0%)</b>	
PDR Program	DALPF	MALPF	MRLP	NJFPP
Year PDR program created <sup>c</sup>	1991	1977	1997	1983
Year of first easement purchase <sup>c</sup>	1996	1980	1999	1985
Pct. of farmland preserved <sup>c</sup>	<b>21.2%</b>	<b>14.1%</b>	<b>3.7%</b>	<b>28.1%</b>
Number of easements acquired <sup>c</sup>	716	2,099	532	2,143
Farmland acreage preserved <sup>c</sup>	107,754	285,701	76,146	201,146
PDR program expenditures (\$ millions) <sup>c</sup>	\$141.0	\$424.1	\$238.3	\$957.1
Other expenditures (\$ millions) <sup>c, d</sup>	\$53.9	\$182.5	\$12.0	\$550.8

<sup>a</sup> 2012 Census of Agriculture, Preliminary Report, U.S. and State data.

<sup>b</sup> 2007 Census of Agriculture (Volume 1, Chapter 1: State Level Data - Table 1, Historic Highlights)

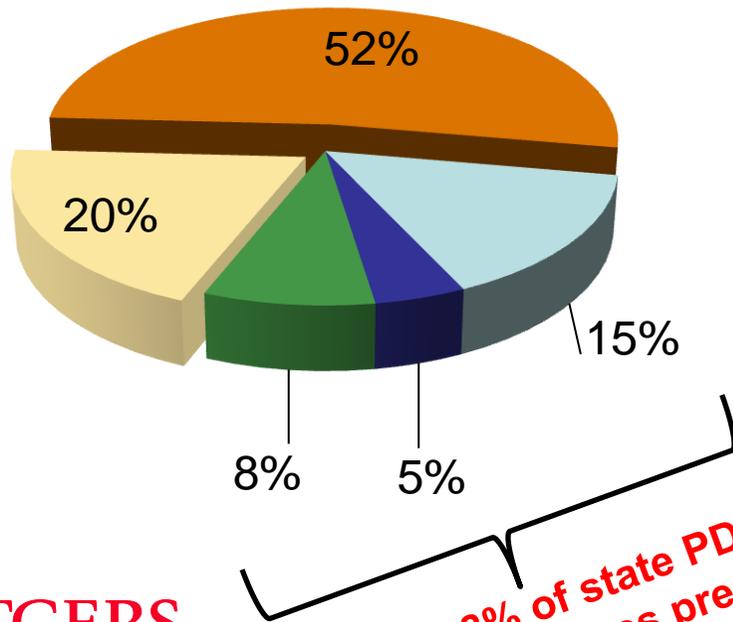
<sup>c</sup> American Farmland Trust (2013). Status of State PACE Programs.

<sup>d</sup> Includes non-profit organizations, federal and local governments, etc.

# Study Area in the National Context

## Acres Preserved

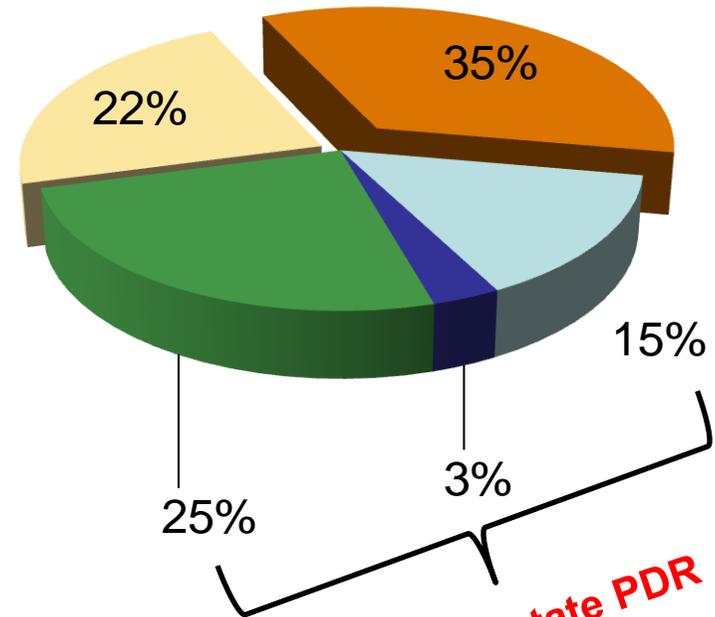
- Maryland
- Delaware
- New Jersey
- Pennsylvania
- All Other State PDR Programs



**28% of state PDR program acres preserved**

## PDR Expenditures

- Maryland
- Delaware
- New Jersey
- Pennsylvania
- All Other State PDR Programs



**43% of state PDR expenditures**

Survey participants were asked to provide an **overall evaluation** of their experiences as an owner of preserved land...

State	Sample Size	Satisfaction Level with PDR Participation (% of respondents)			
		Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
DALPF	59	64.4%	30.5%	1.7%	3.4%
MALPF	154	51.9	39.6	3.9	4.5
MET	73	<b>75.3</b>	17.8	6.8	0.0
MRLP	29	62.1	34.5	3.4	0.0
NJFPP	190	<b>49.5</b>	41.6	6.3	2.6
All Respondents	505	56.4	<b>35.8</b>	5.0	2.8

Differences across programs are statistically significant (p=.016).



