



AGRICULTURAL
LAND MANAGEMENT
QUARTERLY

Website: agecon.unl.edu/landmanagement



Agricultural Land Management Quarterly Presenters

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Webinar Outline: Monday, May 20, 2019

- 2019 Nebraska Farm Real Estate Survey Preliminary Estimates
 - Agricultural land values & cash rental rates
- Landlord & Tenant Communication
 - Good communication for agricultural leases
 - Sharing information during the growing season
- Mitigating Flood Related Damages on Properties
 - Determining the extent of flood damages
 - Accounting for damages in lease arrangements
- Ask an Expert
 - Review of submitted questions
 - Upcoming land management workshops and publications



2019 Nebraska Farm Real Estate Survey Preliminary Estimates

PRESENTED BY JIM JANSEN

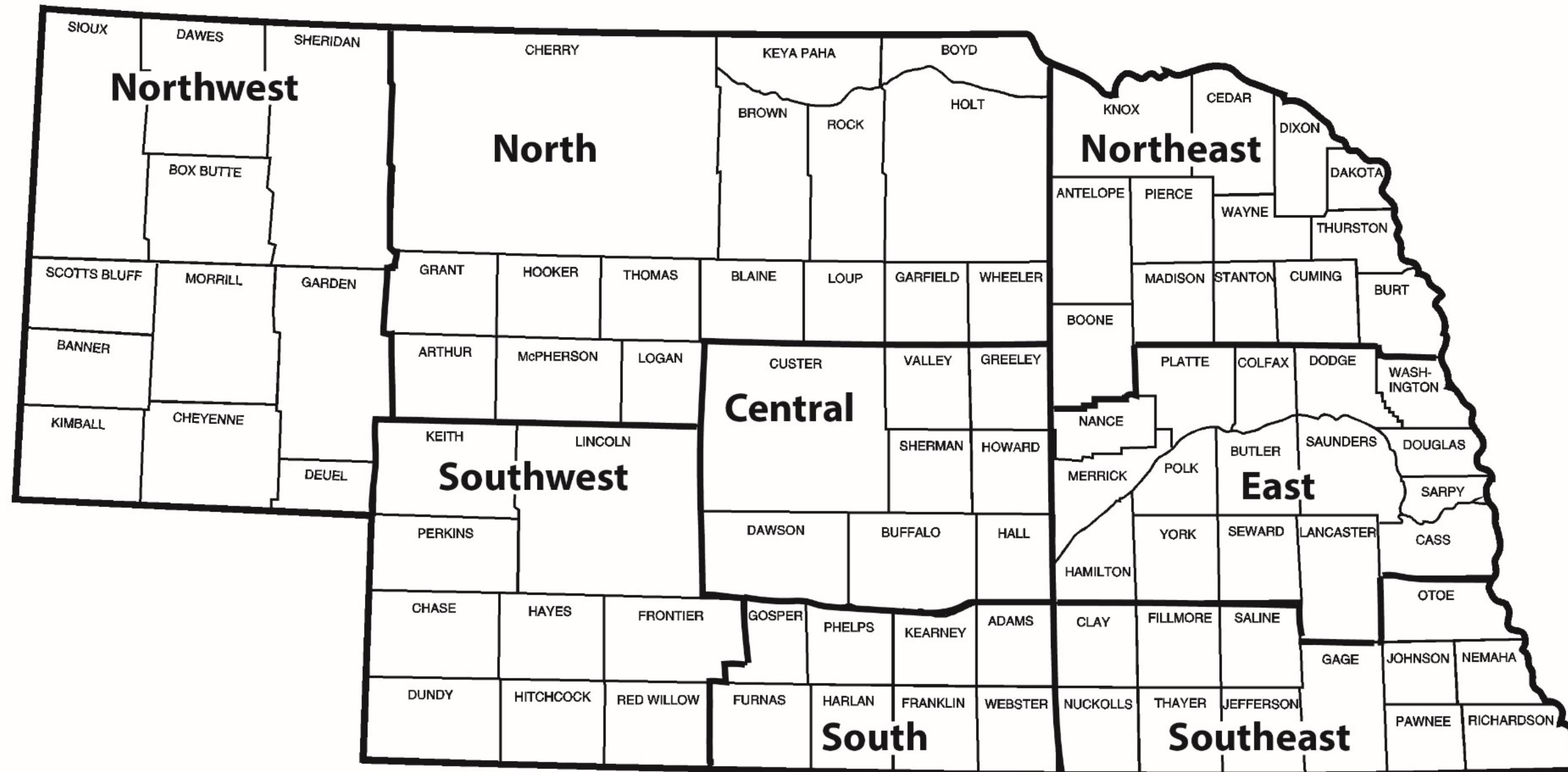
Nebraska Farm Real Estate Survey

- Annual survey conducted since 1978 of Nebraska agricultural appraisers, professional farm managers, and bankers engaged in the land industry.
 - Preliminary results for land values and rental rates published the second week of March.
 - Full report published in June.
- Nebraska Farm Real Estate website full access to these resources:
<https://agecon.unl.edu/realestate>



