



Down Payment Assistance Grant

Fiscal Year 2023 Legislative Report

12/7/2023

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Background

The [Down Payment Assistance Grant](#) offers \$15,000 for first-time farm buyers in Minnesota. The grant is administered by the Minnesota Department of Agriculture's (MDA) Rural Finance Authority (RFA) with the intent to help beginning and emerging farmers invest in farm ownership.

With the average age of farmers rising in our state, farm succession and legacy planning is increasingly important to the sector. At the same time, land access is one of the most noted barriers for beginning and emerging farmers to succeed. As written in the [MDA's Emerging Farmers' Working Group 2022 Legislative Report](#),

"Land ownership and agricultural professions are a key pathway to building inter-generational wealth, both for family units and within communities. Opening pathways for emerging farmers can also revitalize rural communities and increase economic activities in Greater Minnesota."

Definitions

Beginning farmers

Beginning farmers are defined by the USDA and MDA as farmers who have entered farming in the last ten years. According to the most recent [USDA NASS Agriculture Census from 2017](#), there are approximately 89,383 principal producer farmers in Minnesota and 16,910 (19%) of them are considered beginning farmers.

Emerging farmers

For the round of Down Payment Assistance Grant funding that this report covers, emerging farmers were considered women, veterans, persons with disabilities, American Indian or Alaskan Native, members of communities of color, and LGBTQIA+. The Minnesota Legislature has since updated this definition to include young and urban farmers.

Applications & Awardees

Number and amount of grants

The Minnesota Legislature appropriated \$500,000 in fiscal year 2023 for a first round of Down Payment Assistance Grants to Minnesota farmers. The RFA awarded these grants on a first-come, first-served basis. The application opened online and via email at 9 a.m. on January 4, 2023. Grant requests exceeded available funding in less than 10 minutes.

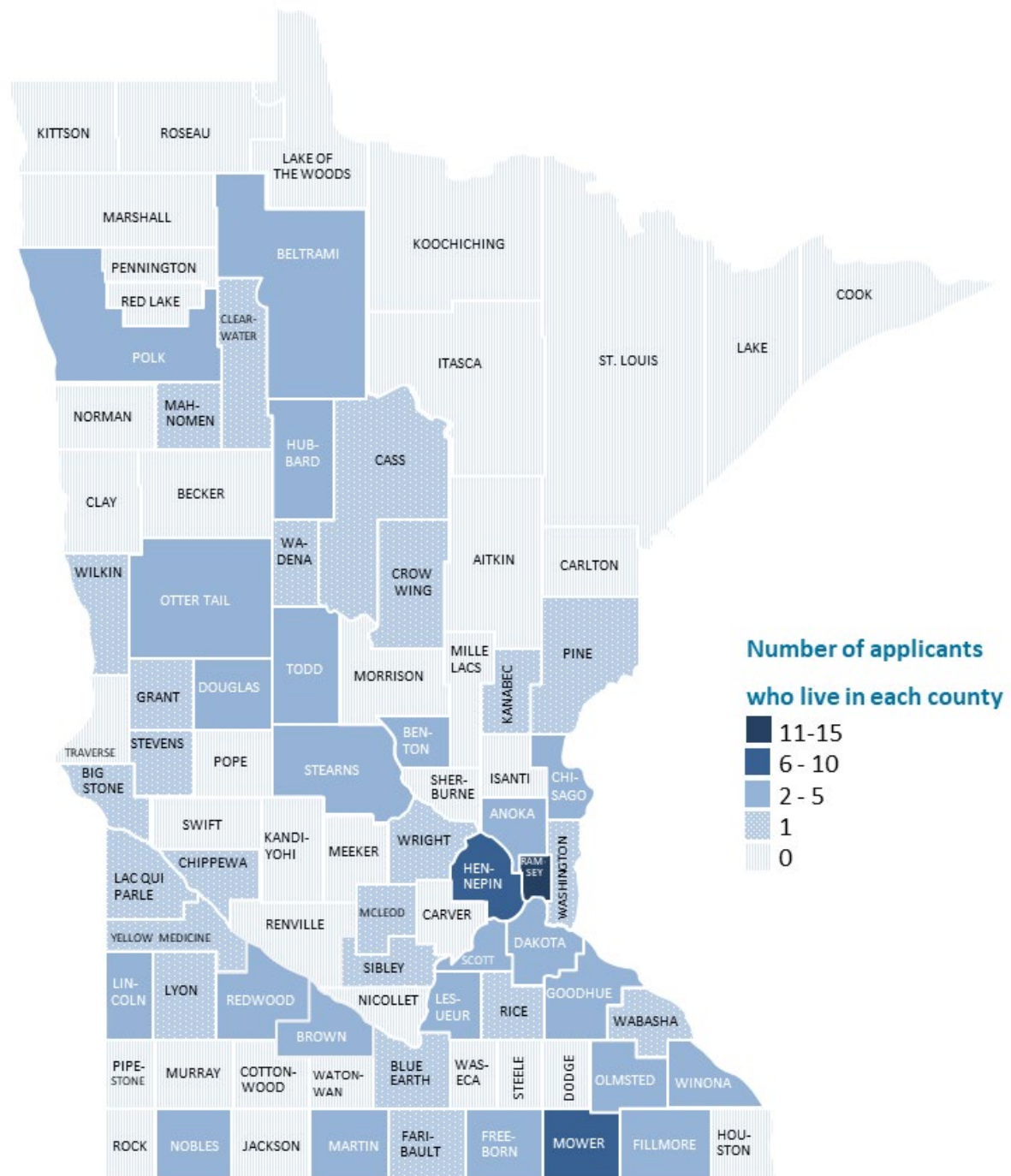
The RFA kept the application open for two and a half days, at which point it had received 105 applications. The RFA ultimately awarded 32 grants, totaling \$478,500. The balance of funds could not be awarded in-time due to a cancelled grant award in the final days of the funding cycle.