92% indicated being satisfied with their experiences. **But, as with the FRPP study, roughly 1/3 were only “satisfied.”**

Responses to the question: “What were your reasons for giving that overall evaluation of owning preserved land?”

Among the Positive Reasons	% 507 Respondents*
Satisfaction from having prevented agricultural land from being developed; having preserved it for agriculture.	32% (45%)
Program met expectations; no negative effects; they don't micromanage us; we were able to use the land as we planned.	17% (24%)
Saving the land for self or family because of its heritage and/or lifestyle value.	17% (11%)
Used easement proceeds to meet personal or family needs (other than those of farm/ranch operation), e.g., to cover children's education, fix up the residence, save for retirement.	9% (10%)
Doing the right thing for the community: save land to protect the environment, keep the ag sector viable, prevent urban sprawl.	6% (8%)
Used easement money to buy agricultural land, to pay down the farm's mortgage, or otherwise to promote farming objectives.	5% (12%)
Worked with helpful, pleasant staff from the relevant program agencies.	4% (8%)

\* Percentages in red are from the 2012 FRPP survey.

## Reasons behind overall evaluation (continued)

Among the Negative Reasons	% 507 Respondents*
Critical of easement's restrictions or related regulations about agricultural practices (e.g., use of nutrients), ag-related businesses (greenhouses, wineries), nonagricultural business uses (wind turbines, cell phone towers), and/or on opportunities to build new housing or expand existing residential units.	9% (2%)
The process of negotiating the easements was flawed: too long, complicated, hard to get information about it, not fair.	4% (8%)
The amount paid for the easement was inadequate either at that time or in comparison to what would have been the land's development value in recent years.	4% (4%)
Other financial issues, such as property taxes still too high despite the sale of development rights, too few buyers interested in the protected land, and that land's current market value being low.	5% (2%)

\* Percentages in red are from the 2012 FRPP survey.

# Ordered Logit Model Results

## *What Explains Landowner Satisfaction?*

Variable	Effect on Being Very Satisfied	Effect on Being Very Dissatisfied
A new house was built since preserving property	24% more likely	10% less likely
Farm preserved under MET	27% more likely	1% less likely
Respondent is “second” generation owner	<b>25% less likely</b>	2% more likely
Years that the preserved farm was owned	Slight negative effect/year	No effect
Owner’s age	Slight negative effect/year	No effect
A family heir interested in farming has been identified	10% more likely	<1% less likely
A business restriction was encountered due to DoE provisions	<b>34% less likely</b>	3% more likely

## Ordered Logit Model Results (continued)

### *What Explains Landowner Satisfaction?*

Variable	Effect on Being Very Satisfied	Effect on Being Very Dissatisfied
Owner reported a significant benefit from PDR in the form of:		
...personal/household financial impacts	11% more likely	<1% less likely
...meeting conservation objectives	14% more likely	<1% less likely
...business improvements (from easement monies)	12% more likely	<1% less likely
Owner reported discontent with the administrative process of preserving farm	<b>33% less likely</b>	3% more likely

An alternative line of questioning focused on whether landowners felt the “right decision” was made with respect to land preservation.

Pathway to Ownership	No. of Owners	Was the Right Decision Made to Preserve Farmland/Acquire Preserved Farmland?			
		<i>(% of respondents)</i>			
		Definitely Yes	Probably Yes	Probably No	Definitely No
Sold development rights	353	70.4%	23.7%	1.4%	4.5%
Donated development rights	52	<b>90.4</b>	5.8	1.9	1.9
Purchased preserved farmland	102	70.6	22.5	3.9	2.9
Inherited preserved farmland	72	<b>52.8</b>	20.8	8.3	<b>18.1</b>

No statistically significant differences in landowner sentiments are observed across programs or states.

## Broad Policy Implications

- Both studies' findings point to causes of client satisfaction that protection programs can affect.
  - Minimize the total time required to reach closure on easements
  - Promote an appraisal process (for easement determinations) that is transparent to landowners
  - Train staff to be “sensible,” “flexible,” and otherwise helpful
  - Encourage program outreach to landowners that fosters awareness of how PDR may advance personal/business goals
- Issues are raised regarding “second generation” owners
  - Notably, full understanding of DoE?

# Relevance of Findings

## Looking Through a New Jersey Lens

Why are the perceptions and experiences of preserved farmland owners important to understand?

- 1) Stewardship** – Large amount of enrolled farmland. Are ‘common’ problems surfacing?
  - Problem areas: non-agricultural businesses, agritourism (wineries & weddings); renewable energy generation
  - Is there information asymmetry (especially for “later generation” owners). Do preserved farm buyers understand the DoE restrictions?
  
- 2) Program refinements** – Several programs have been operating for decades.
  - Are deed of easement provisions “keeping up” with the dynamics of the industry?
  
- 3) Meeting preservation goals** – The job remains unfinished.
  - According to county plans – 240,000 acres more to go!
  - Farmers are networked. Their (dis)satisfaction with PDR will affect potential applicants’ attitudes about enrolling farmland.

# Contact Information

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