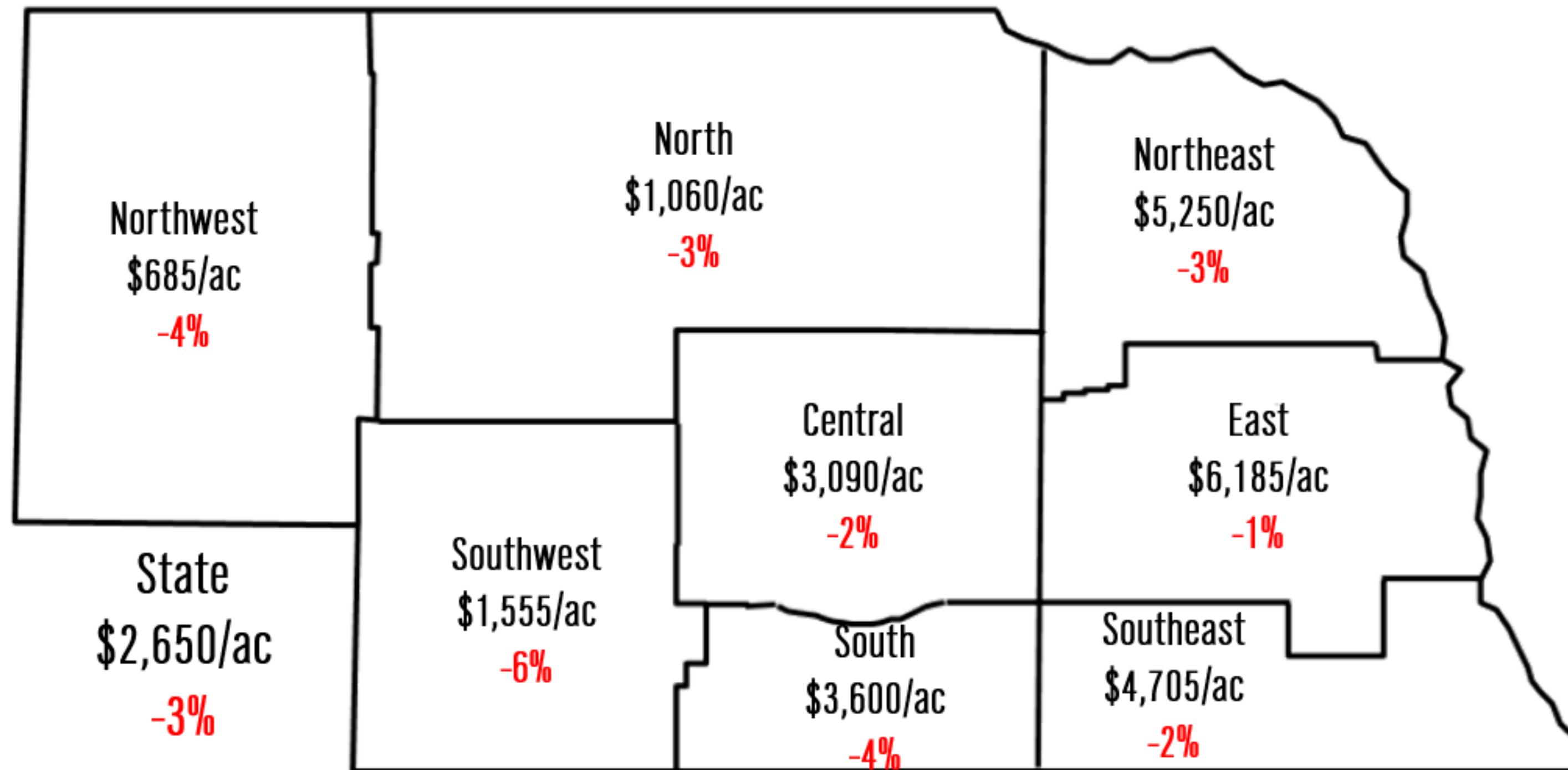
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Nebraska Agricultural Statistics Districts



