Thinking of Purchasing an Acreage

Hello, and welcome to the Small Farms Podcast is a production of the small farms program at Iowa State University Extension and Outreach. Our podcast covers the opportunities and challenges associated with rural life. In this episode, I visit with Joe Hannon, commercial horticulture specialist for Iowa State University Extension and Outreach on purchase considerations for potential acreage sites for fruit and vegetable production. I'm Christa Hartsook, small farms program coordinator, and we hope you enjoy the show. Joe, welcome. Thanks for being back.

Hi, Christa. How are you doing today?

We are great. And we're talking about an exciting subject today.

It is a very exciting both from a professional and a personal standpoint.

And you have some news to share on that personal note,
I do in 28-29 days, my wife and I close on our own acreage,

Christa Hartsook  01:08
very exciting, and I'm on an acreage as well. And so we thought it might be a great topic to share with our listeners of what we really thought about when we decided to make those purchase considerations.

Joe Hannan  01:20
And you've purchased a couple now, right? So you've done this a couple times,

Christa Hartsook  01:23
we have done this a couple of times, both of them had, you know, different qualities and things we were looking for. So we'd be happy to talk about that today.

Joe Hannan  01:32
Cool.

Christa Hartsook  01:33
Alright Joe, let's start off and really kind of talk to our listeners about what they should think about when they're going into this from a big picture perspective.

Joe Hannan  01:42
Okay, from a big picture perspective, just like any other time I talk about starting up growing fruits and vegetables for a business is to know a couple of those common themes. What size of business? Are you looking at? What kind of gross and net income do you want to have? What are your intended market outlets? And we'll provide some examples as I go as we go through a little bit today. And also, what kind of crops are you looking at fruits, vegetables will have a little bit of different requirements. And then as you get into the fruits and look at small fruits, so the berries versus tree fruits, they will have different requirements for your location and your soil types that you're dealing with.

Christa Hartsook  02:23
Absolutely all good points. Joe let's just start right off and talk a little bit about soils. Because if you're looking at an acreage, for some production capabilities, that's going to be pretty important.
Joe Hannan 02:34
Yeah, so soils are kind of one of those nice things to look at before you even have to go out to the acreage or to the farmer, the fields, whatever you want to define it as that's something you can use, or that information is what you can get through the soil survey, and go into the web soil survey online and pull down this information. But what you should be pulling up is what is the pH for that soil and get an estimate of the pH and the upper zero to six inches? What is the cat ion exchange capacity. And that gives you an indication of how easy or difficult is it going to be to adjust the pH and adjust the phosphorus and potassium values, you might look at the organic matter content from that area. Look at the soil drainage, look at the ponding, the flooding frequency, all those types of pieces of information. Where that information really plays out then is when you're looking at this specific crop. So when you're growing berries, you really need to have something that is well drained. If you're sitting in a spot that has ponding, or frequently flooding or poorly drained, berries are not going to be are not going to do very well in that location. If you're growing something like apples, you can deal with a little bit more poorly drained type soils by selecting different rootstocks. And then you can also you know, when you're getting into vegetables, you'll be even float more towards the poorly drained sites, as long as you're growing in raised beds and taking other things to to fix those. That drainage issue.

Christa Hartsook 04:12
Joe, is there a minimum size we should really think about? Or is that very dependent upon the individual?

Joe Hannan 04:18
You know, it's really dependent on back to that size of business and the market outlets and the crops that you're wanting to grow. If you're purchasing land, scuze me if you're purchasing land for an orchard five, six acres is probably not going to be enough to justify the equipment and the upstart cost for all of that, especially about a tiny put a house and a shed and things there. Whereas if you have 5,6,10 acres for small fruits, vegetables, you know that might be a sufficient size, but again, if you're looking at you know a much larger wholesale type business and you're pushing in that 20-30 plus, plus acres.

Christa Hartsook 05:03
Joe, we are in Iowa and I think most people tend to think Iowa is pretty flat. But even within Iowa, we've got a lot of different terrain. What kind of considerations do we need to think of there?

Joe Hannan 05:15
Yeah, you're so right, you think we, you think were flat until you really start going to looking at land and putting up a high tunnel and building and you start looking at how much work you
need to move, or soil you may need to move around. But terrain is definitely one of those things where I think walking out on site is a little bit easier to visualize and identify just how much change in elevation and slopes that you have. As I'm walking out through a farm, I'm always looking at well as if lowland is going to be prone to frost events in the spring and the fall is that lowland going to be prone to flooding, or ponding after high winds. On the other hand, if you're on high ground or a little bit hilly, sloped type ground, okay, great. You probably don't have to worry so much about spring frost and wet soils. But yes, certainly got to worry about the lowans that we get through here. So really look at the slopes and the elevation. The other things I look at when I'm out there is is there an existing windbreak to provide some protection again, especially if you're putting up a high tunnel, and make sure that ground there or that you have some area there, if you're putting up a high tunnel that is relatively flat, so you don't have to bring in a bulldozer and do a lot of work? Other things I look for, you know, as terrain goes is where does the water flow? Through your potential fields? Are you going to have a lot of runoff water running through those fields? Keep them wet after rainfall? Or is water running elsewhere and away from your fields?

