

Generating Retirement Income and Preserving a Family Legacy

Executive Summary:

Two farms in central New Jersey had been in the family for generations and represented many memories and traditions. The owners desired to be relieved of daily management of their land, but continue farm operations to generate enough income to cover their retirement and provide a legacy for their children.

Conservation Economics (CE) was engaged to inventory the properties, find revenue-generating and sustainable uses for the land, and plan their implementation.

Conservation Economics:

- Performed a thorough inventory of the existing structures and farmland
- Compiled a comprehensive map of the sites
- Researched
 - mass transit and development plans for the surrounding properties
 - the value of existing and potential future uses
 - business options to optimize the use and protection of their assets

Client Challenge:

A New Jersey couple owned a 20-acre farm, on which several buildings were leased to local businesses. They also owned a nearby 40-acre farm where vegetables and nut trees were actively being cultivated. Until this point, the clients had personally managed the rentals and farm production, and enjoyed experimenting with innovative practices. They valued conservation and the farming lifestyle that provided a connection with the land.

However, the surrounding town was expanding and development threatened to increase the tax burden and affect the future integrity of the farmland. Now in their sixties, the clients wanted to seek relief from the daily responsibilities of managing their land while generating enough income to financially support their family for the foreseeable future. They needed experts who understood the importance of innovative farming, and could recommend financial options that would generate a net income of approximately \$200,000 per year.

Conservation Economics Solution:

The clients engaged Conservation Economics to inventory the natural and structural resources of the combined 60-acres and recommend strategies for generating environmentally and financially sustainable revenue.

Conservation Economics:

- prepared a comprehensive site map, which included property boundaries, natural resources, topography and easements
- researched the value of existing and potential uses
- evaluated projected real estate changes
- recommended business strategies and timing for their implementation, and steps for estate planning

In an initial environmental analysis, CE reviewed more than 50 potential sustainable uses including green energy, agricultural, equestrian, events, and community social services that could meet the client's need for income while providing a social benefit to the surrounding community.

Further evaluation led CE to recommend three strategies for meeting the client's financial needs while aligning with their values

- Increasing regular income by maximizing use of the rental spaces combined with fees from other agricultural uses
- Outright sale of all or a portion of the property to provide a one-time cash sum that could be used to establish an LLC, family foundation or nonprofit
- Establish management for the proposed sustainable uses of the land
- Retain ownership of the properties and build out the facilities to cover the cost of management and maximize net income

Results:

CE's recommendations are enabling the clients to make informed choices as they continue to evaluate their options.