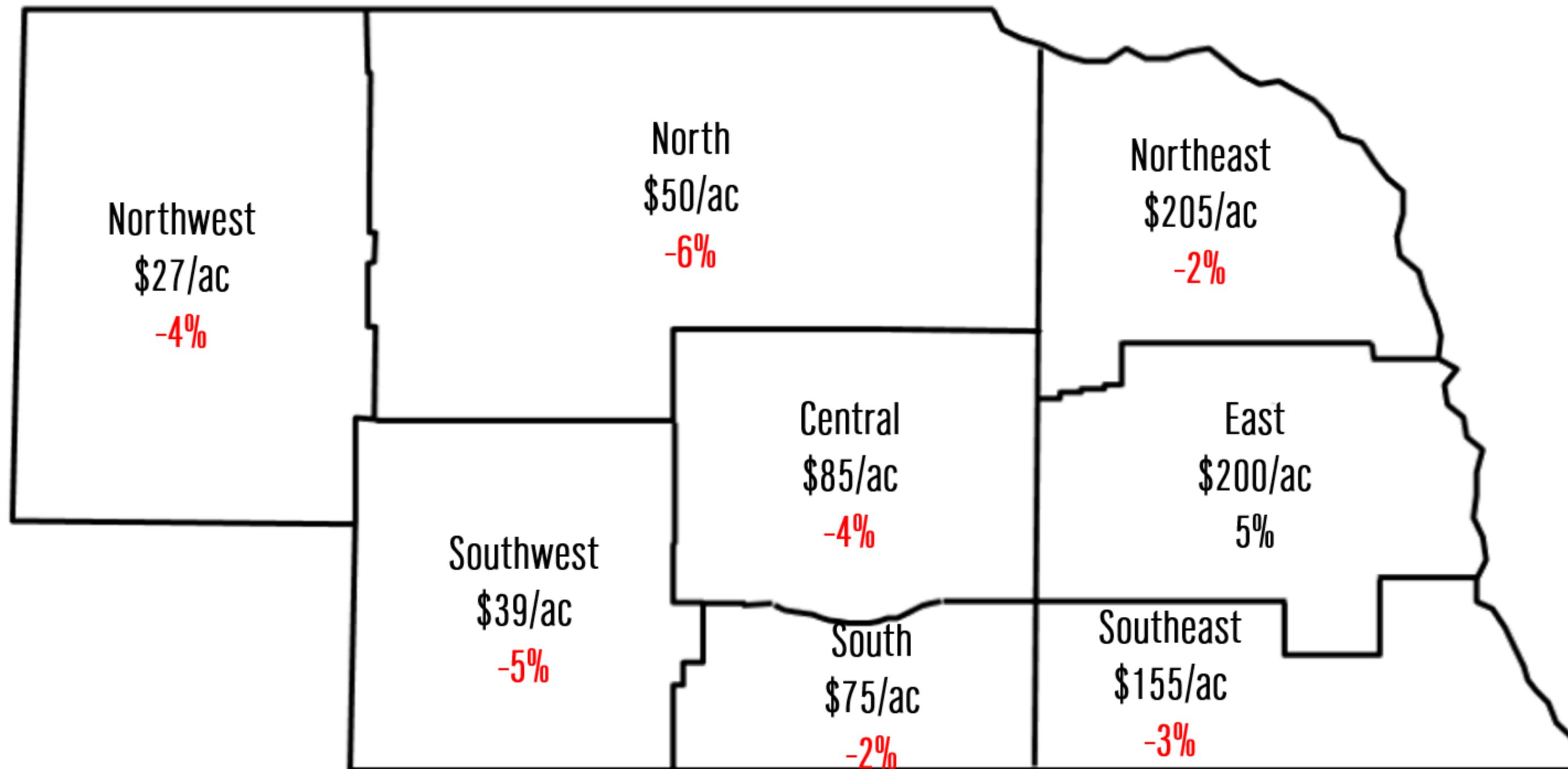
Nebraska Agricultural Average All Land values – Feb. 1, 2019

Preliminary Estimates



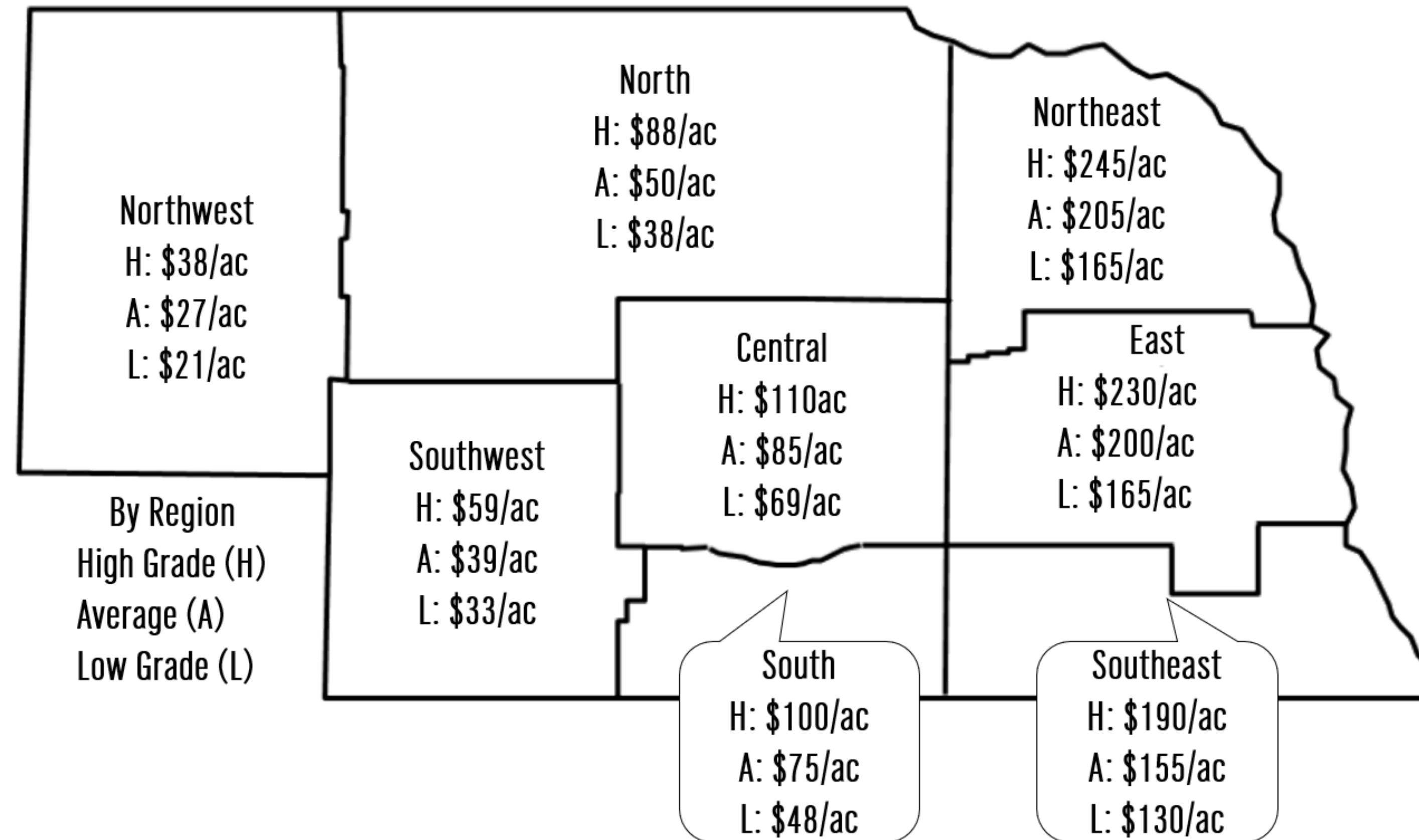
Nebraska Dryland Cropland Rental Rates – 2019