The first round of this grant received local and state-wide media attention, including radio interviews, community news, [digital articles](#), and [TV coverage](#).

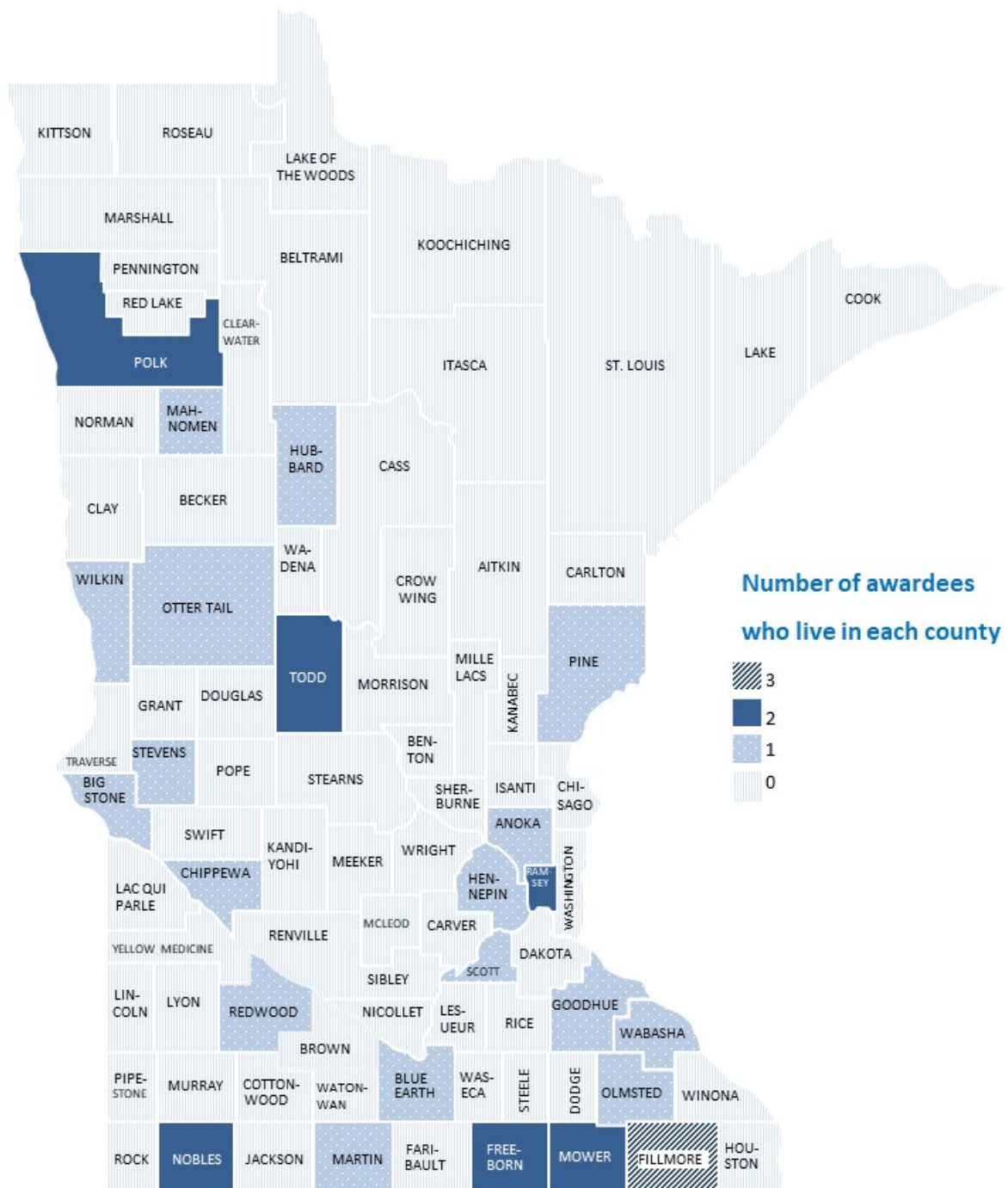
Geographic distribution

Applicants and awardees were spread throughout the state. In the maps on the next pages, we have outlined all 105 applicants by county of residence, the 32 awardees by county of residence, and the counties in which farms were purchased using this grant. The information in these maps can also be found in [Appendix A](#) of this report.

