



Down Payment Assistance Grant

Fiscal Year 2024 Legislative Report

12/1/2024

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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 current average age of a Minnesota farmer being 57 years old, 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 new 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 MDA and the United States Department of Agriculture (USDA) as farmers who have entered farming in the last 10 years. According to the [2022 USDA Census of Agriculture](#), there are 114,868 farmers in Minnesota, and 29,586 (26%) of them are considered beginning farmers.

Emerging farmers

For the round of Down Payment Assistance Grant funding that this report covers (Fiscal Year 2024), emerging farmers were defined by statute as women, veterans, persons with disabilities, American Indian or Alaskan Native, members of communities of color, LGBTQIA+, young (under 35 years old), and urban (live or farm in a city with a population over 5,000). Note that "young" and "urban" were not included in this definition for the first round (Fiscal Year 2023) of this grant, and they were added during the 2023 Legislative Session. The USDA census does not use the term "emerging farmer," but it does have data on some of the related demographic groups (Table 1).

Table 1: Demographics of Minnesota Farms and Producers from the 2022 USDA Census of Agriculture

Identity	Minnesota Farms	Percent	Minnesota Producers	Percent
Total	65,531	100	114,868	100
American Indian or Alaska Native	401	< 1	467	< 1
Asian	294	< 1	373	< 1
Beginning	18,914	29	29,586	26
Black or African American	75	< 1	95	< 1
Female	32,729	50	35,623	31
Hispanic, Latino, or Spanish	607	< 1	754	< 1
Military Service	8,801	13	9,265	8
Native Hawaiian or Other Pacific Islander	67	< 1	94	< 1
Young	8,554	13	11,274	10

Limited land access

Limited land access is defined as farming without ownership of land and: (1) the individual or the individual's child rents or leases the land, with the term of each rental or lease agreement not exceeding three years in duration, from a person who is not related to the individual or the individual's spouse by blood or marriage; or (2) the individual rents the land from an incubator farm. (Laws of Minnesota 2024, chapter 126, article 2, section 8—see amendments to MINN. STAT. 17.133, subd. 1(e), adding definitions of “Limited land access.”)

Limited market access

Limited market access is defined as grossing sales of no more than \$100,000 per year from the sale of farm products. (Laws of Minnesota 2024, chapter 126, article 2, section 8—see amendments to MINN. STAT. 7.133, subd. 1(f), adding definitions of “Limited market access.”)

Applications & Awardees

Number and amount of grants

The Minnesota Legislature appropriated \$1,000,000 for a second round of Down Payment Assistance Grants to be distributed in Fiscal Year (FY) 2024. The RFA awarded these grants using a random lottery process developed with consultants from the Minnesota State Lottery. The application window was open for one month from July 1 to July 31, 2023.

The RFA received 174 eligible applications and ultimately awarded 39 grants, totaling \$584,000. The balance of funds could not be awarded in-time and was rolled over into the next grant cycle (FY 2025). Many applicants apply for this grant before they have selected a piece of farmland to buy. Awardees also mention the lack of availability and affordability of farmland, as well as the limited timeline to make their purchases, as reasons for not utilizing their grants. The grant award is valid for six months before a grantee must make their purchase or forfeit their grant to someone on the waitlist. This timeline is in place to ensure the RFA can encumber grant appropriations under contract by the dates set in state statute.

Table 2 shows the amount of grants and funds requested and awarded in the first two rounds of this grant program.