Christa Hartsook 06:55
Okay, Joe, we've got a lot of wildlife in Iowa, in addition to our regular livestock operations, what do we need to think of in terms of, you know, the impacts that that wildlife could have on a fruit and vegetable operation?

Joe Hannan 07:11
You know, there's, you don't have a lot of control of that. And it's not one that I would tend to put a lot of emphasis on as far as selecting an acreage. But I do look around and see, you know, how much wooded area is around that property that's going to provide habitat for deer and rabbit and other wildlife. You know, if you've that there's a safe harbor for them to bed down at night. And now you're providing them some tasty food to come close to during the day and get, you're going to have a little bit more of an issue than if you're just if you're not near any of that wildlife-type areas.

Christa Hartsook 07:50
Absolutely good point.

Joe Hannan 07:52
Of course, you can always put up fences, but that's a whole nother

Christa Hartsook 07:55
That's a whole nother podcast, right?
Joe Hannan 07:57
That's a whole nother podcast or two

Christa Hartsook 08:01
Joe, you know, they may be purchasing an acreage where it has not traditionally been in fruit and vegetable production. What do we need to think of in terms of the field history that we're looking at?

Joe Hannan 08:14
Yeah, and very likely, it's not been in fruit and vegetable production before you know, it's probably coming out of corn or soybean rotation. There's pros and cons to that coming out of corn soybean rotation should have a very low weed pressure going back into you planting vegetables the next year or two years down the road. That's great from the standpoint of that is one of the biggest issues I see. First and second year farmers struggling with but on the other hand, depending on what they use for herbicides in that corn soybean rotation, there may be some residual carryover that would prohibit you from planting fruits or vegetables that following year. So you'll want to ask what's been applied to that field this year if it's currently in a corn soybean rotation. Other places or other people are purchasing land that's coming out of grassland or pasture, which you know, like ground should be very fertile. But it also is going to have a lot higher weed seed bank and so you're going to be struggling dealing with weeds for several years until you get that weed seed bank down. There's ways you can deal with that. I mean, come in, you can fallow you can come in cover, crop it for a season and really work that weed seed bank down before going into production. But just be aware of that is going to be a challenge that you will need to address.

Christa Hartsook 09:39
Sure. Joe, we may very well have some listeners that are thinking specifically of producing for the organic market. What did they need to think about in terms of land considerations?

Joe Hannan 09:52
Be looking at your at your neighbors, you know, is there some sort of wind protection or barrier to them allow you to farm up close to your property, you know, maybe you're lucky enough to actually find land that's already certified organic. I don't know that I've ever seen any on the market very often. So here's this couple consideration. Is this look at what's going on around you.

Christa Hartsook 10:15
Joe, that brings up a really good point, you know, in terms of other market considerations, you know, a lot of fruit and vegetable production is done direct to consumer, what do we need to think about in terms of that aspect?
Joe Hannan 10:28
Okay, so some of that other other aspects of the location that kind of consider with regards to markets, if you're going to be asking folks to come out to your farm, more and more people do not drive on gravel roads. So looking for something on paved roads, those are a lot less property, properties are a lot harder to find typically, a little bit more expensive. But if you're going to be asking people to come from town, come out to your farm, being on a paved road is a big, big plus. If you're looking at going to your markets, whether it's a farmers market, or you're meeting up with some other wholesale type outlets, a gravel road is certainly fine. No big, no issues there. But also look at your drive time to market outlets, are you going to be on the road for an hour every day or every other day to get to your farmers market outlet or get to your wholesale outlets or whatever you're you're dealing with, that's a lot of drive time and time that you could be in the field. So you got to make sure that you're still reasonably close and or have good roads in order to get to your markets. So scope out that surrounding area.

Christa Hartsook 11:45
That's a really good point, Joe. And when we talk about drive time, you know, we might also talk a little bit about off farm employment, because that's a very real consideration for a lot of beginning growers especially.

Joe Hannan 11:57
Well, you know, both of us are on an acreage or looking at acreage and both of us have a spouse that works off farm too, right?

Christa Hartsook 12:04
Yes, yes.

