



# Generating Value through a Long-Term Agroforestry Lease: Tips for Landowners

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**DISCLAIMER:** This guide does not provide legal advice or establish an attorney-client relationship between the reader and author. Always consult an attorney regarding your specific situation.

Whether a landowner seeks additional income through rent, a trusting caretaker of their land, or both—a long-term agroforestry lease offers a rewarding opportunity. It can also bring ecological restoration of the land for the benefit of heirs and future generations. How can a landowner best generate these value-added benefits? Here’s a four-step process toward a successful agroforestry lease arrangement with key tips to keep in mind along the way.

## Step 1: Understanding your goals and options

Both the landowner and the farmer-tenant have immense potential to benefit from a long-term agroforestry lease arrangement. Identifying your goals at the outset can help you stay on track—or not lose sight of the forest for the trees (pun intended)—during the negotiation process and throughout the lease relationship.

## The Potential Benefits of a Long-Term Agroforestry Lease

For the Landowner	For the Farmer
Receive consistent income	Gain affordable long-term tenure of land
Have a caretaker of the property	Build skills and experience
Gain improvements to the property	Establish a profitable business
Realize increased property value	Share in innovation of agroforestry practices
Receive conservation funding	Develop a model to be replicated elsewhere
Option to share in profits	Create a rewarding and enjoyable livelihood
Attain a legacy of revitalizing the land	Attain a legacy of revitalizing the land

For more details, including a checklist and a sample long-term agroforestry lease agreement, be sure to check out the extensive resource *Inspirations for Creating a Long-Term Agricultural Lease for Agroforestry: A Workbook* (“the Workbook”), which is available for free download at [farmcommons.org](http://farmcommons.org).

**Tip:** Set aside some time to reflect on your underlying goals or intentions for the agroforestry lease arrangement. Consider too, or even ask directly, what are the goals of the prospective tenant? In what ways are yours and the tenant's goals aligned?

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See pages 25–27 of the Workbook for more details on the cash rent, crop share, and hybrid rent arrangement options.

**Tip:** When it comes to goals, money is often a centerpiece. Generally there are three rent arrangement options: cash rent, crop share, or hybrid. Take some time to research which option is best for you. This will likely include exploring the tax implications of each.

## Step 2: Developing and negotiating specific components of the lease arrangement

How do you know what issues to discuss or address in the negotiation process? Identifying what your main concerns or fears are in entering a long-term agroforestry lease arrangement is a good start. It can help you focus your attention on finding ways to address these concerns through the negotiation and drafting process.

**Tip:** Set aside some time to consider your concerns. What are your worst-case scenarios in entering a long-term agroforestry lease?

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See pages 36–54 of the Workbook for a checklist of common key terms or issues to address up front in a long-term agroforestry lease arrangement.

A central issue that must be addressed in any agroforestry lease, unlike a traditional agricultural lease, is how to account for the value of the trees. An agroforestry venture typically involves a significant investment up front, as it takes time for the perennial crops to mature. Determining who brings what at the outset and how it is all accounted for throughout the duration of the relationship are key elements that the parties will greatly benefit from negotiating, discussing, and agreeing upon up front. Generally, the farmer brings knowledge, skills, and time. The landowner brings access to and use of the land. The landowner might also bring some of their own talent, time, equipment, or funding. What does this look like in your arrangement?

**Tip:** Take some time to reflect upon the following questions: Who pays for the upfront purchase of trees? How is this initial investment accounted for in the lease or rent arrangement? How is the value of mature trees accounted for at the end of the lease?

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See pages 29–33 of the Workbook for more details and ideas on ways to account for the value of the trees in a long-term agroforestry lease.

## Step 3: Getting the agreement in writing

**Tip:** Get your agreement in writing!

If a lease is longer than a year, it must be in writing to be enforceable or upheld in court. What's more important than legal enforceability is the relationship. Going through the negotiation process and getting a comprehensive agreement in place helps the parties create shared understanding. Not only will it ensure the key terms are clearly addressed, it helps prevent forgetfulness and misunderstanding should an issue or dispute arise.

**Tip:** Beware of agricultural lease templates! Most agricultural lease templates include norms and standards that were designed for commodity farming operations. Leases involving an agroforestry operation must be adaptable; they are meant to accommodate unique and individual circumstances.

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Take time to thoroughly go through each item in the checklist on pages 36–54 of the Workbook, and review the Sample Lease with Annotations on pages 55–72 for ideas on how to craft an arrangement that meets your particular situation. Farm Commons strongly advises that you work with an attorney through the drafting process, or at least have one review the draft lease agreement before you finalize it.

## Step 4: Following through with the terms

While it goes without saying, the parties need to follow through with the terms of the lease throughout its duration.

**Tip:** Open and ongoing communication is an optimal way to ensure that issues are discussed and resolved early on. Ideally, the parties can resolve issues when they arise and move forward, preventing the parties from ever going to court. Leases can also be modified through an amendment process if needed.