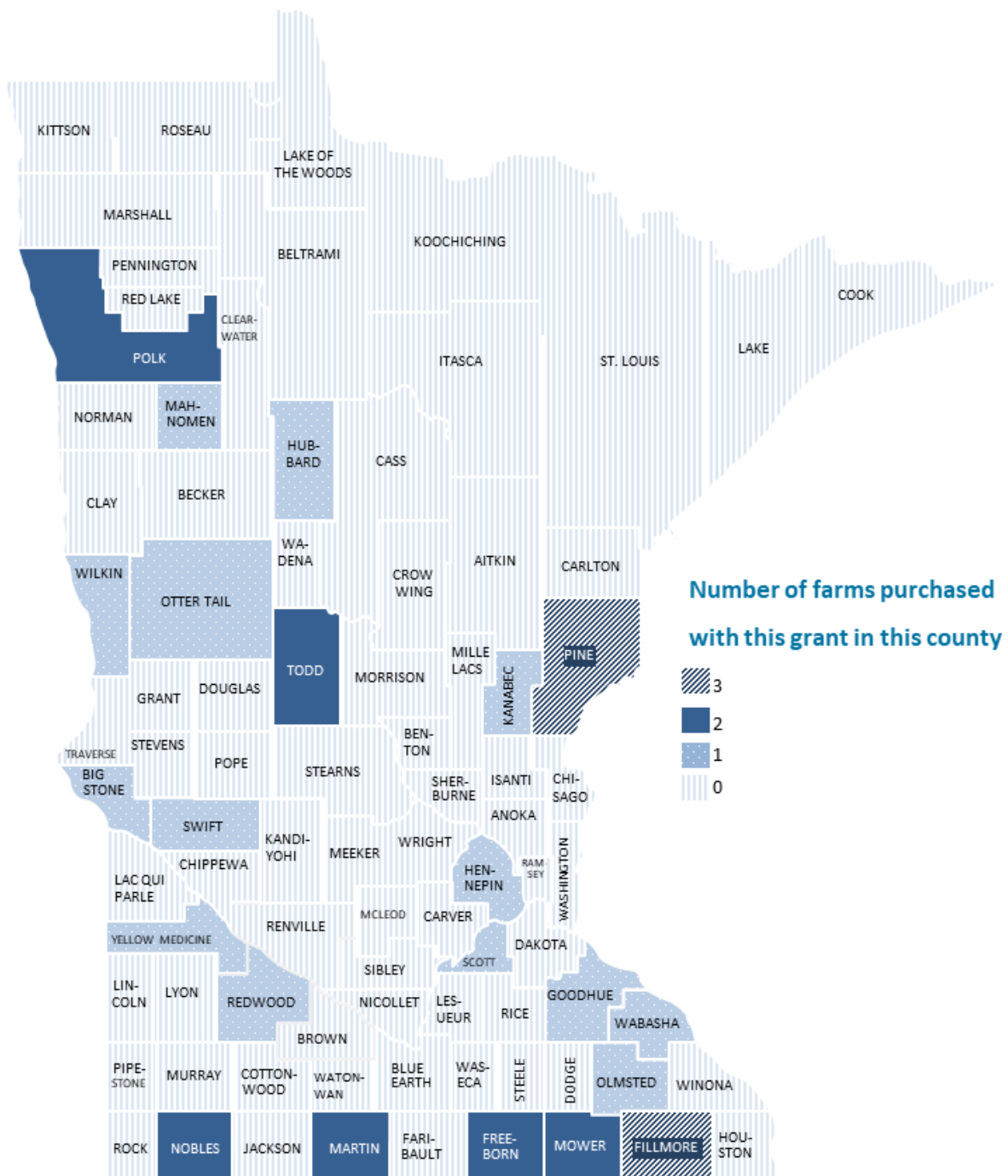
Map 1: Applicant County



Map 2: Awardee County



Map 3: Farm County

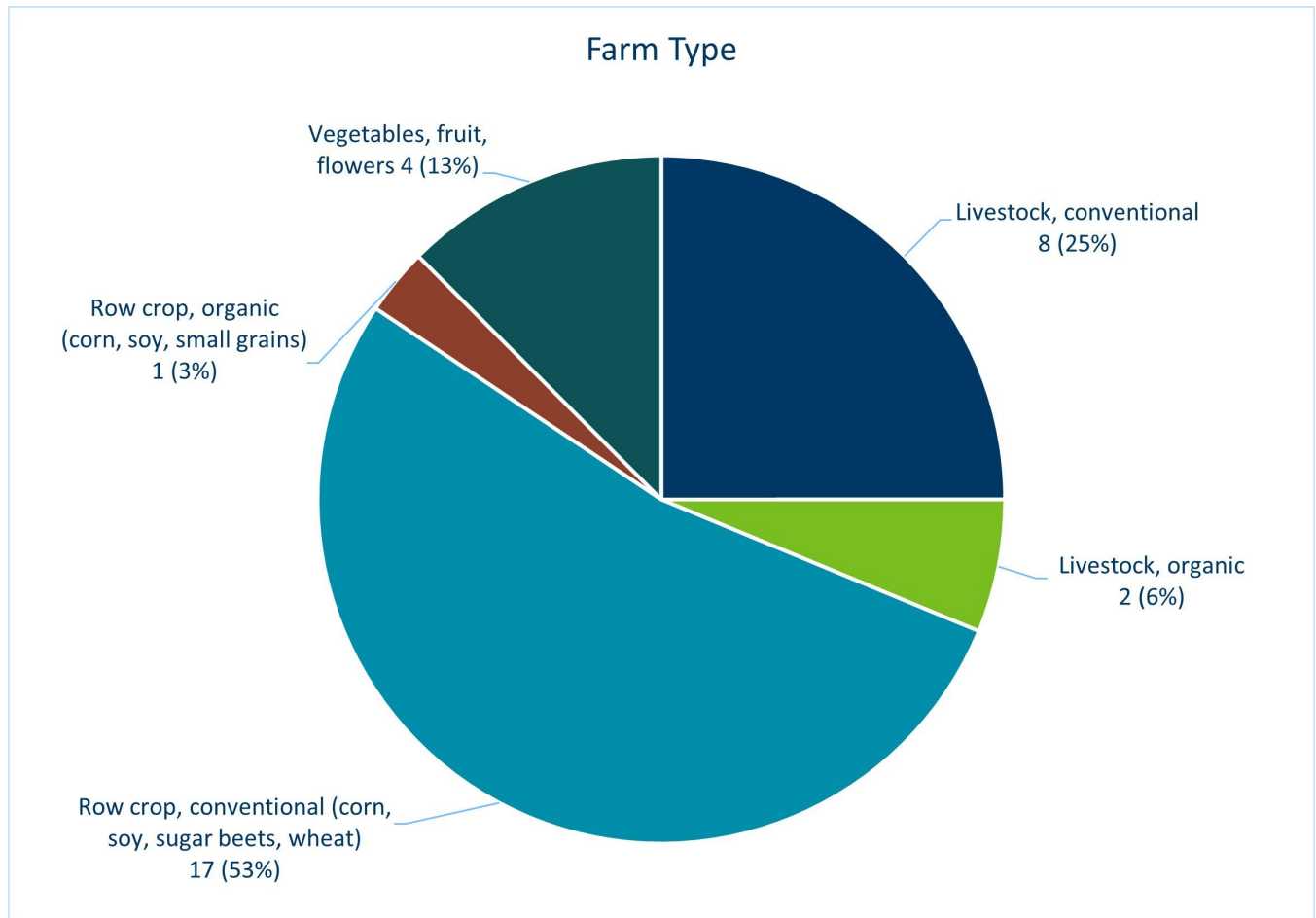


Farm information

In addition to where they are located, we know the average size of farm purchased with the grant was 82 acres (ranging from a 0.12-acre urban vegetable farm to a 537-acre beef and row crop operation). The average sale price was \$394,672, making a \$15,000 grant 4% of the average purchase amount.

The type of farm that the awardees operate is indicated in Chart 1 below. None of the 32 awardees have ceased to own their farmland since their award (subject to a payment of a penalty). The RFA will continue to track ownership for five years after their purchase.

Chart 1: Type of farm operated by awardee



Awardee demographics

Based on application data, we know that the average age of awardees was 33 and 94% were beginning farmers. Using the definition on page one of this report, 34% of awardees (11 total) were emerging farmers, despite making up 48% of total applicants. Changes have been made for future rounds of this grant to try to correct this inequity, including legislative changes to replace the first-come, first-served award process with a lottery.

The RFA administered an anonymous survey to awardees to obtain disaggregated data regarding the gender, race, and ethnicity of grant recipients. All 32 of the 32 awardees replied to the survey. See the graphs below for results. This data is also available in table format in [Appendix B](#).

Chart 2: Answers to survey question 1, “The MDA defines an emerging farmer as a farmer or aspiring farmer who is one or more of the following. If you’re an emerging farmer, please select all that apply:”