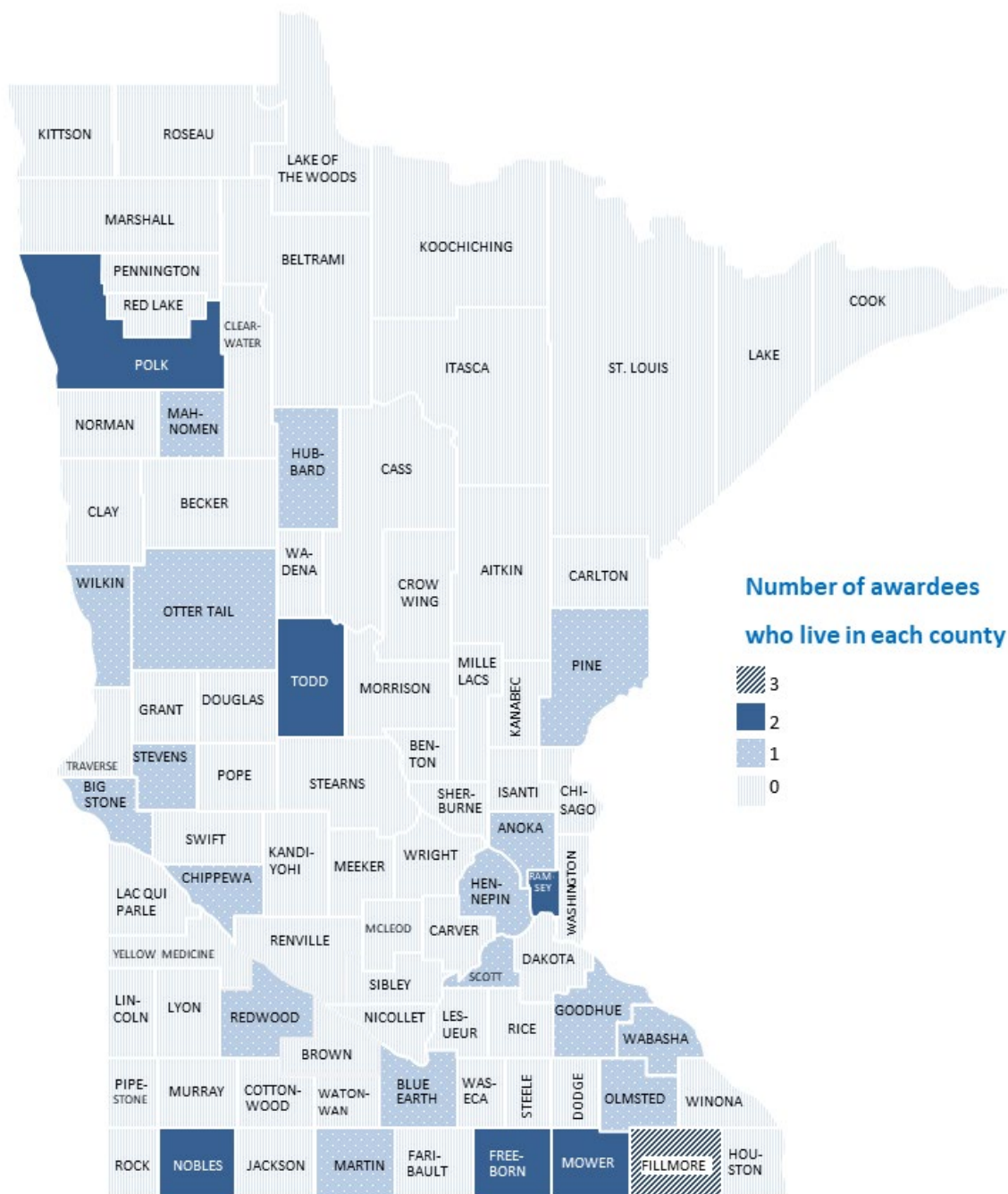
Table 2: Applicants and Awardees by Year

	Fiscal Year 2023	Fiscal Year 2024
Number of applications	105	174
Total funds requested	\$1,573,000	\$2,602,000
Number of grant awards	32	39
Amount of total awards	\$478,500	\$584,000

