



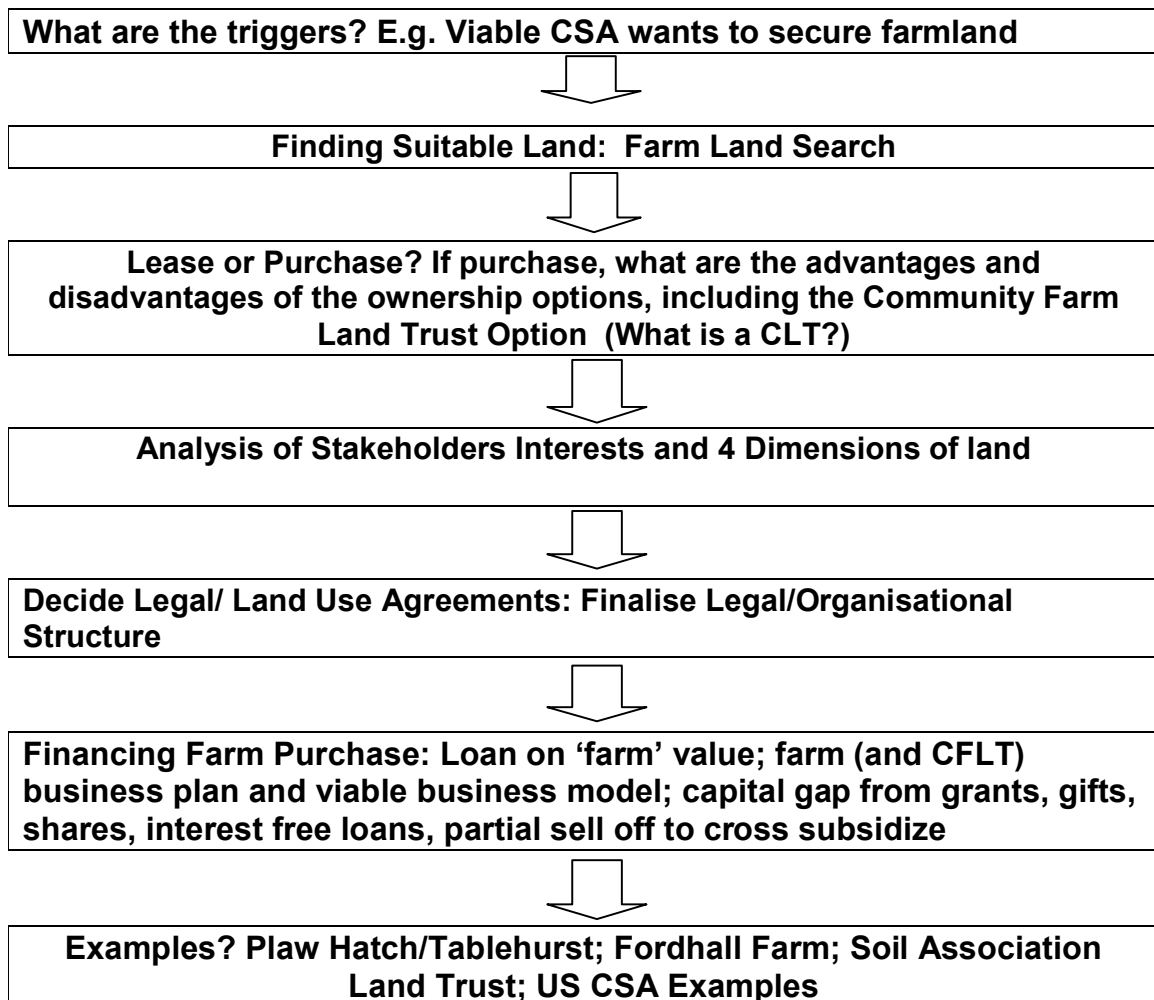
# **Stroud Common Wealth**

## **Community Farm Land Trust Project**

### **Briefing Paper**

#### **Acquiring Land for Community Supported Agriculture (CSA) Step by Step Guide and Overview**

By Martin Large & Greg Pilley



## **How CSA's can acquire, hold and lease farms and community facilities**

Community Supported Agriculture (CSA)<sup>1</sup> is becoming known as a viable social enterprise option, both for farmers and for communities. But sooner or later, securing farmland for the medium and long term becomes vital. Fordhall Farm showed the way in 2006 with the £800,000 community buy out by the 8000 members of the community farm land trust, Fordhall Community Land Initiative in July 2006. Plaw Hatch and Tablehurst Farms in Sussex are examples of village owned cooperatives that lease the land from St Anthony's Trust, a charitable land trust. Now the latest Big Lottery Fund Programme, Local Food, is will provide some capital funding (up to £350,000) for land purchase, 'to enable communities to manage land sustainably for growing food locally.' See [www.localfoodgrants.org](http://www.localfoodgrants.org) for more details.

The purpose of this paper is to give you an overview and step-by-step guide of how CSA's can acquire, hold and lease farms and community facilities using community land trusts. Further resources will be signposted in the text and at the end, and are in the CFLT Action Pack (see [www.stroudcommonwealth.org.uk](http://www.stroudcommonwealth.org.uk)).

### **Current Situation: Why CSA's securing land matters**

Stroud Community Agriculture, a member benefit Coop with two farmers, 150 members, and an annual turnover of over £80,000, was started in 2002. It now leases land from two beneficial landlords who favor organic and biodynamic agriculture, Hawkwood College and Wynstones School, and so has secured its land base. However, even though the lease is reasonably secure, some members are asking about buying land, or leasing securely from a community farm land trust for the medium and long-term futures.

But new CSA farmers and market gardeners are on weaker ground. Many are farming on rented land without long-term leases. Farmers-and CSAs' ask:

**How can we buy land at prices inflated well beyond the price that farm income can support?** Consider that since many CSA's are near cities or market towns, the 'estate value', the house value, the 'horse paddock/play farm value and the 'hope value' of potential development puts the farm cost out of reach of CSAs. The farm income can only support a fair rental on the agricultural value of the land. As many CSA's are near urban areas, buying land is very expensive.

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<sup>1</sup> A partnership between farmers and consumers where, at its best, the responsibilities and rewards of farming are shared.