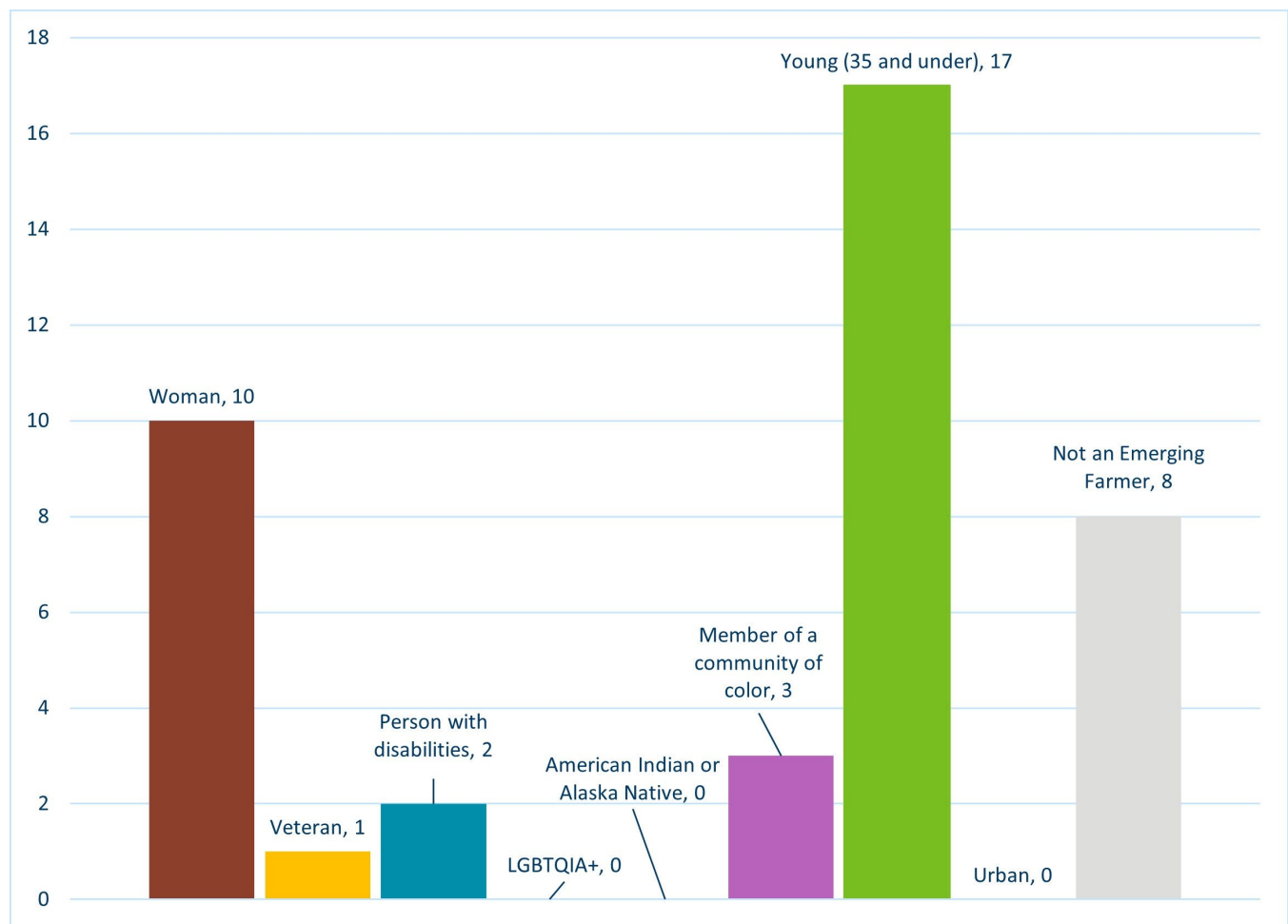