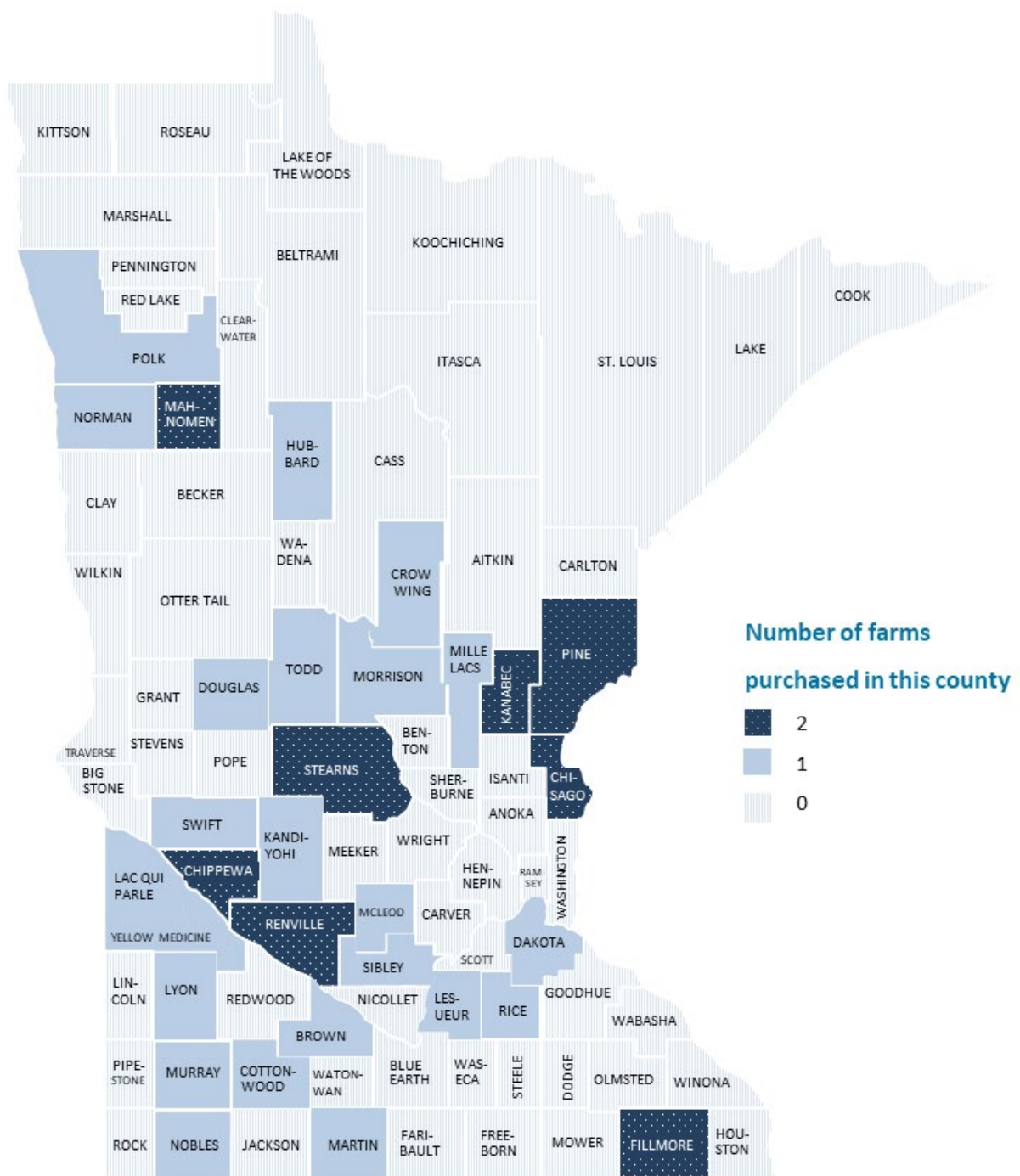
Geographic distribution

Applicants and awardees were spread throughout the state. In the maps on pages 3-4, we have outlined the 39 awardees by county of residence (at time of application) and the counties in which they purchased farms using this grant. The information in these maps can also be found in [Appendix A](#) of this report.

Map 1: Awardee County



Map 2: Farm County



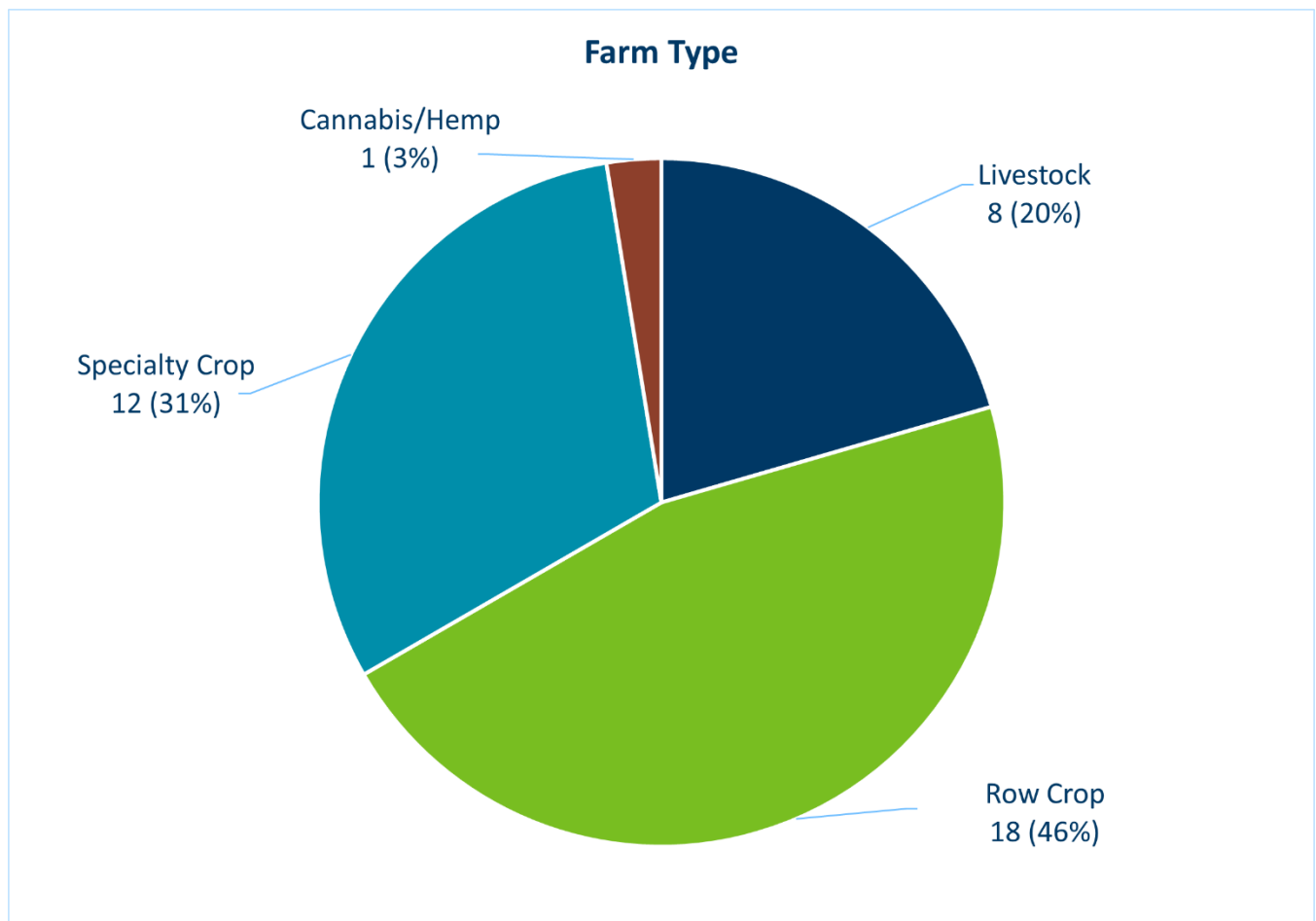
Farm information

In addition to where they are located, we know the average size of farm purchased with the grant was 58 acres (ranging from a 2-acre sweet corn field to a 320-acre mixed vegetable and grain operation). The average sale price was \$367,692. This makes the average price per acre \$10,845 and \$15,000 down payment grant 4% of the average purchase amount.

