

FEATURES

## The Next Generation of Farmers

by Marcia Passos Duffy

**Young, landless and savvy**

*PHOTOS COURTESY OF THE GREENHORNS FILM PROJECT.*



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Dante Hesse may well be the face of the next generation of farmers. Hesse, 27, is a dairy farmer in the Hudson Valley region of New York State. He milks 50 cows at his Milk Thistle Farm in Ghent, N.Y. ([www.milkthistlefarm.com](http://www.milkthistlefarm.com)) and sells about 65,000 pounds of organic milk per year directly to customers and high end restaurants in the New York metropolitan area; he is also experimenting with value-added products such as cheese and yogurt. He started his farm (which he shares with his wife and three children) three and a half years ago. He has since employed five full-time workers.

Unlike the young farmers from the last generation, though, Hesse doesn't come from a farming family (his father is a physician). He also doesn't have family land to farm. He leases the 400 acres of land that he farms and brings little equity to the operation.

Hesse is one of a growing number of young, landless, collateral-less farmers who do have a few things on their side: They understand the market, are Internet savvy and are working on innovative business strategies to keep debt low and profits high.

While farmers who are under 35 are still a minority (only 3 percent of the total farmers today in the U.S.), they are an important force—these farmers are changing the way people think of the business of farming.

### Land: A big hurdle for young farmers

Farmers have always been thought of as land owners, but young farmers—unless they have inherited a farm from a previous generation—usually cannot afford to buy large tracts of land.

“The biggest challenge for young farmers is land access,” says Severine von Tscharner Fleming, 28, who runs a vegetable farm on leased land in the Hudson Valley region of New York State. Leasing has been a choice for farmers who cannot afford to buy land, but other creative options are being implemented across the country in both rural—and urban/suburban—settings.

“People are farming on rooftops, bringing soil onto parking lots, using old warehouse districts, suburban backyards, pooling together resources,” says Fleming, who is also a filmmaker. She is completing “The Greenhorns,” a documentary film about young farmers and also the name of her small nonprofit organization ([www.thegreenhorns.net](http://www.thegreenhorns.net)), that works to promote, recruit and support young farmers in America. She has also created a series of Web and blog sites for young farmers, including [www.foryoungfarmers.wikispaces.com](http://www.foryoungfarmers.wikispaces.com), [www.thegreenhorns.wordpress.com](http://www.thegreenhorns.wordpress.com) and [www.serveyourcountryfood.net](http://www.serveyourcountryfood.net).

“Using new and innovative strategies are an example of the retrofit spirit ... of old configurations of land lending itself to the new,” she says.

Leasing land does come with an advantage: no crushing mortgage payments to contend with and suck up business profits. Land leasing, particularly in areas near metropolitan areas, is probably the only solution to high cost acreage. Leasing near cities has the added benefit of having access to large markets with an insatiable demand for organic/sustainable products from small farmers.

Most of Hesse’s young farmer friends who farm within three hours of New York City don’t own their own land, he says, mainly because prime farm land can run up to \$20,000 per acre.

“Because [these farmers] don’t have a mortgage, they have profitable businesses,” says Hesse, who, after three and a half years is showing a profit in his dairy business, but admits, “ ... we’re not getting rich.”

### Access to capital

While leasing land is an ideal option for beginning farmers, it does come with a downside: no collateral for bank loans. While small loans may be available for equipment purchases, large capital expenditures are unattainable for these farmers.

“Young farmers reach a stumbling block to growth with this limitation,” says Hesse. “Banks won’t touch you unless you have 20 percent equity. What beginning farmer has that? We spent all our money getting to this point,” says Hesse.

Hesse uses an aging bottling facility 10 miles from his farm that takes a lot of manpower to run. A new bottling facility on his farm would reduce his costs of production and allow growth. However, the facility would cost \$850,000 to build—so far no bank or lending institution will lend him the money.

Hesse’s innovative answer to raising the money has been to sell shares of his farm to his customers (through \$1,000 investments for five, 10 or 15 years; the rate of return would be about 5 to 7 percent). These efforts have raised \$100,000 so far, and national awareness through publicity in Reuters and NPR’s radio program, All Things Considered. While the initial publicity did get Hesse many interested investors, it has slowed down since the recession.

“It’s a risky investment since we are not selling stock,” says Hesse, who admits that his

approach is not for every farmer because of the costly legal advice that is required (Hesse was able to get pro bono help from his lawyer). He says that this is just one creative way that farmers can explore to expand their business without the collateral for a bank loan. (See sidebar: Addressing the Need for Money).