## **What ways are there of securing access to land other than land purchase?**

CSA's can explore ways of securing a long lease on a farm from a beneficial landowner, whether they are private, the local County Farm Estate, a Wildlife Trust, the National Trust, Churches, local councils or a local community benefit charity. Consider putting in any lease the right of first refusal to purchase, should the landowner sell, at a price say set by the local council valuer. One danger is that the value created by the CSA, will in time make the farm unaffordable, as happened at Tempe Wilton Farm, New Hampshire (See US Farm Case Studies, [www.stroudcommonwealth.org.uk](http://www.stroudcommonwealth.org.uk))

It is hard enough starting, capitalizing and developing a viable CSA business, without having to buy the land as well up front.

## **How can secure land tenure and viable ways of financing the farm business be established?**

Raising the capital to form a CSA farm land buy out is a tough challenge, but at the same time there needs to be a Business Plan and sources of finance for capitalizing the farm business. (See [www.stroudcommonwealth.org.uk](http://www.stroudcommonwealth.org.uk) for examples of CSA business plans)

## **How can we provide for CSA farmers' retirement and housing?**

In the USA CLT model, the outgoing farmer can sell the improvements made to the structures, buildings and capital equipment of the farm, as well as soil fertility, livestock and good will, to the incoming farmers. The CLT retains ownership of the land itself.

However, housing is a big question. In Britain, you can only get planning permission to build a house for farmers on agricultural land if there is an established farm business. (See DIY Planning handbook, Chapter 7: Land Bookshop, The Potato Store, Flax Drayton Farm, South Petherton, Somerset, TA13 5IR, [www.tlio.org.uk](http://www.tlio.org.uk).)

Plaw Hatch and Tablehurst Farms are currently exploring the question of housing and retirement for CSA framers. However, the US example of Caretaker Farm on the Equity trust web site offers an example of how to enable CSA farmers to retire, though every situation is different. (See [www.equitytrust.org](http://www.equitytrust.org))

## **How can farms be secured for long term community supported farming, and be transferred to incoming farmers?**

Though some CSA's will want to own their farm land, for example as member benefit coops, other CSA's like Stroud Community Agriculture prefer to lease the land, preferably from a sympathetic landlord in a long term relationship.