The type of farm that the awardees operate is indicated in Chart 1 below. Specialty crops include vegetables, fruit, flowers, nursery products, and other horticultural crops (excluding cannabis, which is tracked on its own). Row crops include field corn, soybeans, wheat, sugar beets, small grains, and other commodity crops.

None of the awardees have ceased to own their farmland since their award; doing so would result in 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, awardees were on average 33 years old. Using the definitions on page 1 of this report, 100% of awardees (39 total) were emerging farmers and 95% (35 total) were of limited market access.

The RFA administered an anonymous survey to obtain disaggregated data regarding the gender, race, ethnicity, and limited land access status of grant recipients. 34 of the 39 awardees took to the survey, which is an 87% response rate. See the graphs and charts below for results. This data is also available in tables in [Appendix B](#).

Graph 1: Answers to survey question, “How many years have you been farming?”

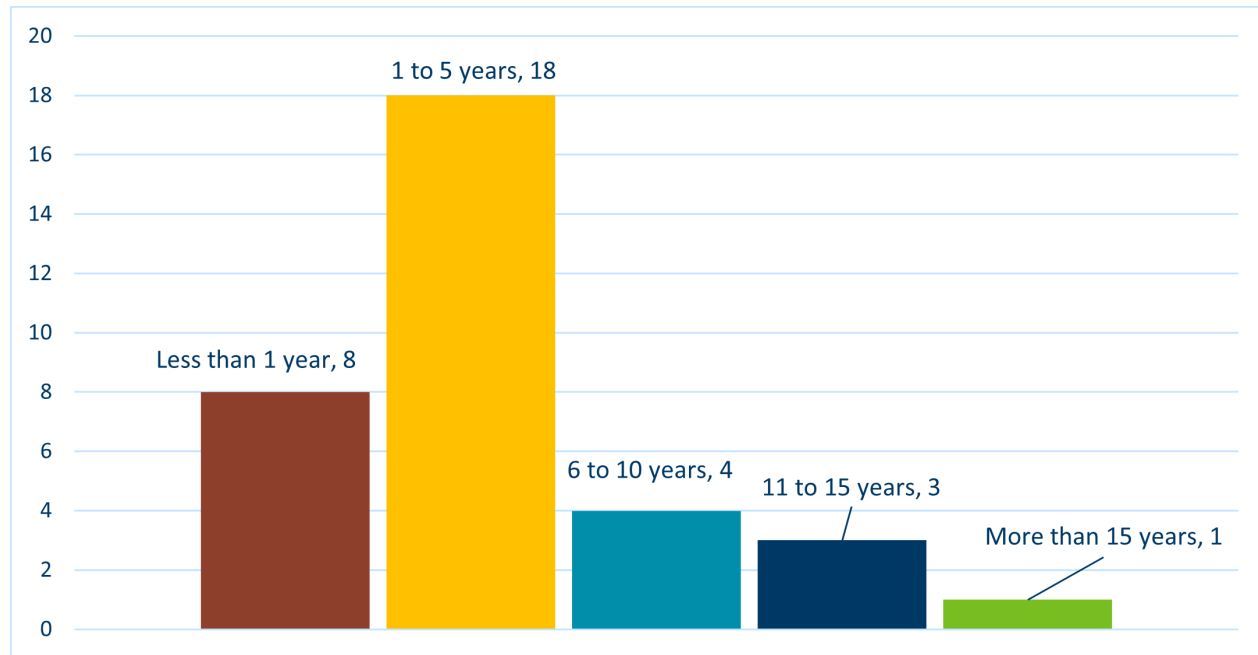


Chart 2: Answers to survey question, “Before buying land with this grant, did you rent farmland?”