Joe Hannan 12:06
You've got to be able, if you're buying land right now, it's pricey. Yeah, that was a tough pill to swallow. So having some additional income having an off farm job, are you close enough or other job opportunities for your skill set? Nearby that you can drive to? And not only be looking at what are the spring and summer driving conditions, but what are those driving conditions during the winter? I know one of the main roads that I take going out from my house currently to my office, when it snows or it's windy, it's a brutal, nasty drive 44 gets pretty gross. So look at those conditions, what are those roads look like? During particularly during the winter season? Do you have alternative route for getting into the work or into your job, but likewise, alternative routes for getting into your market outlets. One thing that we also kind of prioritize, but kind of gave up a little bit on property that we purchased was good internet access, both my wife and I have the ability to work from home a fair bit. And then the location that we
bought had its net, we're not going to be working from home very much. Yeah, there's this poor internet service there. But poke around because you might be surprised on what is available, you know, some of the properties that we looked at had Fiber Internet to the door, poke around and look around a little bit.

Christa Hartsook 13:34
Sure. Sure. Joe, I know one consideration for us and still continues to be a consideration is when we make a new equipment purchase or even a new to us equipment purchase. We're really looking at what type of equipment that is based on Servicing Capabilities in our particular area, I would assume we would everybody would need to make that same consideration.

Joe Hannan 13:57
It definitely should be a consideration. As I'm looking at a tractor and things too, I'm really looking at where is the closest options for me to get service. If you do not, you cannot tolerate a break down and be out for a couple days or three, four hours of road time during the spring when you're trying to plant and things. But it's not just your big equipment. You know, what's the small odds and ends hardware store farms or type equipment, material supply things to be aware of too? Do you have access to that? Are you going are you going to need to be able to work around making sure that you have an inventory of common supplies on hand. That's an additional cost kind of upfront but you know something to be thinking about as you're looking at your regular cash flow.

Christa Hartsook 14:49
Absolutely.

Joe Hannan 14:51
And groceries

Christa Hartsook 14:52
And groceries we all need those. Joe let's talk a little bit about zoning regulations and I know neither one of us are experts on this by any means, but it is a consideration. I think when you're looking at a residential acreage type zoning versus a traditional agricultural type zoning.

Joe Hannan 15:11
Yeah. Boy, this is a very weak spot on on my half. I know some people that I've worked with that have purchased land that has been more rural residential, rather than ag land, have had some additional hiccups and difficulties with putting up buildings and high tunnels and things
like that for their farm. So there's been some extra hoops that they have to jump through. So you know, I shoot for and look at AG type land. But rural residential is not impossible. It's just some extra hoops to go through.

Christa Hartsook  15:46
Exactly. Great point. Joe, let's talk about the big one here, we're going to have to talk and look at the infrastructure available on the property itself. Even if you found that, you know, 12 to 20 acre parcel that was ideal. It may or may not have a great house or great outbuildings for your needs?

Joe Hannan  16:07
Well, you just hit the nail on the head there, it's there, you're never going to find something perfectly awesome. Ideal there, you're always gonna have challenges. And so identifying those challenges, right up front is really a priority, because you're gonna have to not only buy a property, but you're gonna have cash that you will need to inject into the business as you're getting going that first couple years.

Christa Hartsook  16:29
Absolutely.

Joe Hannan  16:30
A lot of that is going to be tied up in that infrastructure items. You know, when we were looking, we looked at everything from 100 year old houses, to 10 year old houses to just starting from scratch and building our own. And the sad thing was, by the time we fixed roofs on the 100 year old house, and we did some renovation, and we fixed foundations, and we fixed buildings and all that other stuff, it all kind of budgeted out, probably within about $50,000 of of each other it was kind of interesting to work those numbers out a little bit.

Christa Hartsook  17:07
Yeah, yeah.

Joe Hannan  17:08
So, you know, get somebody that knows if you're looking at an older home, get somebody that knows foundations and get somebody that knows roofs in that that is aware of those 100 year old houses or 100 plus year old houses and what it's going to take or what's been done well what's going to be a challenge going down down road and be realistic about those costs, because that could be a one year down the road. That could be a five year down the road or that could be a 30 day down the road issue to, to address.
Joe Hannan 17:40
So moving from the house. Look at any of the outbuildings that are on property. You know, are those outbuildings and other buildings that are on site? Are they going to be suitable for your needs? Are you going to do a lot of modifying to those buildings to get them to be and do and serve your purpose. And the value of those outbuildings you know its horse buildings are going to be a lot more valuable to people to somebody that wants to put horses on that acreage versus somebody that's growing fruits and vegetables and so you're gonna have a little bit of valuation differences there and that's, that's probably something you can work with on negotiating wise. But just be aware, be cautious of paying for stuff, buildings, etc, that you may not need. And again, look at really what is that run a renovation costs versus teardown rebuild versus starting from scratch cost and again, we're penciling it out on a couple of properties that we're looking at. You know, we looked at three different options. They all cost about the same regardless of how we went.