Preliminary Estimates

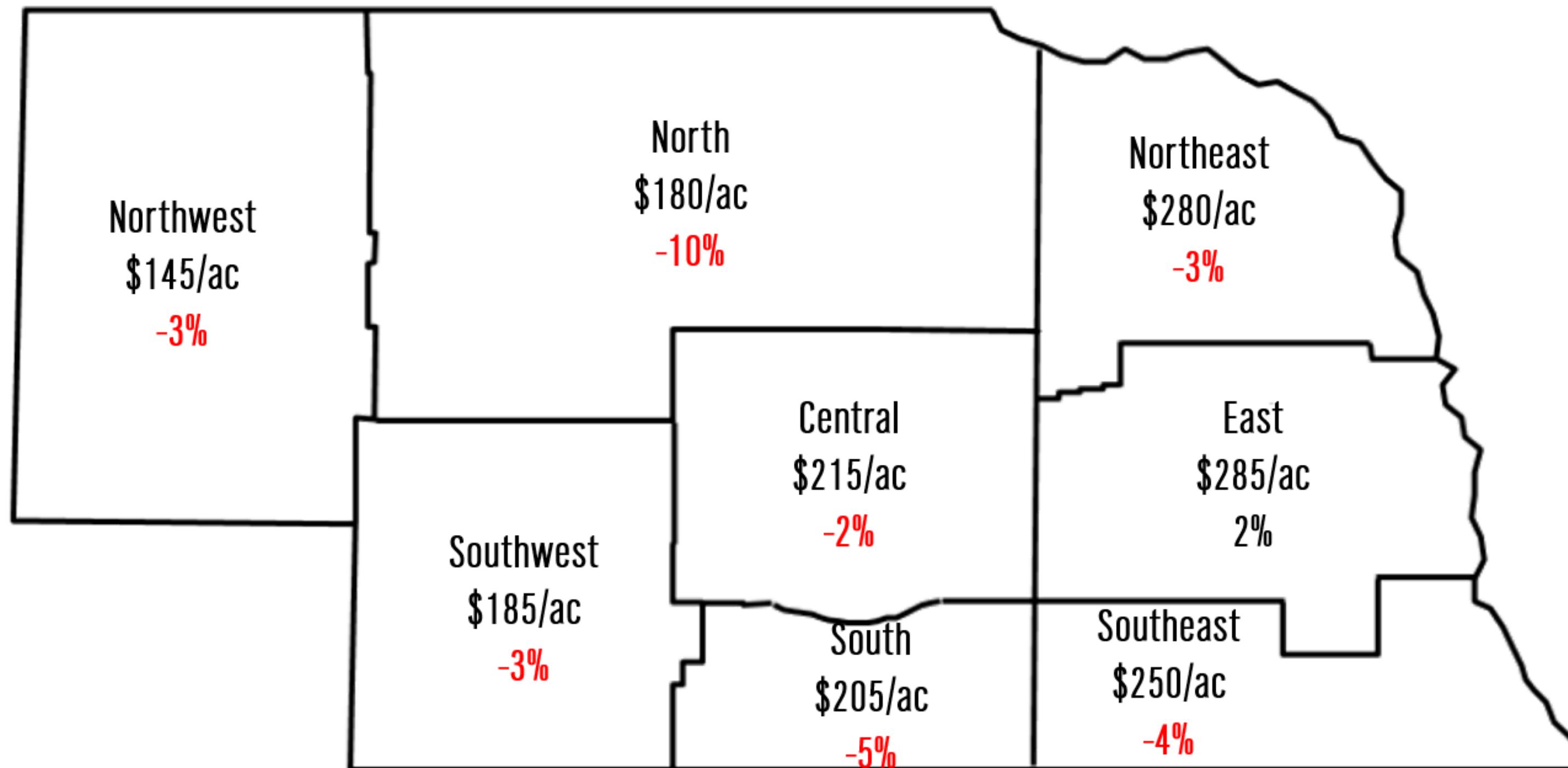


Nebraska Dryland Cropland Rental Rates – 2019

Preliminary Estimates

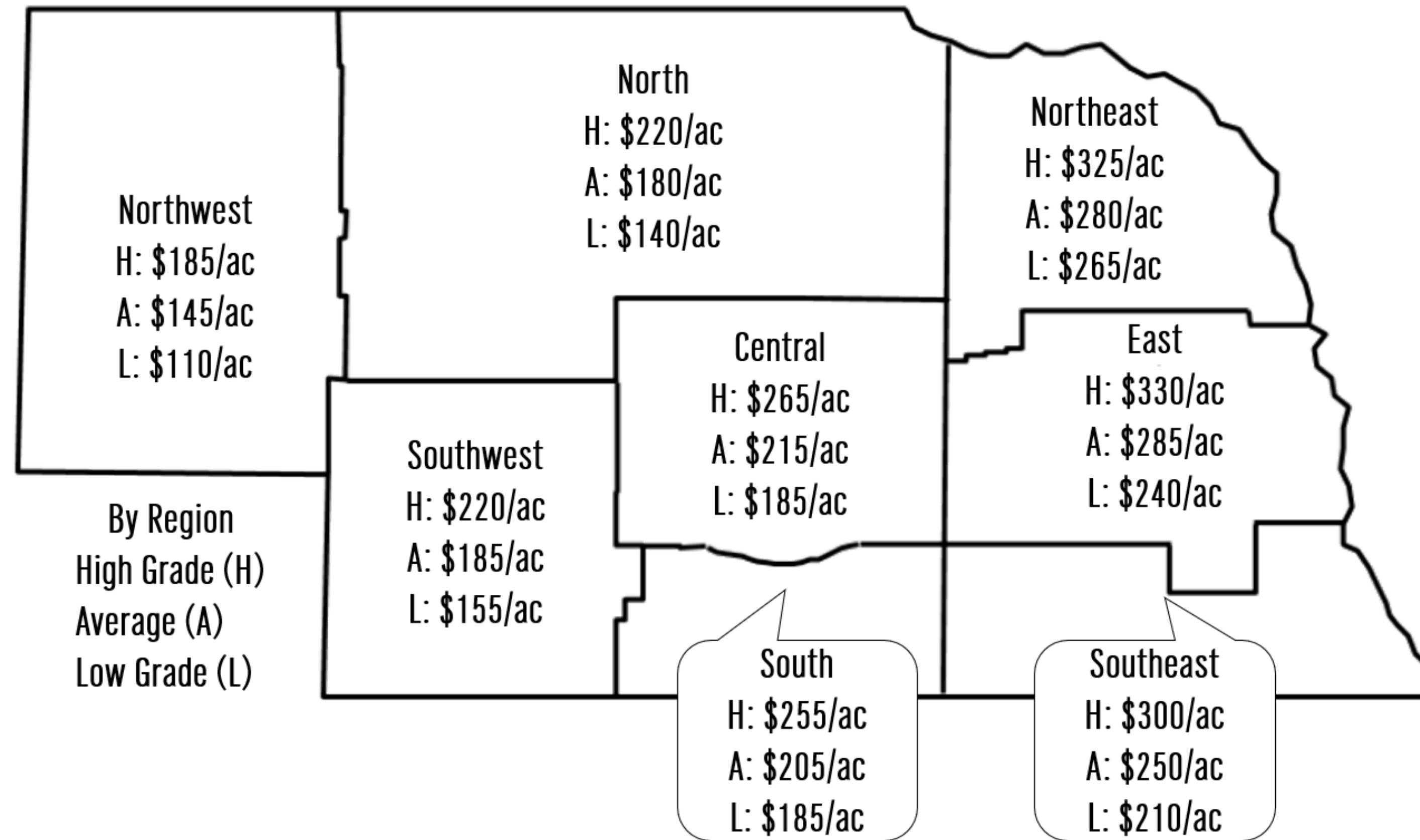


Nebraska Center Pivot Irrigated Cropland Rental Rates – 2019 Preliminary Estimates