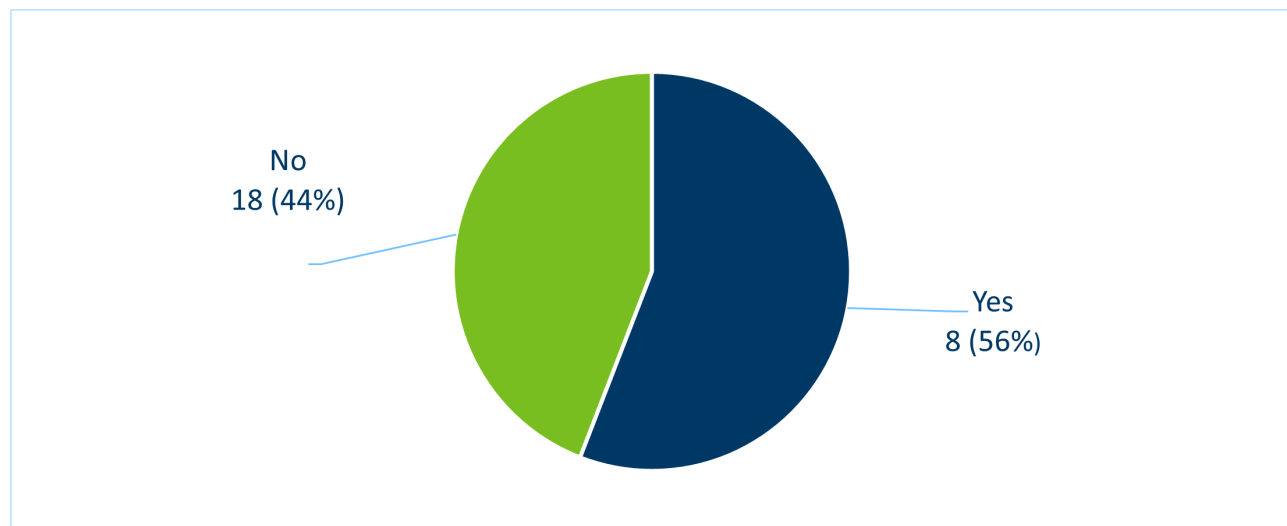
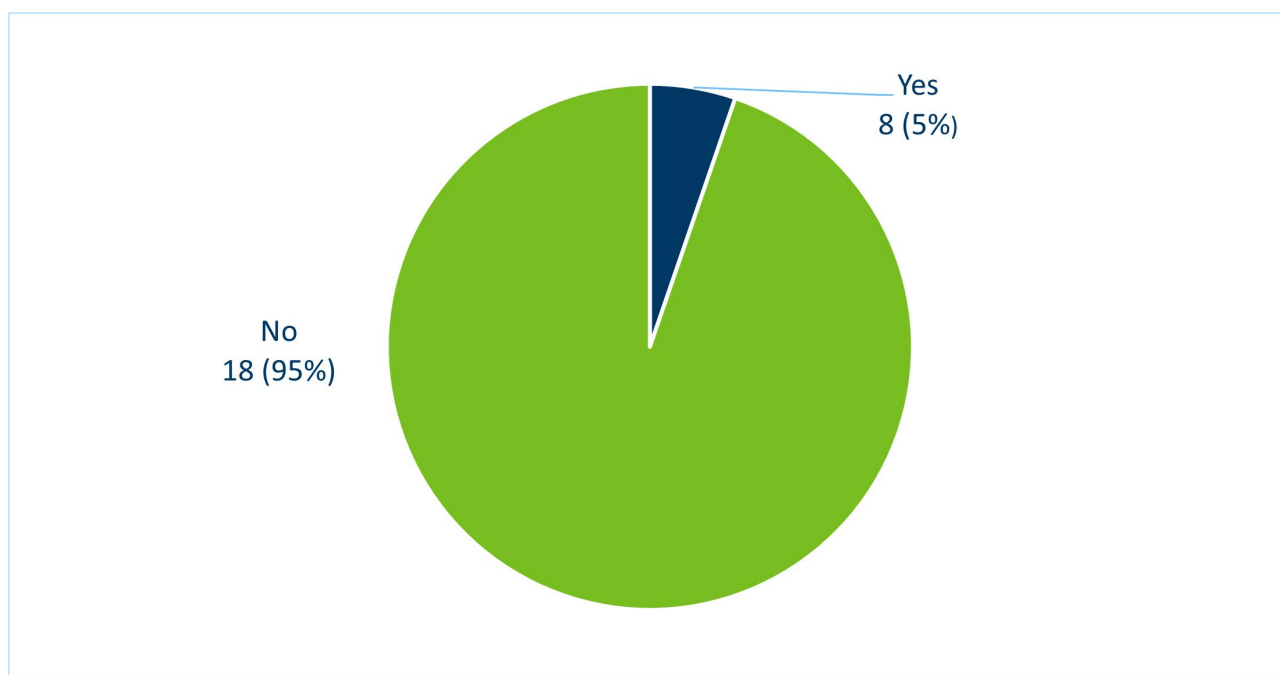
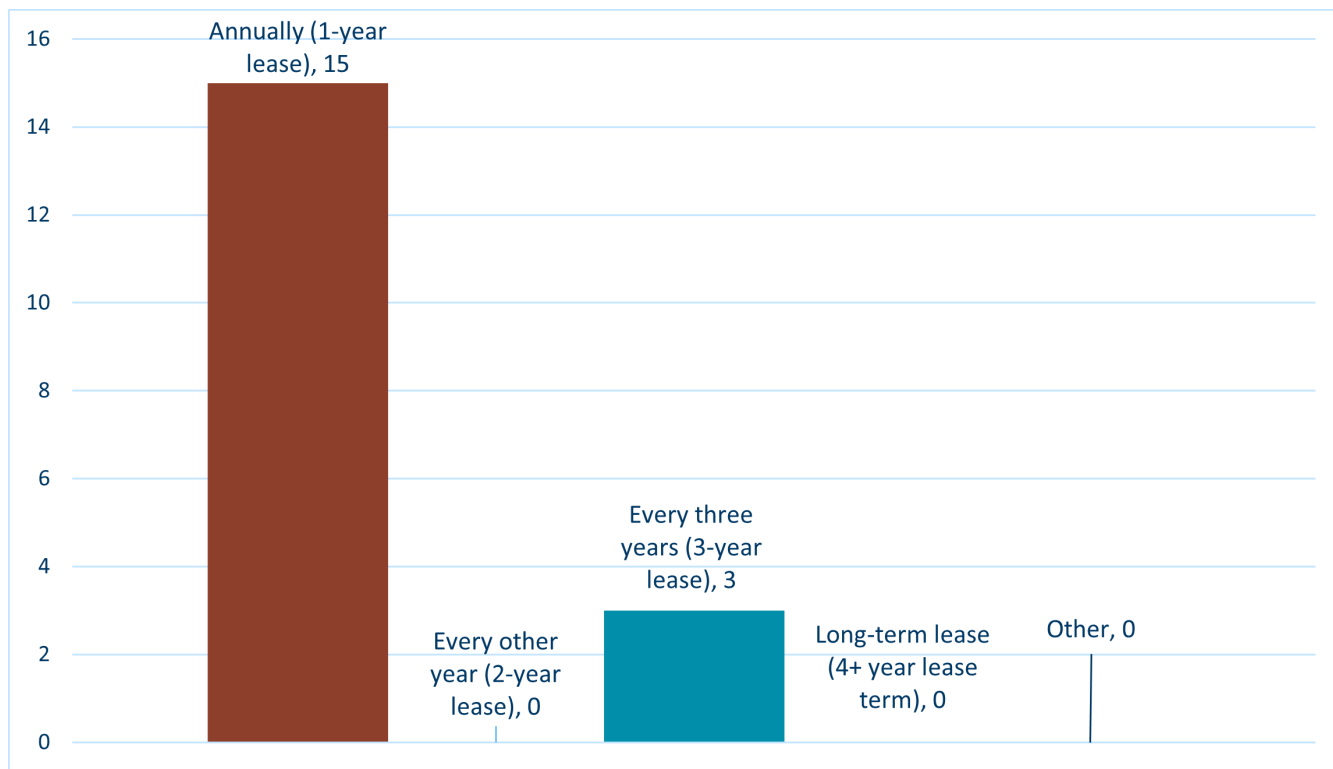


