

# Maryland Agricultural and Resource-Based Industry Development Corporation

Update for the FARM Policy Committee  
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**WEBSITE: [www.marbidco.org](http://www.marbidco.org)**



# “Mar\_BID\_Co”

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- ◎ Is a State-created **agricultural/rural business development financial intermediary organization** (serving all of Maryland)
- ◎ Established 15 years ago with a focus on food and fiber enterprise:
  - **Farming** (rural & urban)      - **Forestry**      - **Seafood**      - **Aquaculture**
  - **1,044 projects funded to-date** (with \$84.2 million - 90% for loans/easements)
  - **Helped 541 young or beginner farmers** (by providing \$59.1 million)
- ◎ We offer 15 financial programs today:
  - **Revolving real estate loans** (young/beginner farmers, vineyards, etc.)
  - **Grants** (value added, local gov't matching, aggregation, etc.)
  - **Specialty loans and grants** (programs funded by other agencies)
  - **Next Gen Farmland Acquisition** (beginner farmer & land preservation)



# MARBITCO Partners

- ◉ Commercial Banks & Farm Credit System
- ◉ State Agencies (MDA, DNR, MD Commerce, UM Extension, RMC, etc.)
- ◉ USDA (FSA/RD/NRCS, and other Federal agencies)
- ◉ Rural regional (tri-county) development councils (SMADC)
- ◉ Local economic development offices
- ◉ Farm and commodity groups
- ◉ Rural food/fiber industry associations
- ◉ Maryland Agricultural Land Preservation Foundation
- ◉ Foundations and local land trusts

# MARBIDCO Budget Items Approved for FY 2023

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**MARBIDCO's Core Programs** (level-funded) – \$2,300,000 (for loans mostly, but also funds small grants to farmers for cold storage equipment purchases, etc.).

**Next Generation Farmland Acquisition Program** (level-funded) – \$2,500,000 for both versions of the combination beginner farmer land access and farmland preservation program.

**Certified Local Farm Food Aggregation Grant Program** (level-funded) – \$435,000 for projects that support wholesale and institutional market development for locally grown food products.

COMING OUT OF THE PANDEMIC – **Livestock Processing Equipment Grant Program** (new funding) – \$500,000 for meat processing capacity enhancement at smaller USDA-inspected facilities. (MARBIDCO is also receiving \$500,000 in new funding for the **Maryland Wood Products Industry Equity Investment Program** as part of an effort to jumpstart the recent Maryland Forestry Economic Adjustment Strategy.)

**Maryland Watermen's Microloan Program** (new mandated program and funding) – for small loans to help generational watermen (and eventually beginner watermen) to purchase needed equipment.

(MDA) **MD Farms & Families Fund** (level funding)-- \$100,000 for the **Maryland Market Money Program**.

# Enacted Legislation of Interest in 2022

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- **SB 121** – Maryland Farms and Families Fund, Maryland Food and Agricultural Resiliency Mechanism Grant Program, and Maryland Farm-to-School Meal Grant Pilot Program // Increases funding for the MD Farms & Families Fund to \$300,000 beginning in FY 2024 and establishes the two new programs).
- **HB 540/SB 437** – Agriculture – University of Maryland Extension – Urban Farmer Assistance // Provides \$300,000 annually beginning in FY 2024 for two new urban ag extension agent positions: one for urban crop production research and another for urban farm business management.
- **HB 855/SB 942** – Agriculture – Urban Agriculture Water and Power Infrastructure Grant Program and Fund – Establishment // Provides \$500,000 in funding for four years beginning in FY 2024 for commercial urban farmers and nonprofit community gardens.
- **SB 378** – Tri-County Council for Southern Maryland - Funding for Southern Maryland Agricultural Development Commission // Continues funding for SMADC at \$900,000 through FY 2025.
- **SB 541** – Natural Resources – Maryland Park Service and State Parks – Alterations (Great Maryland Outdoors Act) // Among many provisions, accelerates Next Generation Program funding in FY 2024 at \$10 million.

*[DID NOT PASS – HB 1216 – Department of Agriculture – Statewide Urban Agriculture Grant Fund]*

# Popular MARBIDCO Programs for Young & Beginner Farmers

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- Maryland Resource-Based Industry Financing Fund (“MR BIFF”)
- Next Generation Farmland Acquisition Program (The Original “Next Gen Program”)
- Small Acreage Next Generation Farmland Acquisition Program (“SANG”)
- Maryland Urban Agricultural Commercial Lending Incentive Grants (up to \$10,000)
- Future Harvest Beginner Farmer Training Graduate Grants – Levels 2 & 3 (\$1,000 at first, then \$750 and \$500)

# Next Generation Farmland Acquisition Program

## “Next Gen Program”

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- ❖ A rapid-response, farmland conservation easement-option purchase program, designed to:
  - help qualified young/beginning farmers who seek to purchase farmland, but need some specialized financial assistance to enter (or continue in) the agricultural profession; and
  - effectively preserve the agricultural land from future development



# Rural Land Preservation Facilitation / Beginner Farmer Programs

## ◎ Next Generation Farmland Acquisition Program

- \$2.5 million starting in FY 2018 and continuing through FY 2027
- Mostly larger farms over 50 acres in size
- Funded thirty-one (31) Easement Option Purchases, to assist Next Gen farmers to purchase 3,200 acres of farmland

## ◎ Small Acreage Next Generation Farmland Acquisition Program

- For purchase of 10- to 49-acre farms
- Funded three (4) Easement Purchases assist SANG farmers to purchase 125 acres of farmland



Thanks for Listening!