Young farmers are changing the way people think of the business of farming.

Still, despite the obstacles, farmers who are not landowners may become the norm in the future, says Erica Frenay, project coordinator for New York Beginner Farmer Project at Cornell University's Small Farms Program in Ithaca, N.Y.

"We need to break through the paradigm that farmers have to own the land—the truth is that they don't have to own land, they just have to have control over it," says Frenay.

One of the pioneers of this "leasing land" movement is Greg Judy, who runs Green Pastures Farm in Rucker, Mo., (author of the book, *No Risk Ranching: Custom Grazing on Leased Land*) where he has made a living from the land—without owning it. He leases a total of

1,560 acres and was able, through this strategy, to pay off his farm and home loan within three years. Another leader in this movement is Joel Salitan of Polyface Farm, who has become somewhat of a celebrity by being featured in Michael Pollan's book, *The Omnivore's Dilemma*. Salitan, the author of several farming books, inherited family farmland, but also leases much of the land he farms.

"These are the new rock stars of the farming movement," says Frenay, "... and they are inspiring a lot of farmers."

### Market wise, tech savvy

Despite the obstacle of having no land and little collateral, young farmers do have a leg up in market strategy and technological prowess than previous generations.

It comes out of necessity: While farmers who sold in bulk would never have to worry about marketing to a consumer, young farmers know that direct marketing is the only way to stay alive.

"Today's farmer has to be a renaissance person," says Frenay.

Often, the marketing is through the Internet—a method of getting the word out about products and events that is inexpensive and familiar to farmers under 35.

Online marketing for vegetable farmer Fleming comes quite naturally, she says, which, she says, is true for many of her farming peers in their 20s.

"Our generation is good at new media—Wiki, Web site creation, blogs, social networking like Facebook and Twitter ... we take up a lot of cyberspace," she says.

However, young farmers—while taking up a lot of presence online—are still in the minority in the real world.

The goal, says Fleming, is to get more young farmers interested in farming, and communicate to local communities that farming is important. For that, good, old-fashioned, face-to-face communication is still the best way to get that point across. However, Fleming says, her generation is up for that challenge as well.

“Farmers have always been innovative and tough ... and that hasn’t changed,” she says.

### Addressing Money Issues for Young Farmers

The problem of no land and no collateral to put up for loans is spawning new organizations and businesses to address the predicament.

Dorothy Suput, founder and executive director The Carrot Project ([www.thecarrotproject.org](http://www.thecarrotproject.org)) a non-profit based in Summerville, Mass., says that her organization began in 2005 specifically for the purpose of addressing the financing gaps for small to medium sized farms that cannot access traditional financing.

“We are acting as a facilitator and are looking to work with lenders, farm support organizations and investors to bring new sources of capital—and flexibility in creating packages and programs—for young farmers,” says Suput.

The first organization to work with The Carrot Project is the Strolling of the Heifers Microloan Program for New England Farmers, which is providing small loans of up to \$10,000 for the region’s farmers. So far, the organization has helped make five loans to small farms—four in Vermont and one in Massachusetts—totaling \$48,000; the average loan was \$8,000.

Traditional lenders are also realizing that there is a capital crunch among small farmers. First Pioneer ([www.firstpioneer.com](http://www.firstpioneer.com)) based in Enfield, Conn., began a seed capital program in 2006 called FarmStart, designed to loan up to \$50,000 to young farmers to start up their business. The loans have flexible terms based on cash flow; the loans are available only in institution’s northeast territory, which includes southern New England, New York state and New Jersey. The organization has made 52 investments to date totaling over \$1 million; three of those borrowers had no previous farming experience.

“Repayment of the principal is flexible based on [the farmer’s] business plan,” says David Boone, director of First Pioneer’s FarmStart program.

However, getting this kind of a loan is no different than getting any other kind of business start-up loan. “We put as much emphasis in educating young folks about business as loaning them the money,” says Boone, who says the application process requires cash flow estimates on a month-to-month basis for an entire year. The FarmStart program uses business advisors to help the budding farmer’s business skills.

“Farmers are passionate, but they can’t let passion get in the way of a business plan and budget,” says Boone.

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### Resources

An extensive list of resources for young farmers is available at [FarmingForumSite.com](http://FarmingForumSite.com). Visit the Farming magazine link at [www.FarmingForumSite.com](http://www.FarmingForumSite.com).

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