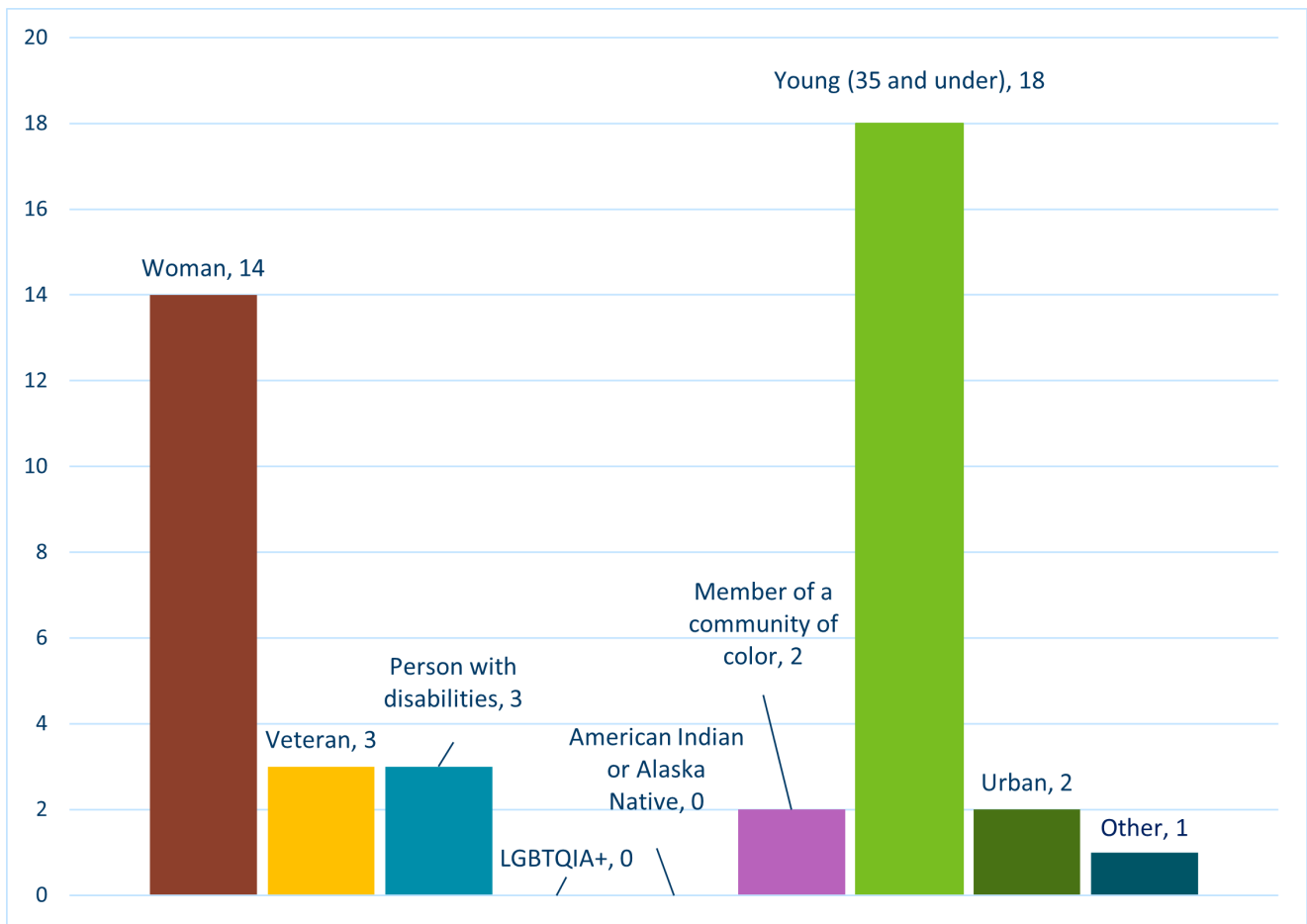
Chart 3: Answers to survey question, “Did you farm on an incubator farm?” for all respondents who answered yes to previously renting farmland.