Community Farm Land Trusts, like the Fordhall Community Land Initiative (FCLI Ltd) are constituted as community benefit coops which steward the land, hold the farm in trust and have a farm tenancy with the farm business, Fordhall Farm Ltd, with a lease which also guarantees community access and benefits. In the future, outgoing farmers will sell on their investment in the farm improvements to the incoming farm tenants, with FCLI acting as the farmland trustee. In the event of winding up, the land and assets, depending on the legal articles, will be transferred to other local bodies with similar aims.

## **How can we Raise the Capital for Farm Purchase?**

Firstly, as mentioned above, CSA's should try securing a long lease on a farm from a beneficial private landowner, the local County Farm Estate (ring up Shire Hall for the County Property and Farm Estates Department), a Wildlife Trust, the Woodland Trust, the National Trust, local churches or a local community benefit charity. The Tenant Farmers Association are a valuable source of support and advise: 5 Brewery Court, Theale, Reading, Berkshire, RG7 5AJ, T: 0118 9306130.

For example, Wye Community Land Trust, trading as Wye Community Farm, (WCF) bid unsuccessfully in 2007 for the tenancy of the 750 acre Wye College Farm, Kent. They have over 1200 supporters from the community and former Wye College alumni. In January 2008, the WCF received confirmation that it would be given the grazing rights to land on the National Nature Reserve (NNR) on the edge of the North Downs overlooking Wye village. The 40 acres of land have very high wildlife and amenity value, and include the iconic Devil's Kneading Trough. The WCF is planning to keep around 12 cattle on the land.

While the agreement is of a much smaller scale than the WCF's original Wye College plan, it gives the organisation a chance to "get mud on its boots," and to get the feel – without a large initial investment – of running a community farm. They are now looking to lease local charity owned land and /or purchase land. (See Wye College Farm Case)

A group of 3 farmers in Kings Stanley, near Stroud, leased a three-acre wood for a much-visited small pig farm. They have been working with the Gloucestershire County Farm estate to support community involvement with

the incoming tenant farmer on the 52-acre local farm, for example with school connections and selling food in the village shop- though would have preferred to agree a social enterprise tenancy.

Raising a large capital sum for farm purchase is hard, given the relatively short notice between the announcing of a farm sale and the auction. Fordhall raised the money because the Estate agreed the £800,000 price and gave a year to raise the money. These were unusually favorable circumstances. . Indian Line Farm in Massachusetts was owned by the son of the deceased CSA pioneer, Robyn van Eyn, who gave reasonable time to the Community Land Trust in the South Berkshires to find the purchase money (See USA Farm Case Studies). In Scotland, under the community right to buy, the Scottish Land Reform Act offers technical and legal help, loans, and crucially six months for any community land initiative to make a bid, conduct feasibility, do a business plan and raise the money. ([www.hient.co.uk](http://www.hient.co.uk))

### **Identifying all the Key Interests in a Farm**

If you have to raise money to buy a farm, the secret of raising capital is to identify all the different interests in a farm. Distinguish between the personal interests in the farm property from the range of community interests. Identifying and protecting public interests, such as wildlife, access and heritage will legitimize the attraction of public and charitable grants for the farmland purchase, thus enabling affordable access to the CSA. Helping the CSA and farmers think through all the possible income streams from activities on the land, from food growing to forestry, fuel wood, camping and farm shop- will be essential for the Business Plan and how much can be afforded for land mortgage interest payments, if any. The community farmland trust can serve as the long-term steward of the community interest, leasing to the CSA at an affordable rent.

However, it may be that your CSA to start with decides on buying land and setting up the farm business. Or that you are an established CSA leasing or renting land, and you now want to buy land to secure your land base or the future.

## **Finding Farm Land**

Making friends with local farm estate agents, farmers in the know and the local county farm estate managers as well as CSA members may help with farm land market intelligence-word soon gets round. Often such information comes from neighboring farmers who like what you are doing, and give tips. Much of this is trust and community building, and getting known locally.

