

Incorporating a Farm Viability Approach into Farm Conservation

Massachusetts Land Trust Coalition Annual Conference

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The Carrot Project - Who We Are

The Carrot Project combines on-the-ground programs serving food and farm entrepreneurs, with research, collaboration, and advocacy creating transformational change on farms, across our New England region, and at a national scale. We do this by providing information, training, skill-building, and capital, within a carefully crafted ecosystem of support.

Our Vision

The Carrot Project envisions a resilient farm and food system, where successful farms and agricultural businesses are increasing in number and diversity, and are contributing to New England's economic, environmental, and social well-being.

We address the most important gaps at the intersections of financial security, financial barriers to farmland access and transfer, and farmers' ability to weather major disruptions.



The Carrot Project Offers



Services focused on the business of farming:

- Business Advising & Coaching
- Training
- Loans & Capital Readiness

For each client:

- Individualized, in-depth, 1:1, multi-year services
- Access to career business advisors with farm and food specific expertise

Farm Viability Definition

The Carrot Project's Definition:

The farm business *covers its costs* including:

- Fair **compensation** to the farm owner & workers,
- Covering **replacement costs** to maintain infrastructure & equipment;
- **Replenishing the soil** and ecological value on the farm (non-extractive farming)

Next level viability:

- The farm is positioning itself for **future viability** and has the time and resources to do so
- The farm is continually adopting in **risk-management** approaches that protect viability

Farm Viability FAQs



Will the farm business cover all Household costs?

- ***Usually not.*** Farm viability does not mean a family member does not have an off-farm job for benefits or to contribute to household costs.

Does it mean the farm has positive income every year?

- No. ***Farms experience extreme income variability.***
- Viability includes having profits in the best years to put aside funds for years with negative income.

What if the farm is not yet profitable?

- The farmer has goals, analysis, and a plan to get there, and has identified comfortable ways of meeting their household needs in the meantime.

Farm Viability definition evolves

Farmers' Definitions of Viability are Changing Over Time: Many farmers define farm viability as their “ability to stay in business and to keep the land in agriculture.”*

Why did that definition work for farm families in the past?

- Historically, the driver of farm wealth was real estate appreciation, **not** annual profits. Staying in business often meant accumulating wealth in the long-term while an off-farm job provided income for today.

*Bruce, A., Neidecker, E., Zheng, L. *et al.* “A farm is viable if it can keep its head above water”: Defining and measuring farm viability for small and mid-sized farms. *Agric Hum Values* 42, 625–641 (2025). <https://doi.org/10.1007/s10460-024-10687-9>

Terms for Today's Discussion

Asset - The property or components of the property which have value.

Examples: Barn, House, Woodlot, Parcels

Business Model - The crops, products or activities, and the markets, customers, and revenue methods.

Examples: U-Pick Strawberries sold directly to families, organic dairy sold to a milk coop

Resource Base - The property assets and productive capacity to support the business model.

Examples: Lots of contiguous pasture adjacent to the barn, prime soils

More Terms for Today's Discussion



Whole Farm Protection -

- The farm has adequate infrastructure, housing, and resource base.
- Context-dependent; not every farm parcel needs its own house.
- Does not necessarily mean the whole “farm parcel” (e.g., woodland) needs to be included in the restriction area.
- Good choices around whole farm protection are where we can enhance viability!

How Does the Farmer Evaluate the Property?



Key Criteria:

1. Resource base that will make the farm plan viable
2. Feasibility and cost to change assets
3. Water availability, are investigations needed?
4. Market access

Property Business Risks to Examine:

1. Poor drainage (veg/crops), too little pasture (livestock)
2. Environmental concerns
3. Depleted soils & buildings
4. Too expensive for starting out, or overpaying
5. Farmland before market channels; is it a fit for where your business model is going?

Issues in Practice: Overview

1. Resource base
2. Farmer selection
3. Housing
4. Infrastructure
5. Financing
6. Exits/transitions

Issue: Viable Resource Base

Farm Viability is affected by key farm resource base decisions at the time of conservation.

- Should we conserve the whole property with all the components?
- How will this farm be used as a viable operation?

Issue: Viable Resource Base (continued)

Principles

1. **Bundle strategic viable farm assets**
2. **Exclude non-farm assets** with a high maintenance costs or taxes

Examples

- **Include:** A package of assets understood to fit a viable farm model; farmer & farm worker housing
- **Exclude:** a large or costly to maintain single-family home; or non-farmable land with a high tax burden.

Issue: Farmer Selection



Does the business chosen to farm the land:

- Have the right business model for the resource base and local markets?
- Have the necessary financial skills and resources to mitigate risk (dollars for improvements or cash flow needs)?

Issue: Housing



- When to include housing or not?
- Existing house or new housing right?
- Who can live there?
- How many units make a viable farm?
- Size restriction (gross sq ft, footprint, other?)
- Building envelope?
 - Was their due diligence on the building envelope? Will it perk?
 - Is the siting thoughtful to the farm needs?

Issue: Infrastructure



- What does the operation require?
- Is existing infrastructure run-down or outdated?
- Was it properly evaluated (appraisals, inspections), and price adjusted accordingly?
- Should old infrastructure be removed or improved?
- Does a new farmer have the capital to improve or replace?
 - High construction cost, high interest rate environment!

Issue: Financing



- Will the farmer be able to get financing in the future?
- Will the bank's loan conditions align with the conservation structure, including creative ownership (ground lease)?
 - Consider Implications for foreclosure
- Especially tricky to finance new housing right
- Plan ahead to remove roadblocks to farmer access to capital

Issue: Farm Transitions or “Exits”



Land Trust sale to farmer (BPS):

- Is the exit timed for the farmer’s financial readiness?
- Has property condition or appraisal changed?

Farmer generational transitions:

- Has the farmer invested in infrastructure and a business model that another farmer wants to take over or buy?
- Graceful exits make graceful entries

Working w/ Farm Viability Practitioners



- **Will the farm make it** after you conserve it and settle a farmer there?
- **Ongoing business support** de-risks projects, for both accessing land *and for exits*
- **Farmers and land trusts** may need support before, during, and after a transaction
- **Ask for review** of transaction structure, map/configuration, and easement terms
- Reach out to us at Carrot Project.

About this presentation

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