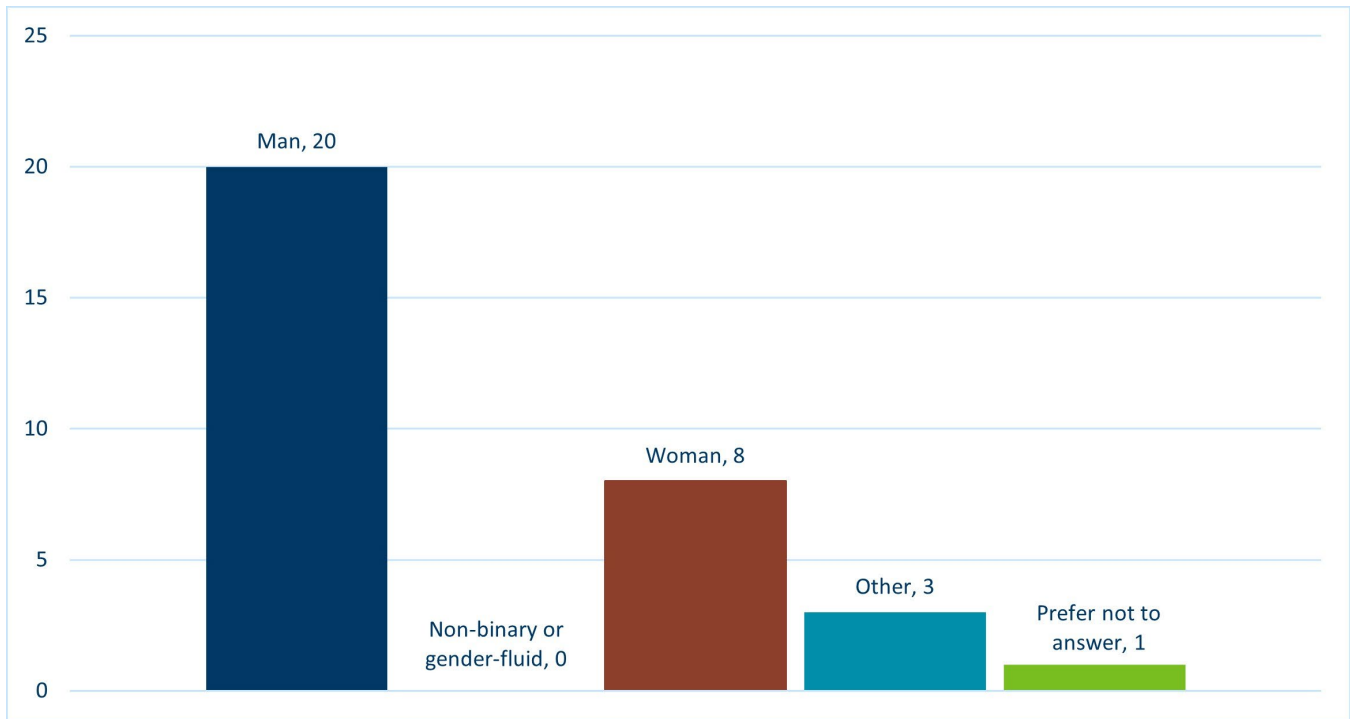