Some CSA's like Stroud Community Agriculture, start as a consumer cooperative, then find the land locally and make an agreement with farmers to farm it with them. Farmers who want to develop a CSA start as apprentices, and then as producers rent or lease land. Either way the CSA needs a well located, secure farm in which to invest work and capital. The direct marketing model of CSA's also influence location, for example, Stroud Community Agriculture (SCA) wanted a farm, 'within pram pushing distance of Stroud'.

Renting or leasing land: make sure you have a clearly written, signed lease agreement. You need to consider the term of the lease, permitted uses of the land, compensation for improvements made, renewal, whether you can have a right of refusal or first refusal on land purchase if the landowner decides to sell. Buying or agreeing a purchase option is a good idea. This will either fix the price according to an agreed formula or an agreed price; agree the time period in which you can buy. The right of refusal will give you the opportunity to match any bid of another buyer.

Some beneficial landowners, such as the National Trust Farm Estate with over 700 farms, may find it increasingly difficult to keep their tenants farming economically according to the conventional model. They might welcome CSA tenants, which could provide a wider range of benefits through voluntary community involvement in marginal areas-to keep the countryside in farming.

You could also try leasing from Conservation Land Trusts, such as the Woodland Trust, the county Wildlife Trusts, the World Land Trust and the RSPB as they need both community involvement that might come from a CSA, and sympathetic farmers. They could welcome a partnership with a Community Supported Farm, such as the strong support by the Shropshire Wildlife Trust for Fordhall Farm, which stemmed from the farm's wildlife interest.

There could also be a local community or public benefit body that leases out farmland, or would be prepared to receive land to then lease on to your CSA enterprise. Or the local village or market town has set up a community land trust for holding land, property, community facilities and houses, which could be the land owner. The Soil Association has established Soil Association Land Trust, with the Land Heritage Trust, to own farms to lease for organic

farming. You may want to check out the land owning body's competence, leadership, management and track record before deciding to put time into developing the relationship.

One critical question to ask is, "How is it different if a community land trust public beneficial landowner owning the land title as opposed to the CSA?" Experience from the USA indicates that the distinction may not be as important as it appears. The nature of the land tenure relationship between CLT and the CSA or the CSA farmer is in fact determined by the agreement about the distribution of the rights and responsibilities/tasks between the farmer and the land trust. These are detailed in the lease or the tenancy and the land use agreements.

In the USA, typically a community land trust has the title to the farm land, and agree with the farmer a lifetime, inheritable lease. The lessee will usually own the improvements and builds equity with personal investment. Importantly, the lease has a purchase option and price formula, which gives the CLT the right to buy improvements according to an agreed valuation from the outgoing farmer, and transfer them fairly to the incoming farmer or CSA. The aim of the CLT is to preserve both the community interest in terms of access, permanent affordability and conservation, as well as affordable access to farmers.

See the Action Pack for an example of the Equity Trust Lease Agreement. (From the USA)

Scotland is very different, with a comprehensive legislative, enabling and funding framework for community land initiatives set up by the 2003 Scottish Land Reform Act, and enabled by the Community Land Unit at Inverness. Some of this has now come to England and Wales, with the new Big Lottery Local Food Programme offering up to £350,000 for land purchase.

### **The Farm Purchase Option**

The purchasing option could also work. There are different ways of acquiring land cheaply.

- Some farmers may want their cherished farm to continue as a working farm, rather than be sold off by uninterested children and relatives. So they would prefer to sell to you, perhaps at a reduced price.
- Some landowners, as at Fordhall Farm, might well be embarrassed if they didn't sell to you.
- Local Authorities and Government have land to sell at reduced price or dispose of at nil cost under the Quirke Recommendations, if you can demonstrate social benefit. (See NEF website for their tool to calculate the SRI, or Social Return on Investment)
- Some landowners might want to sell at below market prices to a land

- trust charity, a not for private body or a charity at law such as Fordhall FCLI because they can claim the difference back in tax between the bargain sale price and the market value. There may be both tax relief and capital gains tax relief. (Accountants will know more)
- Some farmers are facing financial difficulties, and welcome either leasing their land to a CSA on a on a long lease, or even over time selling their farm to a Community Farm Land Trust

