

## Coming Soon: The Next Generation Farmland Acquisition Program (NGFAP)

Thanks to the support of Governor Larry Hogan and the Maryland General Assembly, the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) will be launching the Next Generation Farmland Acquisition Program (NGFAP) this summer to help qualified young and beginning farmers who seek to purchase farmland, but need some financial assistance to enter (or continue in) the agricultural profession due to relatively high farmland costs and a lack of access to capital. The NGFAP is basically a rapid-response, farmland conservation easement-option-purchase program, designed to help facilitate the transfer of farmland to a new generation of farmers, while also effectively helping to preserve agricultural land from future development. MARBIDCO expects to have nearly \$2.5 million to distribute to selected “Next Gen Farmers” during the coming fiscal year (when their farms are being purchased).

Essentially, the NGFAP allows MARBIDCO to provide a qualified “beginner farmer” with a farm purchase down-payment to meet the equity requirements of a commercial lender (in order to help the bank make a farm purchase loan). A “beginner farmer” is someone who has not operated a farm or ranch for more than 10 years, has at least one year of farming experience or has completed a qualified farm management-training program that includes substantial fieldwork experience, and expects to substantially participate in the farm operation on the subject property.

Through the NGFAP, MARBIDCO will pay up to 51% of the Fair Market Value (FMV) of the agricultural land only (with a cap of \$500,000) with these funds being provided as a down-payment at a real estate settlement. The Next Gen Farmer will then have a period of several years to sell the permanent conservation easement on the farm to a rural land conservation program (thus extinguishing the development rights on the property forever). If the Next Gen Farmer cannot sell the permanent easement within the specified timeframe, the option will be exercised (for no additional money) to grant the easement to a “default easement holder” (most likely either the county agricultural land preservation program or a farmland conservation program selected by MARBIDCO).

MARBIDCO anticipates that the NGFAP application materials will be available for viewing on its website by July 1, 2017. Official deadlines will be announced at that time. In addition, it is advisable that all prospective Next Gen applicants should have the following items in process during the month of July:

- A contract of sale for the subject farm property is negotiated and ratified. [Note: It is recommended that these contracts not expire before the end of February 2018, and that there be a provision for the return of an earnest money down-payment to the beginner farmer in the event that NGFAP funding is not approved. It is also suggested that these contracts specify whether the buyer and/or the seller will be responsible for paying the costs of the required land property survey.]
- Be in contact with their respective county agricultural land preservation administrator to discuss the subject farm property (as this individual will play an important role in the application process).
- Have a written farm business plan developed.

Further information about the NGFAP may be obtained by contacting Allison Roe, MARBIDCO Financial Programs Associate, at (410) 267-6807, or by visiting MARBIDCO’s website at [www.marbidco.org](http://www.marbidco.org) (after July 1<sup>st</sup>).