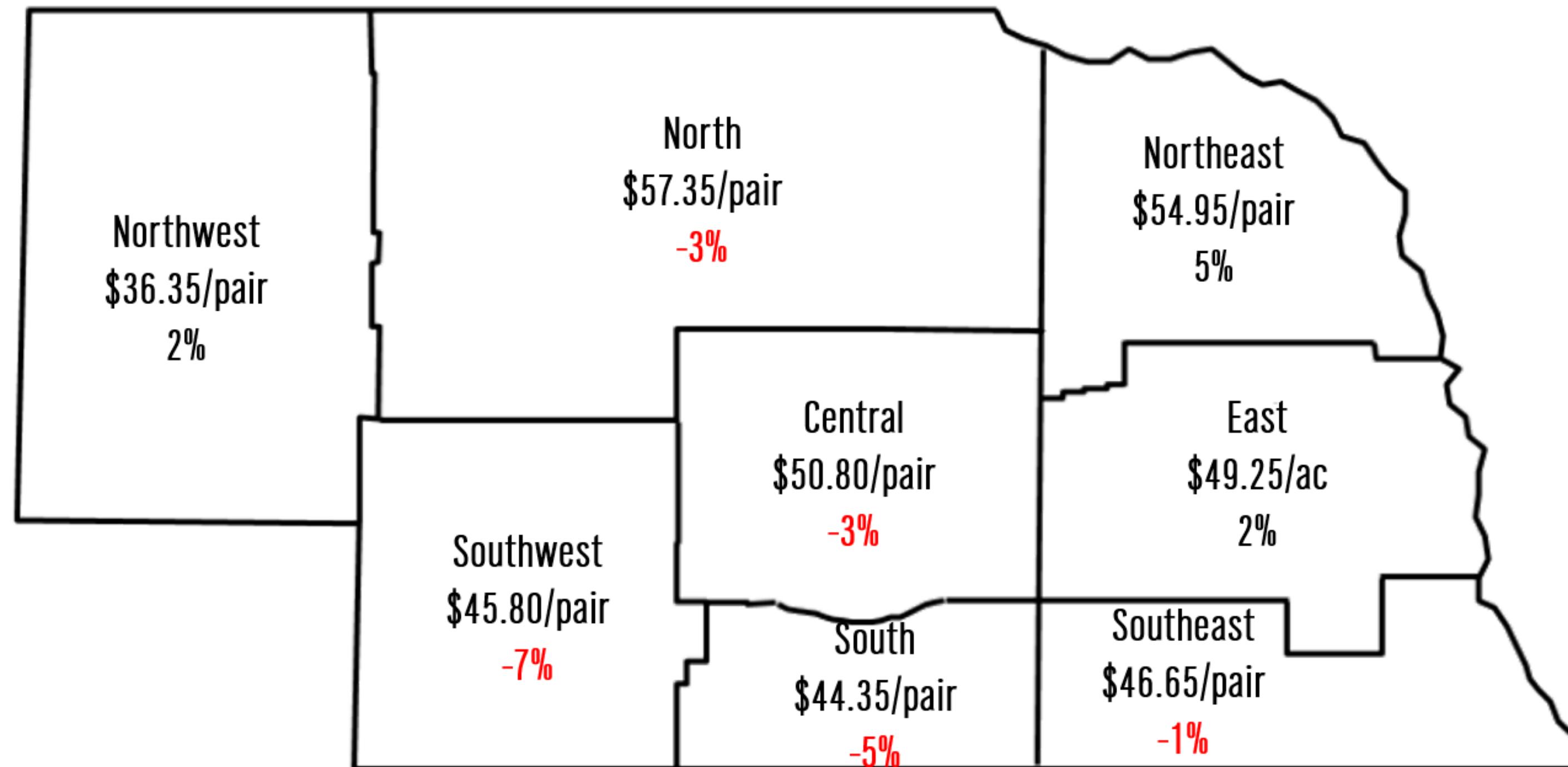


Nebraska Center Pivot Irrigated Cropland Rental Rates – 2019

Preliminary Estimates

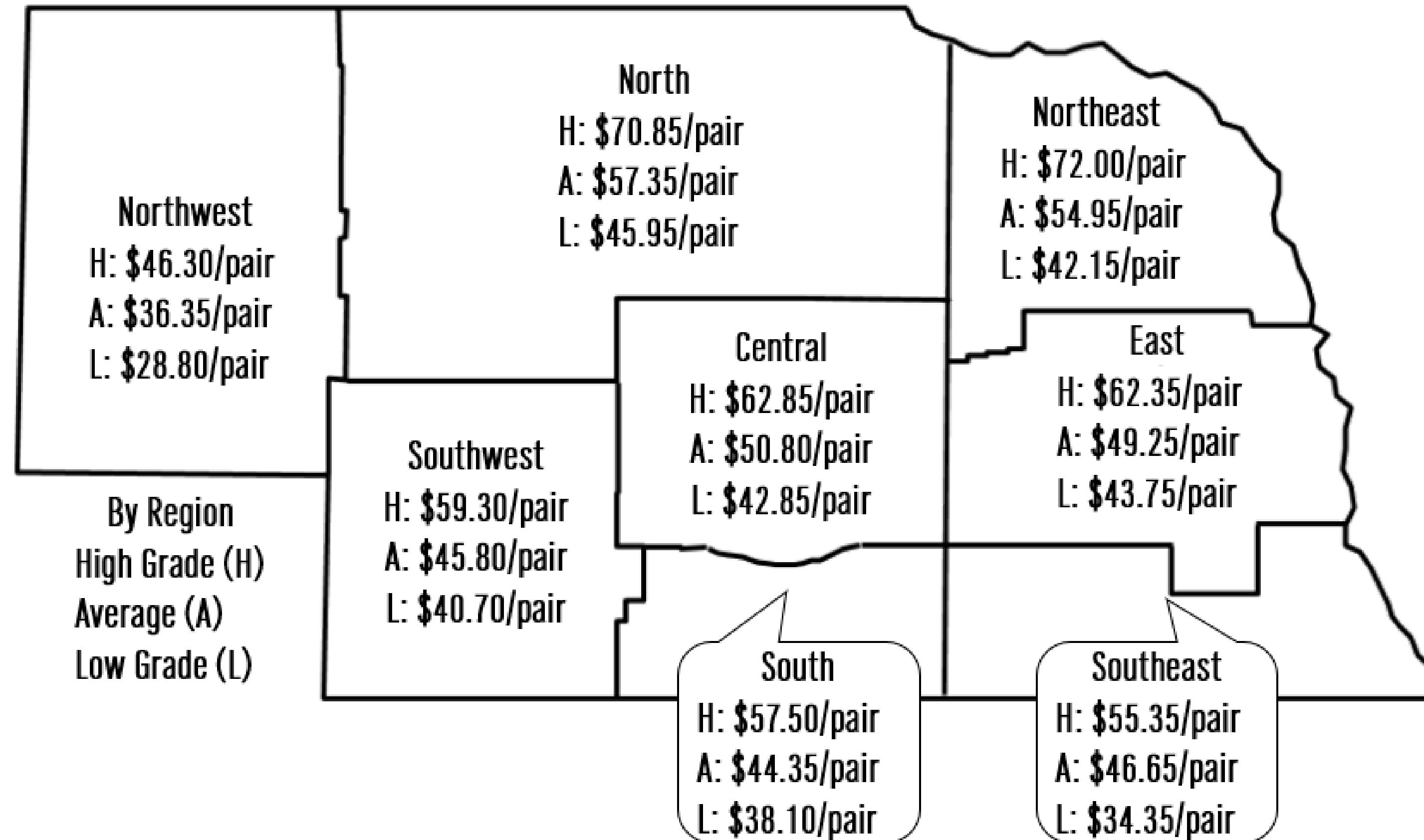


Nebraska Cow-Calf Pair Monthly Rental Rates – 2019 Preliminary Estimates



Nebraska Cow-Calf Pair Monthly Rental Rates – 2019

Preliminary Estimates



Landlord & Tenant Communication

PRESENTED BY ALLAN VYHNALEK



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Good Communication for Agricultural Leases

