

Massachusetts Department of Agricultural Resources

Farm Viability Grant Descriptions & Conference Notes

The Massachusetts Department of Agricultural Resources (MDAR) has three business planning programs with grants available to help agricultural operations make farm improvements that enhance their economic viability and help prevent environmental resource impacts. Request for Responses with Application are dependent upon funding each year, and typically available by April and due in June. Below are descriptions of the programs, with more information at: www.mass.gov/agr/programs (Click on Grants and Funding Programs under Quick Links in right-hand column.)

Farm Viability Enhancement Program (FVEP)

The Farm Viability Enhancement Program (FVEP) is a business planning and technical assistance program that provides management advice and grants of \$25,000 to \$75,000 to implement farm growth and sustainability strategies. Farm operators receive grant awards for signing a 5 or 10 year Agricultural Covenant, to keep their property in agricultural use, and receive valuable consultations and visits from a team of experts to discuss needs on the farm, such as farm production and management, marketing, and business planning. Typical uses of funds include building or repairing farm structures, modernizing field equipment, purchasing delivery vehicles and tractors, improving marketing structures or food processing capacity.

For more information, contact Craig Richov at 617-626-1725 or Craig.Richov@state.ma.us

APR Improvement Program (AIP)

The APR Improvement Program (AIP) provides funding, technical assistance, and business planning to farms with land that has already been protected through MDAR's Agricultural Preservation Restriction (APR) Program. The program assists with issues of economic viability, environmental sustainability, resource conservation, family succession, modernization of infrastructure and other issues that may enhance the long term continued use of the agricultural resource. Grant of \$25,000 to \$75,000 are available to participants primarily for identified capital improvements on the farm property including land management – such as reseeded hay fields, pasture improvements, fencing, establishing perennial crops - or new or improved farm buildings - such as storage barns, livestock structures, farmstands or processing facilities.

For more information, contact Melissa Adams at (413) 268-8269 Melissa.AdamsAIP@gmail.com

Matching Enterprise Grants Program (MEGA)

The Matching Enterprise Grants for Agriculture (MEGA) Program helps with business expansion on new farms. MEGA provides technical assistance and business planning help, and then provides funds for farm improvement strategies. Funding provided from this Program will be made available on a one to one matching grant basis with the maximum award \$10,000. It is the objective of the MEGA Program to assist beginning farmers (in 1st through 5th year of operation) whose goal is to develop their farms into commercially viable operations. Funds are typically used for equipment, infrastructure or other capital improvements needed to implement strategies recommended through the planning process.

For more information, contact Kate Hayes at 413-559-0949 or mega.coordinator@gmail.com

FVEP PRESENTATION NOTES

FARM VIABILITY CONFERENCE 9/26/13

BACKGROUND

Program began in 1996 as a result of a number of concerns

1. State's PDR program had been preserving farmland at regularly increasing rate. Ave. of over \$6,500 per acre. Spending \$6M to \$8M per year. Expensive, was that kind of spending sustainable? We are still asking that question. A successful but expensive tool – could there be an alternative?
2. Of the millions spent in these preservation efforts, there was a concern that a majority was not being reinvested in agricultural operations. Older farmers & retirement. Debt repayment. Marginal dairy operations that could not continue despite selling rights. We knew we had preserved farmland that was no longer in active use.
3. Decline in access to TA. Our University and Extension budgets were being cut regularly. More traditional pathways to current trends and information were changing.
4. Farm access to capital has always been a challenge. Was there a new source of funding that could be developed and could it provide the business planning and market planning to justify investment in farm operations.
5. We knew environmental sustainability was as important as farm profitability – how could we provide additional services and capital to possibly work with some of the USDA programs available.

That set the stage in 1995, along with the continued dairy crisis, for a very simple piece of legislation that said MDAR may “provide funding for agricultural covenants of limited duration”

PURPOSE

Our objectives were born out of those concerns:

1. Protect farmland more affordably
2. Increase farmers access to capital
3. Provide TA and business planning help
4. Increase farmers knowledge and skills, encourage diversification, vertical integration, retail sales to keep the in active agricultural use – basic philosophy

Program Strategy:

- business planning and technical assistance program
- farmland preservation through 5 and 10 year agricultural use covenants similar to APR document, affirmative covenant
- grant award levels (\$25K, \$50K, \$75K, \$100K w/match)

- Interest in real estate, still a land protection program funded through state open space bond legislation.