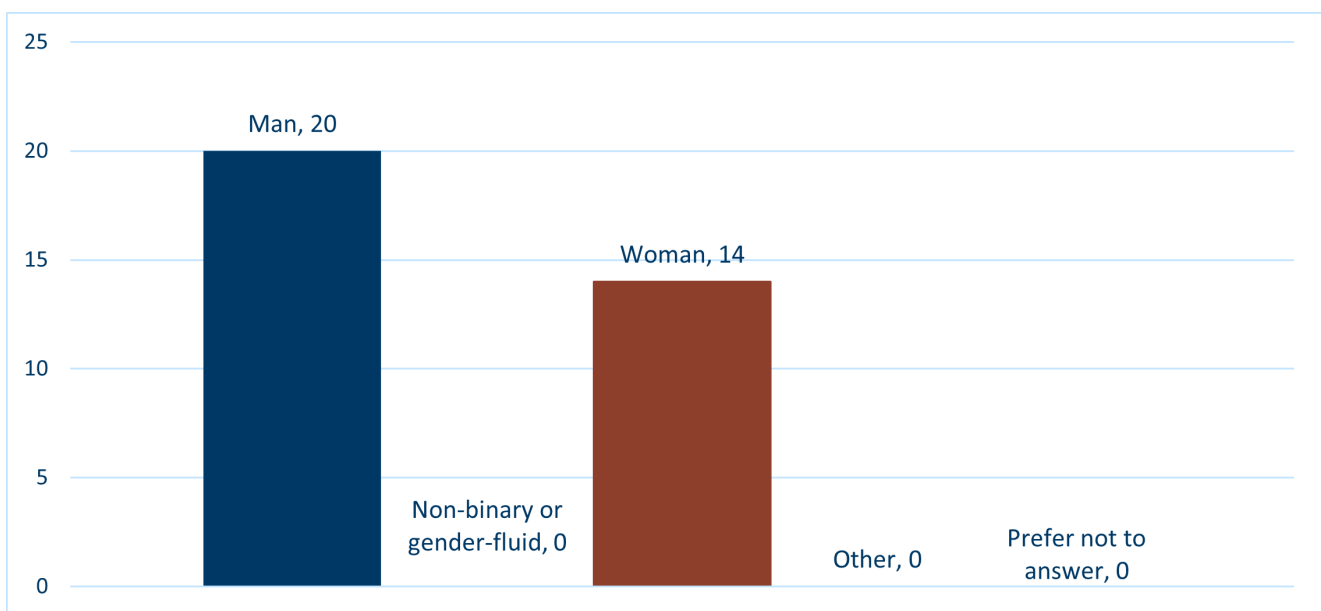
Graph 2: Answers to survey question, “How often did you renew your lease?” for all respondents who answered yes to previously renting farmland.



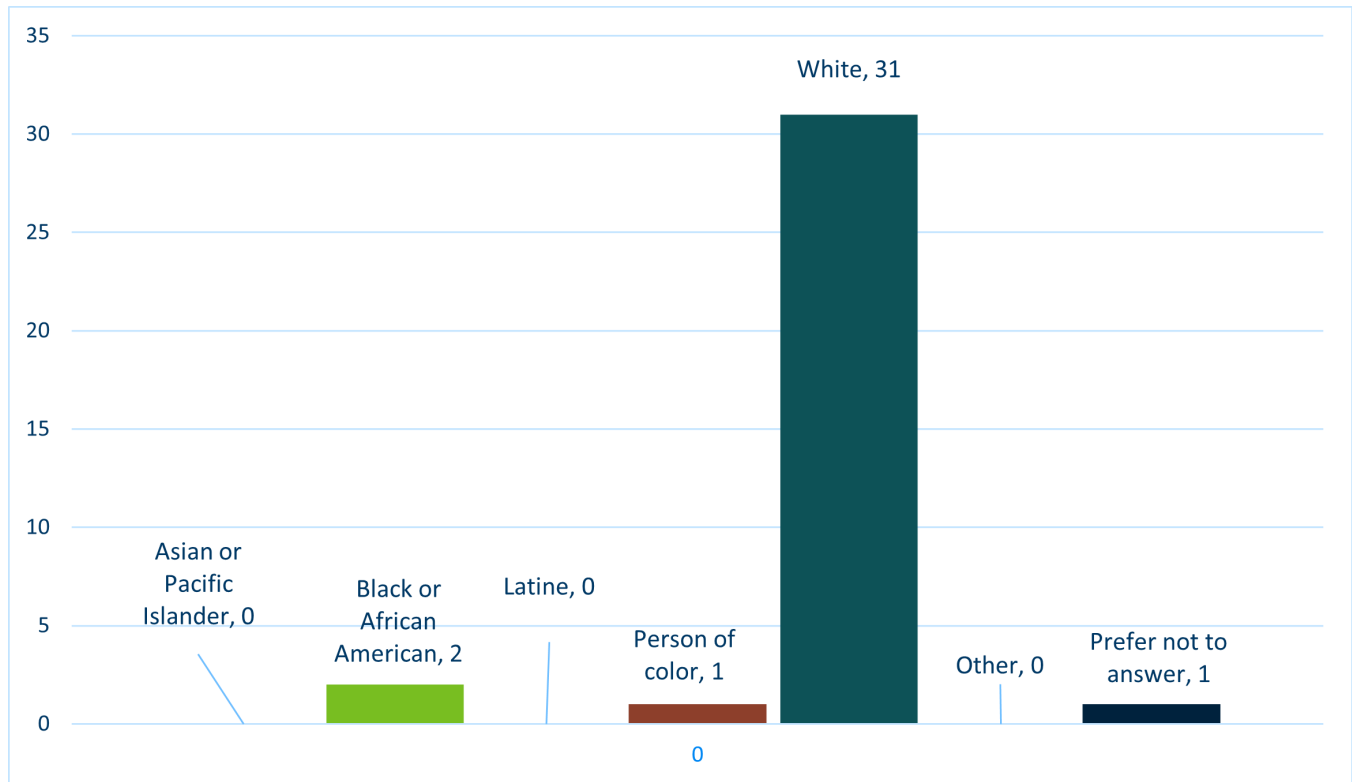
Graph 3: Answers to survey question, “The MDA defines an emerging farmer as a farmer or aspiring farmer who is one or more of the following. If you’re an emerging farmer, please select all that apply:”



