



management, it is important for the landowner and tenant to discuss ahead of time what the effects of the changes may be on weed populations, and to agree on what levels of weeds are acceptable.

### **Is a special lease needed?**

As the following examples show, many different types of lease arrangements can be used to accommodate sustainable practices on rented land. The specific goals of the renter and landowner and the constraints of each situation affect what arrangement works best.

#### **• Creative Leasing Options for Hay**

Jay Van Wert II and one of his landowners, Brad Staley, find hay to be more profitable than row crops, even on Class A soils. Jay is willing to work on a cash rent, a crop share, or a custom-farming basis, depending on the preference of the landowner. This flexibility is important in working with a variety of situations says Jay, who often rents only part of a farm. Because Jay is able to handle everything from production to marketing, landowners can conveniently use him to bring a little diversity into their rotation, without greatly disturbing relations with their other tenants. “There’s probably someone in every neighborhood who’d do what we do,” comments Jay.

#### **• Organic Custom Farming**

Dennis Abbas, Hampton, has helped bridge a generation gap for retired neighbors Regina and Dean Artley, whose son isn’t ready to take on the farm. Dennis custom farms their land organically, which is their preference. Because organic farming requires skills and equipment that aren’t readily available, Dennis and the Artleys have settled on the “high end” of the range for custom rates as reported in the *Iowa Farm Custom Rate Survey*, FM 1698.

#### **• Organic Crop Share—A Team Effort**

In Hancock County, Monica Pletcher now owns the land that her father farmed organically for years. She has found someone to continue the organic cropping practices on a crop-share basis. He does not farm organically on his own land, but Monica reports he

“goes the extra mile” on her land. For instance, he cleaned the harvested oats to qualify for an extra premium. Monica covers all the expenses for some of the additional tasks required for organic production. However, the two share the fees for organic certification. Monica handles all the paperwork for certifying and marketing the organic crops. In this arrangement, the tenant provides the skilled farming and the landowner makes the tenant’s work simpler by doing the business tasks.

#### **• A Combined Approach**

In Franklin County, another landowner transitioned his land to organic by using custom farming services. After the transition, as the system stabilized, he went to a crop-share arrangement. In this way, the landowner assumed the risk during the transition and later found a tenant for the established system.

#### **• Flexible Cash Rent**

A Warren County owner wanted his land in a rotation longer than corn-soybean, so he found a tenant who was also interested in a diverse system. When the land is in hay, the cash rent is reduced 20 percent. This arrangement doesn’t mean that the hay is less profitable than corn and beans, but it provides the tenant an incentive to grow hay to meet the landowner’s goals for soil conservation and wildlife habitat, and it may help to compensate for the additional equipment and management required.

#### **• Just Send Cash**

In some situations, cash rent preserves the operator’s flexibility. One north central Iowa farmer transitioned to organic while cash renting with a 5-year lease. He has continued to farm organically on a cash-rent basis even as some of the land passed to a new owner. In this case, the multi-year lease provided the producer the assurance needed to undertake the major shift of production systems, while the cash rent agreement reduced the risk for the landowners. In northwestern Iowa, Practical Farmers of Iowa (PFI) member Jerry Depew persuaded landowners to allow him to convert a crop-share arrangement to cash rent based on typical rental rates for the area. This cash rent gives him the freedom not to use a

corn-soybean rotation. “I think diversification is good for me,” writes Jerry. The cash rent protects his landowners from concerns about the profitability or marketing of other crops.

Some people say that crop-share arrangements can put sustainable farmers at a disadvantage because the shared expenses (fertilizer and pesticides) are those that sustainable farmers use less of, whereas the tenant’s expenses (management, labor, and fuel) are often greater in sustainable farming. ISU Extension publication FM 1724, *Flexible Farm Lease Agreements* (<http://www.extension.iastate.edu/Publications/FM1724.pdf>), provides a method for converting crop share to cash rent. There is no single best arrangement to make farming more sustainable on rented land. You and your tenant or landowner need to work together to find the arrangement that will best meet the goals of both parties.

#### **Where can I get assistance or more information?**

For information on agricultural lease options, contact your ISU Extension farm management specialist or county extension education director. In addition to providing examples of different lease types, extension staff can help answer tenant and landowner questions about what arrangements will best meet the specific needs. Extension crop field specialists and county directors also can provide information on a variety of sustainable practices. Extension has several publications on leasing options, which may be helpful, including FM 1564, *Improving Your Farm Lease Contract* (<http://www.extension.iastate.edu/Publications/FM1564.pdf>) and FM 1851, *Cash Rental Rates for Iowa* (<http://www.extension.iastate.edu/Publications/FM1851.pdf>).

For information on farm conservation plans and cost sharing for conservation measures, contact your county’s Natural Resources Conservation Service (NRCS) office. NRCS staff can provide technical guidelines for implementing conservation measures.

To network with other landowners and tenants who are interested in sustainable agriculture, contact Practical Farmers of Iowa (PFI), a grassroots farm

organization dedicated to exchanging knowledge about sustainable, profitable agriculture. Most of the examples given in this publication were drawn from PFI members. You can call the PFI office at (515) 232-5661 or find information about them at <http://www.pfi.iastate.edu>.

This publication was supported by a grant from the North Central Region Sustainable Agriculture Research and Education Program.

*Prepared by Diane Mayerfeld, Iowa State University Extension; Rick Exner, Practical Farmers of Iowa and Iowa State University Extension; and Margaret Smith, Iowa State University Extension. Other contributors to the project include Michael M. Bell, Department of Rural Sociology, University of Wisconsin–Madison and Department of Sociology, Iowa State University and Michael S. Carolan, Department of Sociology and Environmental Studies, Whitman College, Walla Walla, WA. Edited by Jean McGuire, extension communication specialist, and designed by Donna Halloum, Creative Services, Instructional Technology Center.*