PROGRAM RESULTS

The **386** farms that have participated in the Farm Viability Enhancement Program result in:

- **37,134** acres placed in protective covenants; **35,656** acres were impacted (additional acreage leased by farms or land already in the APR program for which business plans were developed).
- Total of grants paid to participant farms **\$16,371,472**. Total spending on grants per acre placed in protective covenant: **\$441** per acre.
- Average award **\$44,500**. 73% of farmers in the Program invest additional capital beyond the grant amount to implement business improvement strategies. The average additional investment is \$31,791 per farm.
- For FY 2013, 12 of the 13 participants invested **\$367,000** in additional capital or an average of **\$30,583** per farm.
- Program has received substantial feedback and testimony on the value of technical assistance provided by the program
- Long term viability demonstrated by **99%** rate of continued farm operation by participant farms. Conclusion FVEP protects land for a generation at a much lower cost than permanent protection, retains farmers on the land, and keeps farmland in active use.

APR Improvement Program (AIP)

Presentation Notes, Melissa Adams

FARM VIABILITY CONFERENCE 9/26/13

BACKGROUND

Program began in 2009, as a result of the Dairy Task Force, legislation filed

M.G.L Chapter 20 Section 27:

The Department may offer farm viability technical assistance and implementation funding to an owner of land subject to an Agricultural Preservation Restriction, as defined by section 31 of chapter 184, if such owner demonstrates, in the case of implementation funding, that the implementation shall meet one of the following 6 Program Objectives:

- 1) improve the economic viability of the farm;
- 2) retain or create private sector jobs and tax revenue either directly or indirectly associated with a farm business;
- 3) improve farm productivity and competitiveness;
- 4) expand farm facilities as part of a modernization or business plan;
- 5) support renewable energy or environmental remediation projects on farms; or
- 6) expand and support markets and infrastructure to strengthen the farming industry.
 - Before 2009, APR farms could not apply to Farm Viability

PURPOSE

To help sustain active commercial farming on land already protected by the Agricultural Preservation Restriction (APR) Program.

- Provide technical assistance and business planning to improve farm productivity and profitability, and to enhance the significance of farm operations and their contribution to the state's agricultural industry;
- Assist with issues that may enhance the long-term continued use of the agricultural resource, which may include but are not limited to: economic viability, farm productivity, market expansion, resource conservation, family succession planning, and infrastructure improvements.

SELECTION CRITERIA (FY2014):

- 1) Clearly identifies challenges and needs that are a barrier to the continued success of the farm operation.
 - 2) Identifies assistance that would address identified challenges and needs that the Program could help with.
 - 3) Clearly describes short-term plans to improve economic viability of the farm that meet the purpose and objectives of the Program and are eligible use(s) of funds.
 - 4) Shows long-term commitment to keeping land in active agricultural production or has identified interest in succession planning to help farm transition within the family.
 - 5) Overall, application indicates the highest potential for increased profitability and sustainability as a result of Program investment.
- Preference in selection to older APRs & those that haven't participated in FVEP

COMPARISON WITH FARM VIABILITY:

Modeled after FVEP, similarities include:

- business planning and technical assistance program
- process & timeline,
- grant award levels (\$25K, \$50K, \$75K, \$100K w/match)
- same list of consultants used

Differences:

- No covenants, as land is already protected
- Grant funds spent on infrastructure (90%), not equipment – improvements stay with property
- Generally larger farms, higher average grant award
- Business plans must address how projects will impact resource (i.e. wastewater)
- Coordinator working relationship with APR Program staff
 - APR staff review applications
 - APR staff attend farmer orientation meetings
 - APR compliance checks before applicants accepted
 - COA process – APR approval must be granted for activities proposed on restricted land that will impact the resource (construction or excavation)

PROGRAM RESULTS

- 100% of participating farms from first 3 rounds of Program have invested additional funds beyond the grant: a total of \$2,947,874 averaging \$89,330 per farm

Rounds 1 – 4:

- 44 farms participated and received grant awards
- \$3,025,000 total grants to participating farmers
- 7,344 acres owned by participants, 6,203 in APR; (141 APR average acres owned per farm)
- 3,590 additional acres of farmland leased by participating farms
- \$277,198 in technical assistance provided (average of \$6,203 per farm).
- All participating farms have achieved at least 4 of the 6 program objectives (only 1 objective must be met to receive grant funds)

Opportunity: >800 APR farms in Massachusetts

SUMMARY – program success through reinvestment in the farms that the state has permanently protected for agricultural use by providing business assistance to ensure that the farm businesses stay viable on the land