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## **Additional Background**

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- **MARBIDCO's "Next Gen Program"**
- **Maryland Resource-Based Industry Financing Fund (MR BIFF)**
- **Maryland Urban Agricultural Commercial Lending Incentive Grant**

# The Next Gen Program

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## ❖ Target Audience:

- A “Beginner Farmer” is defined as one who:
    - Has not owned a farm or ranch (or currently owns less than 20 acres of ag land); AND
    - Has not operated a farm or ranch as a principal operator for more than 10 years; AND
    - Has at least one year of farming experience (or has completed a qualified farm management-training program that includes substantial fieldwork experience); AND
    - Expects to substantially participate in the farm operation on the subject property.
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## ❖ Target Farmland:

- The farm property must be eligible for the Maryland Ag Land Preservation Foundation Program (MALPF)
  - **Have a min. of 50 acres in size** (or contiguous), and 50% Class I, II and III soils.

# How Does the Next Gen Program Work?

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- MARBIDCO will pay up to 51% of the Fair Market Value (FMV) of the agricultural land only (with a cap of \$500,000)
  - The Program is designed to enable a commercial lender to also make a loan to help with the purchase of a farm (and a commercial bank or Farm Credit Association participation is required all Next Gen purchases)
  - The Next Gen funds will be provided as an equity down-payment at a real estate settlement
- In addition, as part of this process MARBIDCO will purchase an option to acquire the conservation easement (thus extinguishing the development rights during the option period)

# How Does the Next Gen Program Work?

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- The Next Gen Farmer will then have a period of several years to sell the permanent conservation easement on the farmland to a rural land conservation program (thus extinguishing the development rights on the property forever when that happens)
- If the Next Gen Farmer cannot sell the permanent easement within the specified timeframe, the purchase option will be exercised to grant the permanent easement to a county government, or a statewide or local land trust that is the default easement holder.

# The Next Gen Program Features

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## ❖ Maximum Repayment Amount:

- 100% of the original Next Gen Program permanent sale amount advanced, plus an administrative fee of 3%
- The Next Gen Farmer will retain the balance of permanent easement sale funds (if any)
- Can be less than 103% if new money not available

## ❖ Length of Time for the Permanent Easement Sale under the Option Contract:

- Up to 4 years (if a County is the default easement holder); OR
- Up to 7 years (if MARBIDCO designates the statewide or local land trust to be the default easement holder)

*NEW*

## SANG Program

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- “The Small Acreage Next Gen Program”
- For farm properties between 10 and 49 acres in size.
- MARBIDCO will purchase the permanent easement and assign the easement to be administered by MALPF, a county program, or a local land trust.
  - The Easement Purchase Price is determined on the number of development rights being extinguished and valued based on an appraisal (40% to 60% FMV, of the land only). The maximum easement purchase price is \$4,000 per acre.
  - Properties with zero development rights may now be eligible too (at 30% FMV, of the land only).

# NEXT GEN & SANG PROGRAM: Who To Contact?

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## • **County Ag Land Preservation Staff:**

- You will need to be in contact with your respective county ag land preservation administrator or designee to discuss the subject farm property (as this individual will assist in the application process)
- The County “make contact” deadline is 30 days (or longer) before the regular deadline

## • **Bank or Farm Credit Lender:**

- MARBIDCO encourages you to contact your commercial lender soon
- You will need to have a loan commitment concerning your farm purchase and have a clear idea of the Lender’s financing needs (Form 5 and commitment letter will be needed in the early fall)

## • **MARBIDCO Staff:**

- Your contact is *Allison Roe*, Financial Programs Officer, at [aroe@marbidco.org](mailto:aroe@marbidco.org) or (410) 267-6807



# Maryland Resource-Based Industry Financing Fund (MR BIFF)

MARBIDCO's "Workhorse Program" – with 235 loans since FY 2008

▶ **Offers low-interest loans for purchase of land and capital equipment**

- Initially, 3.00% APR for first three years, 4.00% for next three years, and 5.50% for the remaining term of the loan

▶ **Maximum loan amounts:**

- **\$300,000**/buildings or
- **\$600,000**/real estate purchases
- and up to **\$900,000** for a large project needing over \$3.6 million

▶ **Bank financial commitment:**

- A commercial lender and/or a partnering public agency must have an equal commitment in the project.
- **Usually, 60-80% bank / 20-40% MARBIDCO**

▶ MARBIDCO is in the **subordinate lien position (on the collateral security)** in most situations

▶ **Benefits:**

- Flexible loan terms to match and/or enhance commercial lender terms.
- Complements the financing offered by commercial banks by helping to make business "gap" financing both available and affordable. This is because MARBIDCO is lending money where a bank would normally expect to see a significant down-payment as "equity."

# Maryland Urban Agricultural Commercial Lending Incentive Grant

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- Helps **urban farmers** (on smaller lots) to start or expand their business operations.
- Designed to meet financing needs of urban farmers by providing an incentive for them to seek out commercial lender financing for the development or expansion of their enterprises.
- The maximum amount of the incentive grant is 20% of the project cost and 25% of the loan amount (capped at \$10,000).
  - Maximum grant amount: \$10,000
  - Minimum grant amount: \$1,000
  - Commercial Lender participation required