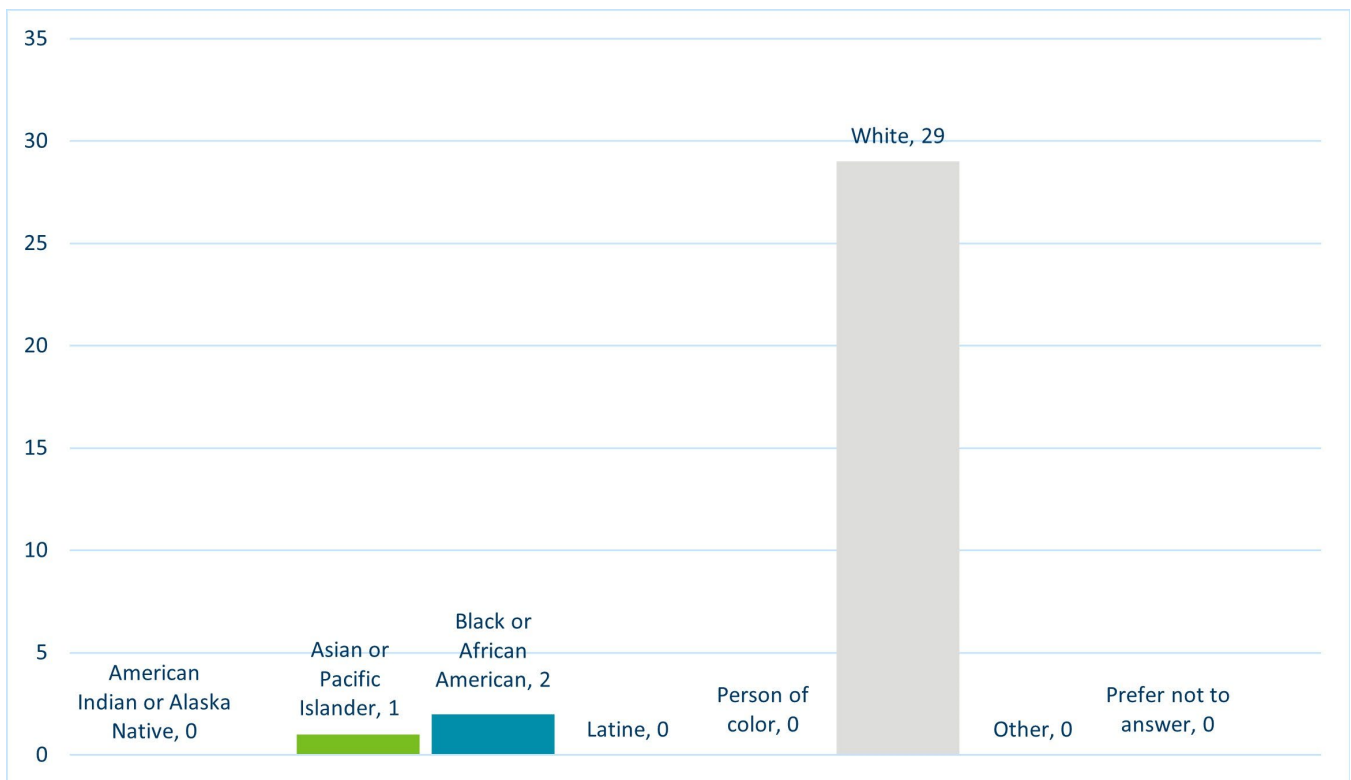