Joe Hannan 18:54
Yeah, it's you know, a lot of sleeping and mulling on things oddly enough um, a lot of not production type stuff to be thinking about there.

Christa Hartsook 19:04
Yes, absolutely. Joe let's talk a little bit about water I know you know, within Iowa we've got different facets of the state that have rural water and some are still on traditional well water what do we need to be thinking of there?

Joe Hannan 19:18
Yeah, so if you're going on fruits and vegetables you better have water supply and in fact if you have two water supplies even better yeah. Whether it's well water, rural water or even a surface water as a backup option. Couple of things to look at with your starting with your well, what is the capacity of that? Well, you know, what's the flow rate coming out of there? Is it going to be enough? And is that well close enough to the fields? Are you going to be pumping water 1000, 2000 feet away, in which case you're not gonna have any any usable force left to actually run your irrigation system. How deep is that water? How easy is it is it to dry that well
out and get it to recharge. What's the age of the well the pump age has it been tested for, you know how much nutrients are in now well, very curious about calcium, magnesium, and that water hasn't been tested for E. coli presence, things like that just stuff that you should know, upfront. Rural water is, you know, assuming if you know, it's an option for you, or if it's already plumbed in, what's the line size come in to the property, that'll definitely affect your, your bill, it'll affect your how much your water capacity that you have on a monthly basis, things like that. So kind of check in, that's probably not something that you can change real easily. You can always drop in new new lines and things, but you probably want to live with what you got for a while. And then, like I said, I hinted at having a backup water supply. You know, if we get into conditions like we are this summer, yeah, we're getting some rain, but it's kind of spotty. When you get into hot dry conditions, if you're well dries up, or you're you have an issue with your real water, is there a backup water supply available either from a surface water that you can run through your drip irrigation system, or as a co-op that you can go and buy water and haul in something like that? So look for other water options in case of emergency? It could be something that you work out, you know, over the course of time, but something you do want to address?

**Christa Hartsook  21:29**
Sure, absolutely. Joe, kind of along those same lines, you know, we're going to need some electrical service for some of the work that we're going to do out on these fields. What do we need to think of there.

**Joe Hannan  21:40**
amperage coming in? Do you have enough amps coming into your your property? I think a lot of them that we looked at were 200 amp service, which would be enough to run our house or shed our cooler. You know, and if you're looking at getting to be a very large business or you know, other type outfits might require a three phase electrical is are those options that you'll have? Have there? And unfortunately, a lot of electrical stuff. I don't know a whole lot to talk on.

**Christa Hartsook  22:07**
Sure, sure.

**Joe Hannan  22:09**
I will say know where those electric lines are, whether they're buried, or rather their overhead, are they going to be in the way of, of your fields, your farming are going to be in the way of where you want to put up a shed or something like that.

**Christa Hartsook  22:23**
Joe, I think the last one that's really kind of a big one for producers is that septic system itself? You want to talk a little bit about that.
Joe Hannan 22:31
Yeah, so the septic system, making sure that it's away from those fields, it's not going to be draining into any of your field areas, but away from the house away from your buildings. One really nice thing that we got with the land that we're purchasing is that there's actually a bathroom already built into the shed that we have on site. So that is a really major plus is that we already have a bathroom shower, hand washing stations up in the shed already plumbed into the septic system. If you don't have that, is that an option on your current septic system? Or are you going to need to do some additional septic work to make that happen?

Christa Hartsook 23:14
That's a great feature for you already built in there.

Joe Hannan 23:16
Yeah, that was a major selling point was having a toilet a shower, and a couple of hand washing stations already plumbed into into the shed?

Christa Hartsook 23:27
Joe, I'm sure there's a lot of more considerations that you know, we haven't touched on today. Is there anything else you feel worth mentioning?

Joe Hannan 23:34
I'm sure I'm missing stuff from our discussions and things. Not one that's not necessarily so much worked up or so much involved with actual purchase, but to watch your cash flow, as you're getting up and going that first couple of years making sure that you have enough cash coming in to make updates, repairs to purchase all that equipment, don't shove all that cash into your initial land purchase because you will need funds just to get things up and going.

Christa Hartsook 24:06
That's a great point. Joe, thanks for talking through this with us today.

Joe Hannan 24:11
Yeah, thanks for having me. Christa.
And congratulations to you and your wife. I’m excited to hear about the move.

Yeah, four weeks.

All right. Thanks, Joe.

All right, take care.