- Younger generations may need better communication than the traditional values of older generations
 - Intergenerational communication differences
 - Differences in values may effect terms of the lease
- Tailor the message appropriately to the other party:
 - Do not be intimidating or condescending
 - Use language both parties will understand
 - Show a true commitment to the land and other party



Sharing Information During the Growing Season

- Landlords:
 - When possible and permitted by the lease, consider making a property visit during the growing season
 - Drive around and inspect the land
 - Even consider getting out and walking the field (what issues are present this year?)
 - In many cases, let the tenant know about the property inspection or visit – no surprises for either party



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Sharing Information During the Growing Season

- Tenants:
 - Communicate with the landlord at critical times:
 - Key times during the growing season – i.e. planting or harvesting
 - Extreme weather related events
 - Types of updates
 - Phone call, email, or text messages
 - Send pictures via text or email
 - Maybe once per month
 - Engage landlords and make them feel like part of the process



Mitigating Flood Damages on Rented Properties

PRESENTED BY ALLAN VYHNALEK & JIM JANSEN



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Determining the Extent of Flood Damages

- When safe, both the landlord and tenant should consider inspecting the damage together
 - Document effects of the damage
 - Photos
 - Video Recordings
 - Third-party written statements (i.e. report from veterinarian reporting on death loss)
 - Report damage to appropriate USDA Service Centers or insurance companies
 - Seek out resources - website: <https://flood.unl.edu/>
 - A perfect solution may not exist for correcting the damages.



Determining the Extent of Flood Damages

- Assemble a plan for the parties, agencies, or insurance companies that may be providing assistance in the recovery
 - Parties involved might include
 - USDA-Farm Service Agency
 - Crop insurance agency
 - Private insurance company
 - Executing the plan
 - What will be the landlord's responsibility?
 - What will be the tenant's responsibility?



Determining the Extent of Flood Damages

- Types of ‘work’ that might need to be done to the land
 - Hard Work – may include picking up debris, repairing fencing, and correcting minor erosion or cornstalk issues
 - Heavy Work – may include the use of motor graders, excavators, bulldozers, and other heavy equipment to remove sand, fill-in-holes, and reshape the damaged land
- In many cases, the tenant may be willing to do a significant amount of this work, but have they been compensated?
- The responsibility for the heavy and hard work typically lies with the landlord, but agreements may be reached between both the landlord and tenant



Accounting for Damages in Lease Arrangements

- Any provisions listed in the lease related to delayed planting or weather related disasters must be followed
- Identify the portion of the property effected by the flooding
 - How will this effect the use of the property?
 - Maybe only a portion of the field might be unusable
 - How will this influence planting, spraying, or harvesting?
- Do flood damaged acres qualify for prevent plant with crop insurance or other disaster assistance?
- How will the rental rate for the land account for flooded acres, prevent plant, and disaster assistance?



Accounting for Damages in Lease Arrangements

- What type of lease exists on the property?
 - Cash Lease
 - Language contained in the lease needs to be examined. If the lease does not specifically address weather-related events prior to planting, the amount paid might vary.
 - Under contractual law, if an event renders the property unusable for the entire growing season, the tenant may have a case for vacating the premise and not making any lease payments for 2019.
 - Communication remains critical in identifying a mutually agreeable solution



Accounting for Damages in Lease Arrangements

- What type of lease exists on the property?
 - Crop Share
 - If the land lease arrangement is a conventional crop share, the rental rate may not need to be adjusted.
 - Under this type of lease arrangement production risk between the landlord and tenant are shared.
 - If the production varies, the amount received from a share varies based on production.
 - Disaster or crop insurance assistance would pay accordingly to the share of each party.



Accounting for Damages in Lease Arrangements

- What type of lease exists on the property?
 - Pastures
 - The amount of damage to the flooded pasture will likely determine if the rental rate should be adjusted.
 - In example, if the grazing season is 4 months instead of 5 months, the rental rate might be adjusted by 20%, which is the amount of the grazing season not utilized.
 - Hayland or Alfalfa
 - Share - landlord's rent will be reflected directly by the amount of hay or alfalfa produced
 - Cash rent - one might reduce the payment by the amount produced. If there is 20 percent less hay this year, then the rent could maybe be reduced by 20 percent.



ASK AN EXPERT

PRESENTED BY JIM JANSEN & ALLAN VYHNALEK



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Land Management Questions

- Question: Should a landlord compensate a tenant for his or her time and use of personal equipment in fixing flood related damages?
- Answer: Yes, a landlord might provide some form of compensation to a tenant for helping remediate flood related damages on the property.
- Types of compensation:
 - For an agreed upon rate: \$ per hour or \$ per acre
 - Discount off of current year's rent:
 - $2019 \text{ current cash rent} - \$ \text{ per acre discount} = \text{final rent}$
 - Higher compensation rates might be discounted off of multiple years of cash rent



Land Management Questions

- **Question:** Should an agreement between a landlord and tenant on restoring flooded land be documented?
- **Answer:** Yes, if you are modifying your rental agreement for 2019, please get these changes in writing and documented.
 - Stress may be high, you will want to make sure both parties are fully aware of what they are agreeing to in modifying the lease.
 - Consider attaching these changes as an addendum to the lease.