Graph 4: Answers to survey question 2, “How do you describe your gender?”



Graph 5: Answers to survey question 3, “How do you describe your race/ethnicity? (Select all that apply)”



Looking Ahead

The Minnesota Legislature appropriated \$1,000,000 for a third round of this grant, which is currently in-progress through June 30, 2025 (applications for this round were accepted from August 1-September 15, 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 updates that have already been made, listed below.

Program updates

- Continuous annual funding of \$750,000 each fiscal year starting in FY26.
- Random lottery awards that prioritize applicants with less than \$100,000 in gross farm sales or who grow cannabis, hemp, and specialty crops.
- Purchasing farmland from family members is no longer eligible.
- Awards are valid for purchases that close within six months of approval, but applicants may apply for an extension to this deadline if they have a purchase agreement or are working with an approved technical assistance provider.
- More thorough information sessions, including a public four-part [“Buying a Farm” YouTube series](#) and awardee Zoom meetings and one-on-one phone calls to review grant timelines, expectations, and resources.

Additional review

In addition to the changes that have already been made, the MDA is reviewing feedback on the program, making improvements to supporting programs like the [Beginning Farmer Tax Credit](#) and [Farm Advocates](#), and considering more ways we can improve this new and first-of-its-kind state grant program.

At the MDA’s [Emerging Farmer Working Group](#) meeting on November 10, 2024, group members discussed whether the grant amount should be increased. Out of 17 responses, 12 group members wanted to see the amount increased above \$15,000 and five felt that the current amount is adequate. Those in the group who had previously received the grant said additional funds would allow more people to find land, especially land closer to the metro, which is often desired for its proximity to markets and other communities.

Awardee feedback

“Great help for beginning farmer trying to buy land.”

“[Consider] trying to develop a pool of landowners who are aware of the program and willing to sell small parcels of land to beginning farmers. We had many challenges finding available land - particularly, available small acreage land. We ended up having to buy a much larger parcel than we wanted / needed.”

“Prepare and educate the farmers on what to look out for when buying land.”

“The newsletters sent out are helpful notifying farmers of grant opportunities. The MDA’s web site is extremely user friendly and informative. The staff handling the grant are extremely helpful and take calls and answer calls back, along with email.”

Appendix A: Geographic Distribution

Table 3. By county, the number of awardees and farms bought with this grant.

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

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

Appendix B: Awardee Demographic Data

Table 4. Responses to question, "How many years have you been farming?"

Answer	Number responding
Less than 1 year	8
1 to 5 years	17
6 to 10 years	4
11 to 15 years	3
More than 15 years	1

Table 5. Responses to question, "Before buying land with the grant, did you rent farmland?"

Answer	Number responding
Yes	18
No	15

Table 6. Responses to question, for all respondents who answered yes to previously renting farmland. "Did you farm on an incubator farm?"

Answer	Number responding
Yes	1
No	17

Table 7. Responses to question, for all respondents who answered yes to previously renting farmland. "How often did you renew your lease?"

Answer	Number responding
Annually (1-year lease)	15
Every other year (2-year lease)	0
Every three years (3-year lease)	2
Long-term lease (4+ year lease term)	0
Other	0

Table 8: Responses to question, "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	14
Veteran	3
Person with disabilities	3
LGBTQIA+	0
American Indian or Alaska Native	0
Member of a community of color	2
Young (35 and under)	18
Urban	2

Table 9. Responses to question, "How do you describe your gender?"

Gender	Number responding
Man	19
Non-binary or gender-fluid	0
Woman	14
Other	0
Prefer not to answer	0

Table 10. Responses to question, "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	0
Black or African American	2
Latine	0
Person of color	1
White	30
Other	0
Prefer not to answer	1