Chart 3: Answers to survey question 2, “How do you describe your gender?”



Note: All 3 respondents who selected “other” gender wrote they were a man and woman purchasing a farm together.

Graph 4: Answers to survey question 3, “How do you describe your race/ethnicity? (Select all that apply)”



Looking Ahead

The Minnesota Legislature has appropriated \$1 million each for a second and third round of this grant. Round two is currently in-progress through June 30, 2024, and applications for round three will open in late-summer or fall of 2024. The MDA is continuing to evaluate this program and listen to the community to improve the grant for all aspiring farm owners. This includes changes that have already been made, listed below.

Program changes for rounds two and three

- Doubled funding from \$500,000 to \$1,000,000.
- Changed first-come, first-served award process to a random lottery.
- Award preference will be given to emerging farmers.
- Applications will remain open at least 30 days.
- Funding will rollover if it is not awarded, so farmers have more time to close on their purchases.
- Dollar-per-dollar match is no longer required. Farmers must contribute at least \$8,000, which can be loans, contract-for-deed, other grants, cash, or other approved financing.

Additional review

In addition to the changes that have already been made, The MDA is reviewing feedback on the program, including requests for opportunities for cooperative land ownership, support navigating the financials of a farm purchase, and more ways we can improve this new and first-of-its-kind state grant program.

Awardee feedback

“It is a big step for my farming career. With the capital requirements farming takes in this environment this money goes a long way for me!”

“The length of time to close on the property was tight, to get paperwork drawn up.”

“I am so excited about this opportunity to have a chance to return to my roots. My great grandfather, great uncle, grandmother, namesake, and mother would be so proud of me. They were all farmers and sharecroppers.”

Appendix A: Geographic Distribution

Table 1. By county, the number of applicants, awardees, and farms bought with this grant.

Minnesota county	Applicants	Awardees	Farms bought
Aitkin	0	0	0
Anoka	2	1	0
Becker	0	0	0
Beltrami	3	0	0
Benton	2	0	0
Big Stone	1	1	1
Blue Earth	1	1	0
Brown	3	0	0
Carlton	0	0	0
Carver	0	0	0
Cass	1	0	0
Chippewa	1	1	0
Chisago	2	0	0
Clay	0	0	0
Clearwater	1	0	0
Cook	0	0	0
Cottonwood	0	0	0
Crow Wing	1	0	0
Dakota	2	0	0
Dodge	0	0	0
Douglas	2	0	0
Faribault	1	0	0
Fillmore	3	3	3
Freeborn	4	2	2
Goodhue	2	1	1
Grant	1	0	0
Hennepin	7	1	1
Houston	0	0	0
Hubbard	3	1	1
Isanti	0	0	0
Itasca	0	0	0
Jackson	0	0	0
Kanabec	1	0	1
Kandiyohi	0	0	0
Kittson	0	0	0
Koochiching	0	0	0
La qui Parle	1	0	0
Lake	0	0	0
Lake of the Woods	0	0	0
Le Sueur	2	0	0
Lincoln	2	0	0
Lyon	1	0	0

Minnesota county	Applicants	Awardees	Farms bought
Mahnomen	1	1	1
Marshall	0	0	0
Martin	3	1	2
McLeod	1	0	0
Meeker	0	0	0
Mille Lacs	0	0	0
Morrison	0	0	0
Mower	5	2	2
Murray	0	0	0
Nicollet	0	0	0
Nobles	2	2	2
Norman	0	0	0
Olmsted	2	1	1
Otter Tail	2	1	1
Pennington	0	0	0
Pine	1	1	3
Pipestone	0	0	0
Polk	2	2	2
Pope	0	0	0
Ramsey	14	2	0
Red Lake	0	0	0
Redwood	3	1	1
Renville	0	0	0
Rice	1	0	0
Rock	0	0	0
Roseau	0	0	0
Scott	3	1	1
Sherburne	0	0	0
Sibley	1	0	0
St Louis	0	0	0
Stearns	2	0	0
Steele	0	0	0
Stevens	1	1	0
Swift	0	0	1
Todd	3	2	2
Traverse	0	0	0
Wabasha	1	1	1
Wadena	1	0	0
Waseca	0	0	0
Washington	1	0	0
Watonwan	0	0	0
Wilkin	1	1	1
Winona	2	0	0
Wright	1	0	0
Yellow Medicine	1	0	1

Appendix B: Awardee Demographic Data

Table 2: Responses to question 1, “The MDA defines an emerging farmer as a farmer or aspiring farmer who is one or more of the following. If you’re an emerging farmer, please select all that apply:”

Identity	Number responding
Woman	10
Veteran	1
Person with disabilities	2
LGBTQIA+	0
American Indian or Alaska Native	0
Member of a community of color	3
Young (35 and under)	17
Urban	0
Not an emerging farmer	8

Table 3. Responses to question 2, "How do you describe your gender?"

Gender	Number responding
Man	20
Non-binary or gender-fluid	0
Woman	8
Other	3
Prefer not to answer	1

Note: All 3 respondents who selected “other” gender wrote they were a man and woman purchasing a farm together.

Table 4. Responses to question 3, "How do you describe your race/ethnicity? (Select all that apply)"

Race/Ethnicity	Number responding
American Indian or Alaska Native	0
Asian or Pacific Islander	1
Black or African American	2
Latine	0
Person of color	0
White	29
Other	0
Prefer not to answer	0