### **Clarifying and balancing Individual and Community Interests for Raising Capital: Ensuring Community and Individual Benefit**

People make gifts, make interest free loans, give loans at interest or buy shares for different reasons. For example, many people bought £50 Fordhall Community Land Initiative shares variously to preserve the English countryside, to keep family farming, to support the vision of Ben and Charlotte Hollins, to support small farms, to preserve wildlife, to support the young tenant farmers, as a present for their children or grandchildren, for walks or to support organic farming. (See John Hegarty's research, a *Shareholder Survey of the Fordhall Community Land Initiative* in the Action Pack)

But people would not have contributed much to Fordhall if they knew that money was going for private benefit. It was important that early on with Fordhall, both individual farmer interest, and community interest in the farm were teased out.

We are used to understanding land and property as a legal or market matter. However, you can see land as a web of relationships, as a bundle of rights. According to the late Chuck Matthei of Equity Trust, the leases and other land use documents used to secure CSA farm land should clarify, define and equitably balance the legitimate interests of all of the involved or affected parties.

With Fordhall Farm, we used flip charts to make a grid of the farm, with interested parties down one side, and along the top, four dimensions of land, the Environmental, Social, Economic and Cultural. The interested parties had different kinds and levels of interest in the farm. Chuck Matthei identifies for categories of interested parties: individuals who use the land for residence, farming, land businesses, or some other purpose; the community-e.g. abutting neighbours, local council, Friends of Fordhall; the land itself with its plants and animals; and the next generation.



|                 | Environmental | Social | Economic | Cultural |
|-----------------|---------------|--------|----------|----------|
| Individuals     |               |        |          |          |
| Community       |               |        |          |          |
| Land/Wildlife   |               |        |          |          |
| Next Generation |               |        |          |          |

The Environmental, Social, Economic and Cultural coordinates are four dimensions of property. Questions to discuss:

- 'How should the rights and tasks/responsibilities of each of these dimensions be distributed amongst the interested parties?
- What land use should be permitted, required or prohibited for each
- Who should have access, exclusive or shared?
- Who should participate in governance, and the different kinds of decisions that will be made regarding eh land?
- Who contributes to property value over time, and how should equity be allocated?
- What do you aim to achieve in each area, and what are the unexpected contingencies and risks?

With Fordhall, we did this process more simply by teasing out all the different parties that had a current or potential interest in the farm, and the benefits they wanted. So the CPRE had an interest in preserving small family farming and rural England-which led to asking Prunella Scales, the CPRE President to endorse Fordhall community farm buy out, s well as asking the CPRE to publicize Fordhall and advise on policy. The community of Friends of Fordhall, the local Organic Group and other bodies were interested in access, as was the Shropshire Wildlife Trust. There were lively discussions about community access and the farm business' rights to exclude, and possible compensation for loss of income. Whose responsibility were the buildings? The local *Taste of the Town* wanted to keep Fordhall producing local good food. Culture, history and heritage were important as the family farm had a vivid story, was part of the history of the organic movement and there was an iron age fortification on the farm.

With Fordhall there was much discussion of the potential uses of the farm, ranging from more economic uses, such as for workspace, more housing, land based businesses as well as cultural, educational and social uses. One of these had potential income streams and grant potential.

Having had a discussion and analysis, using the matrix and questions, you can start by:

1. Drafting agreements and land use plans
2. Deciding on a funding strategy for farm purchase

These agreements will help identify:

- Who? All the different parties-the CSA, the land trust, the farmer, the wildlife trust etc
- What? The land being allocated to each party, including boundaries, rights of way, permissive paths, access for the public e.g. picnic place and social event/festivals space-specifying private use and shared use.
- For what purposes? E.g. residential, agricultural, educational, social, commercial.
- At what price? Rent, lease fees, who pays for insurance, taxes, maintenance; who gets land area payments if the farm qualifies.
- Ownership and improvements: which bodies own the land, and the structures on the land, who has rights to improvements; how are public subsidies and grants preserved; lending and mortgaging arrangements
- Transfer: what are occupancy requirements, subleasing rules, inheritance; tenancy; land trusts on the sale of farm if appropriate
- Conflict resolution: how will conflicts be resolved, managed in the event of disagreements between the parties.
- Evaluation, monitoring arrangements.
- Review

## **Financing the Farm Buy Out**

The legal structure of ownership and distribution of property rights influences the financing possibilities. Public, Lottery and charitable sources of capital will usually only be available if the land is held in trust for permanent community benefit. Individuals will give, make low interest loans if they see benefits they value as individuals, and community benefits.