Land Management Questions

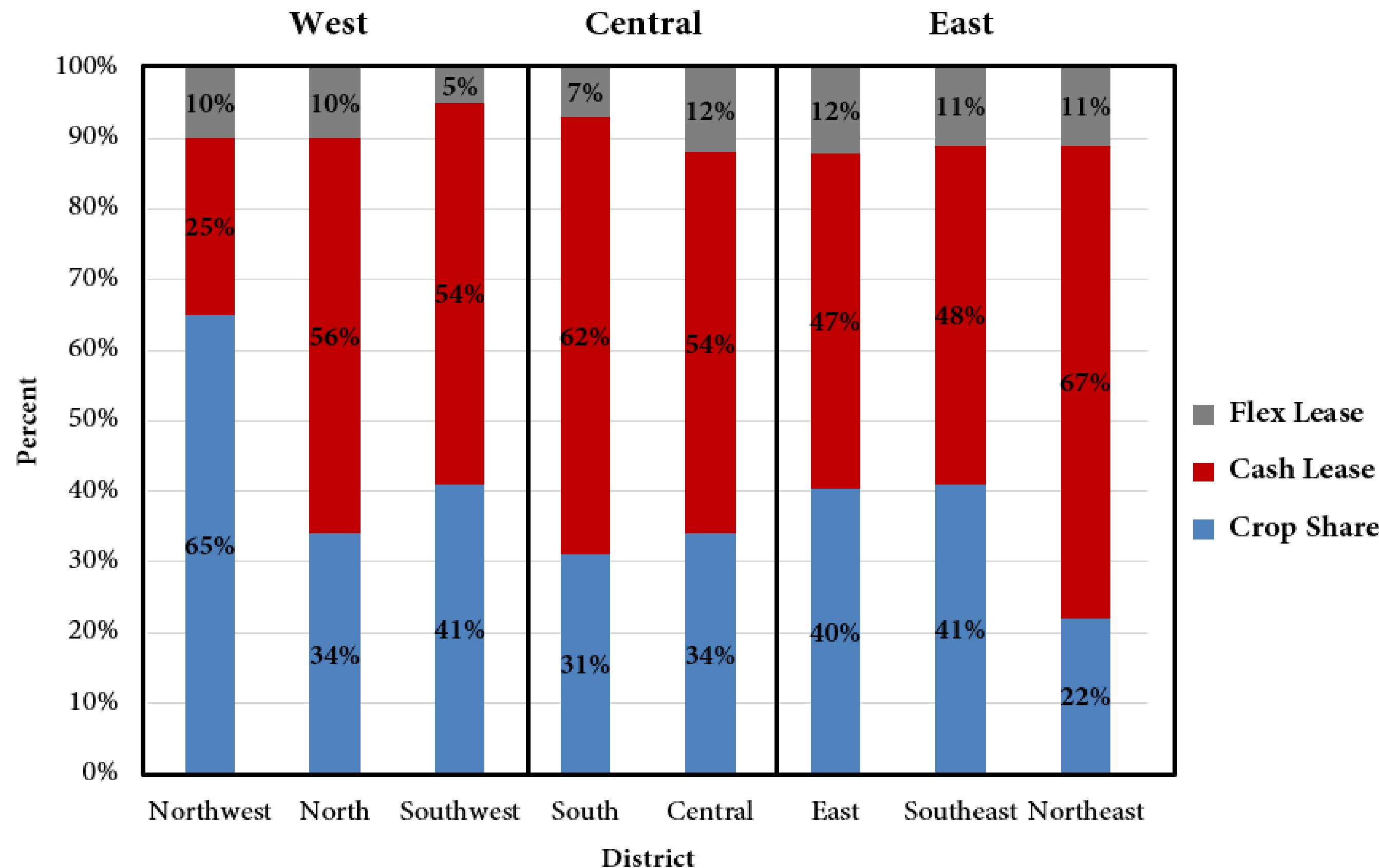
- Question: What percent of leases in Nebraska are crop share, cash lease, or flex lease?
- Answer: Chart on next slide.



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Land Management Questions

Cropland Lease Arrangements in Nebraska by District



Source: UNL Nebraska Farm Real Estate Survey, 2015



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Land Management Questions

- Question: Online participants may now submit their questions?
- Answer: Review of questions and answers will be based upon remaining time available.



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Upcoming Landlord & Tenant Cash Rent Meetings

- New Landlord/Tenant Cash Rent Workshop set to focus on land values & cash rental rates, crop budgeting & finances, and negotiation and communication issues
 - July 23, 2019 – Platte County, Columbus, 9:00 am. Ph: 402-563-4901
 - Aug 8, 2019 – Saunders County, Eastern NE Research and Ext. Center, 10:00 am.
Ph: 402-624-8030
 - Aug 9, 2019 – Dakota County, Dakota City, 10:00 am. Ph: 402-987-2140
 - Aug 19, 2019 – Howard County, St. Paul, 9:00 am. Ph: 308-754-5422
 - Aug 20, 2019 – Saline County, Wilber, 9:00 am. Ph: 402-821-2151
 - Aug 21, 2019 – Lancaster County, Lincoln, 1:00 pm Ph: 402-441-7180



Upcoming Webinar: Monday, Aug 19, 2019 at 6:30 PM

Topics:

- Nebraska Farm Real Estate Market Highlights
 - Final Nebraska land values and cash rental rates for 2019
 - Financial implications for changes in land values and cash rents
- Verbal and Written Leases
 - Proper methods for terminating a written lease
 - Considerations for 2020 leases
- Ask an Expert
 - Review of submitted questions and from meeting participants
 - Upcoming land management workshops and publications



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