



Delaware Young Farmers Program Overview

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Program Goal

Provide an opportunity
for young farmers to access capital
needed to purchase a farm
while preserving the farm.



Young Farmers Loan Program

- Established in June 2011
- 30-year, no-interest loan
- Loan is up to 70% of appraised value of development rights (NTE \$500K) – does not include any value of improvements (land only)
- Properties are enrolled in a permanent Aglands conservation easement



Qualifying Criteria

- Delaware citizen between ages 18-40
- Net worth not exceeding \$300K
- At least 3 years of farming experience
- Joint applications (spouses, siblings, etc.) allowed but all applicants must meet criteria and their combined net worth cannot exceed \$300K





Property Criteria

- Located in Delaware
- Contain at least 15 acres of cropland
- Must not be enrolled in a conservation easement that restricts residential/commercial development at time of purchase
- Applicant must not currently own more than twice the tillable acres located on the subject property



Process



- Applicants can prequalify (verify meet age, net worth, experience criteria)
- Submit fully executed sales contract at time of Young Farmer Loan application
- Submit a loan eligibility letter from their commercial lender
- Farm plan (business plan)



Process, continued

- DALPF appraises property
- Young Farmer loan is 30-year, no interest loan for up to 70% of development rights value
- Young Farmer loan is subordinated to any other loans to help purchase the property (but easement is not subordinated)
- Promissory Note secured by a mortgage are issued for the Young Farmer loan and initial payment is due 30 days after any other mortgage on the land is satisfied



Terms and Conditions

- Applicant must farm the property for the life (30 years) of the loan
- Applicant must take ownership of the property in their name (no S-corporation, Limited Partnership, LLC, etc.)
- If applicant sells/transfers the property before loan is paid then entire remaining amount of mortgage is due (possible to transfer to another Young Farmer)
- Property is placed in permanent Aglands Preservation easement



Example: Young Farmer Property

- Appraised Fair Market Value: \$600,000
- Ag. only (after easement) Value: \$200,000
- Development Rights Value: \$400,000

- Maximum Young Farmer Loan: \$280,000
(70% of \$400,000)

Accomplishments to Date

- 4 rounds of applications
- 26 approved loans
(22 settled to date)
totaling \$6.2 million
- 2,175 acres preserved
- Average loan = \$237,500 (\$2,850/acre)
- Young Farmer loan (on average) = 48% of
purchase price





Challenges / Lessons Learned

- Overcoming potential negative equity position of applicant (farm's market value is reduced due to Ag easement but applicant often has loans totaling near farm's original market value)
- Husband and wife where only one has farming experience
- Verifying applicant's agriculture experience and net worth



For more information on Delaware's Young Farmers Program:

dda.delaware.gov/young_farmers.shtml

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