With Fordhall, it was hoped that the partnership with the Shropshire Wildlife Trust would result in significant fundraising through its 8,000 or so members. In the event, the SWT publicity was important, even though SWT was unable to give financial support. Limited finance came from charitable trust, which normally prefer financing projects. A loan from Triodos bank was obtained by FCLI, on the basis of the rent from leasing the farm to Fordhall Farm Ltd, the farm business. Members of FCLI bought most of the shares, and gifts were tax deductible as FCL was considered by HM Customs and Inland Revenue as a 'charity at law', even though it was a community benefit Industrial and Provident Society. They considered land trusteeship to be charitable, even

though the farm business, quite separate, was clearly a business. (See Cultivating Cooperatives: Organisational Structures for Local Food Enterprise, Soil Association for an accessible guide to the advantages and disadvantages of different legal structures)

The Plaw Hatch and Fordhall split of land ownership by a community farm land trust, and the farm business leasing from the trust, reflects US CLT experience.

A business plan for the farm business on the one hand, and the community land trust on the other, is essential for fundraising, getting loans and a mortgage if necessary.

Typically a CSA/community farm purchase package comes from various sources, with gifts, and loans bridging the gap between the farm value and the sale price. One way of financing is to sell of some of the land, or some of the interest in the land, if this is thought desirable or is possible.

#### Examples of Community Farm Buy Outs and Capitalization

Examples include:

- You can see the Fordhall Farm story from the case study in the Action Pack and from the Fordhall Farm website. This shows the results of visionary leadership, good publicity, a great web site, the optimal structure for involvement and preservation of shares, gifts and loans offer by the FCLI Industrial and Provident Society for community benefit offers.
- Whilst the land cost of Plaw Hatch and Tablehurst Farms was raised by generous donations of land to St Anthony's Trust, the farm business was capitalized by a cooperative share issue that raised £160,000 (See case Study)
- Various North American farm case studies have been included in the Action Pack such as Peace Farm, Caretaker Farm, Live Power Farm, Indian Line and Four Corners.
- Wye Community Farm showed that, even though the community tenancy bid for Wye College Farm was outbid, there was considerable potential support for a farm buy out if suitable land can be found

#### **Conclusion**

Whilst there is growing support for community farm buy outs, new CSA's are best off exploring leasing land from public interest land owing bodies and benevolent landowners. As every farm and CSA project is different, this calls for both facilitation for practical community building through developing the CSA as well as careful legal, financial and business assistance. As FCLI sad, 'We create the road as we travel'.

**Resources:**

Action Pack for Developing Community Farm Land Trusts,  
[www.stroudcommonwealth.org.uk](http://www.stroudcommonwealth.org.uk)

*Cultivating Cooperatives*, Soil Association, Bristol, 2005  
Community Supported Agricultural Programme, Soil Association see  
[www.soilassociation.org](http://www.soilassociation.org) (0117 314 5000)

Land for People Model Rules for incorporating CFLTs as Community Benefit  
IPS Coops are available from Wrigley's, 19 Cockridge Street, Leeds, LS2  
3AG 0113 244 6100 (Based on Fordhall rules, with some useful differences)

*Gaining Ground*, by Chuck Matthei, in *farms for tomorrow revisited*, ed.  
Trauger Groh and Steven McFadden, Biodynamic Farming and gardening  
Association, PA, USA 1997 or [www.equitytrust.org](http://www.equitytrust.org)

**USA**

[www.equitytrust.org](http://www.equitytrust.org)  
[www.smallisbeautiful.org](http://www.smallisbeautiful.org)