

**Massachusetts Department of Agricultural Resources
FARM VIABILITY ENHANCEMENT PROGRAM**

Frequently Asked Questions

Please note: these FAQs are not intended to be a substitute for a careful reading of the current year's Request for Response (RFR) for the Farm Viability Enhancement Program ("FVEP").

Q. What is the Farm Viability Enhancement Program?

A. The Farm Viability Enhancement Program provides business planning and technical assistance to established, commercial farms to help improve the viability of the farm business operation. Application is by a competitive process and selected farmers participate in a process to work with a business plan writer with experience working with agricultural operations to develop or update a farm business plan. If the business plan is completed and identifies a need for a capital project on the farm that meets the goals of the program, the farmer may be eligible to receive a grant in return for signing a covenant to keep the land in agriculture use for a specified term (ten or fifteen years depending upon the eligible grant level).

Q. Who is eligible to apply to the Program?

A. Farm operations must have been in active use by the current operator for at least the three previous years and have generated at least the minimum gross farm income stated in the current RFR, as shown on Schedule F or Form 1120 or other relevant tax statements from the previous tax year. Farms must own at least 5 acres of land that is in active agricultural production. Farms must intend to keep their land in continued agricultural use and the property to be put under covenant through the program must be unencumbered by any other restrictions on the deed. See Program Request for Response during open application period for additional eligibility requirements which can vary from year to year.

Q. Am I eligible to apply to the Program if I don't own the property that I am farming?

A. Ownership of farmland is required to receive a grant through this program. While not typical, farmers on leased land may be eligible to participate if the landowner is a co-applicant with the operator and is willing to sign an agricultural covenant, and if there is a written lease between the farmer and the landowner submitted at the time of application that allows any proposed infrastructure to be constructed and used on the property. For Applicants selected to the Program that do not own the land they farm, their lease must have a term at least as long as the term of the covenant in order to proceed to a Phase II grant. Depending on the length of the participant's current lease, this may require a new lease to be signed for a term of 10 or 15 years (depending on the length of the Covenant) before a Phase II contract can be executed.

Q. Must I farm on a minimum number of acres to apply?

A. Yes, you must own at least 5 acres of farmland currently in active agricultural production to be eligible to apply.

Q. My farm is a non-profit organization. Am I eligible to apply?

A. No. Non-profit farms and non-profit organizations are not eligible to apply to FVEP.

Q. Am I eligible to apply if I have already participated and received grant funding from the Farm Viability Enhancement Program (FVEP)?

A. If you have already participated in the FVEP once and your covenant has expired, or will expire soon, you may apply for a second round of participation. In this case you must provide information about the impact of prior participation on the application and your application will receive a lower ranking in the selection process than farms that have not received FVEP assistance and grant funding from the Department.

Q. Am I eligible to apply if I have already participated and received grant funding from the APR Improvement Program (AIP)?

A. No. AIP is a farm viability program for APR farms that offers the same type of business planning and grant assistance as FVEP but without the covenant since the farm has already been permanently protected.

Q. How do I apply to the Program?

A. A Request for Response (RFR) which contains the application is typically announced in late Winter/early Spring, dependent upon available funding, and posted on CommBuys. A link to the RFR with application will be available on the program website during the open application period each year at [Farm Viability Enhancement Program \(FVEP\) | Mass.gov](#). To request that an RFR be mailed to you contact the Farm Viability Enhancement Program - contact information is provided below and on the website.

Q. How are applications reviewed and selected?

A. The FVEP review committee reviews each eligible application based on a predetermined set of selection criteria that are stated within the current Request for Response. Those applications that best meet these criteria as rating in the review process will receive the highest ratings for selection and final determinations made by the Department based on available program budget.

Q. How does the program work?

A. If selected for Phase I of the program, farmers must agree to participate in a business planning process. Participants receive one-on-one assistance to develop a farm business plan or business plan update including financial projections and net worth statement. Additional technical assistance may also be available, as needed. This process usually takes about 5 to 6 months. Upon receipt and approval of a completed plan by the Department, the farm may be eligible to move to Phase II of the program to receive a grant for eligible capital projects identified in the FVEP Plan intended to have a positive impact on the farm's viability in return for placing the land under a short-term a covenant to keep it in agricultural use.

Q. What is the timeline for the program?

A. Eligible Applications received by the stated deadline are reviewed by the review team and farmers sent written notification as to whether or not they have been accepted into Phase I of the Program, typically around September. Phase I business planning and technical assistance for participating farms typically begins in October to be completed by March of the following calendar year. Participating farms may be eligible to advance to Phase II to sign a contract with the Department to receive grant funds for an agreed upon capital improvement project identified in the business plan. Upon execution of a covenant and contract, usually around April or May, grant funding is provided. Contracts for grants typically allow up to about 14 months for implementation resulting in a closeout visit at the farm by program staff to view purchases/completed project and to collect records and receipts of the expenditures made with funds received from the Program.

Q. If I am selected to participate in FVEP, will I be expected to share financial information with MDAR?

A. Yes. All participants are expected to share business operational, tax, and financial information with program staff and technical assistance provider(s) during Phase I of the program in order to develop or update a farm business plan, financial statements, and provide financial assistance, if needed. All such financial data shall be considered confidential to the extent permitted by M.G.L. c. 4, Section 7(26).

Q. How much money is available through the Program?

A. Technical and business planning assistance are provided at no cost to the farmer. Farmers who participate to complete a business plan and then move to Phase II may be eligible for a grant award in return for placing an agricultural covenant on the property. Grant award amounts vary depending on the size of the farm and the acreage of land under covenant and other factors specified in each Request for Response. The provision of grants is dependent upon available funding and award levels are determined by the Department upon completion of a business plan and the execution of a covenant. Please note that

Q. Are grants received considered income for tax purposes?

A. Funds awarded through this program may be considered taxable income, and recipients are solely responsible for determining and satisfying any resulting tax obligations. Applicants should consult a qualified tax professional to understand the potential tax implications of accepting an award.

Q. What are the conditions and terms in the Agricultural Covenant?

A. The covenant is a deed restriction prohibiting any uses on the farm except agricultural uses. The covenant is recorded at the registry of deeds and prohibits activities detrimental to the agricultural use of the land for a specific term, either ten, or fifteen years. Rights retained by landowners include the right to privacy and to carry out regular agricultural practices, to maintain the farm in its present condition, and to construct or place temporary structures for agricultural uses. Prohibited uses include construction or placement of non-agriculturally related temporary or permanent structures and non-agricultural uses on the land. Prior written approval by the Department may be requested by covenant holders for certain structures or uses that do not derogate from the intent of the covenant.

Q. What can grant funds be used for?

A. Funds must be used for approved capital projects intended to increase farm viability, including equipment infrastructure and resource improvements. Examples of eligible uses of funds include, but are not limited to, new structures for agricultural use, improvements to existing farm structures, new or used farm equipment, agricultural resource improvements, food processing, and retail marketing improvements.

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Please contact Melissa Adams with any questions or for additional information about FVEP at Melissa.L.Adams@mass.gov or 857-276-2377