The Beginning Farmer/Rancher Program: Financing help for people who are putting food on Washington’s tables—and helping our agricultural economy continue to thrive

When I started this newsletter six years ago, my goal was to turn a spotlight on worthy endeavors and achievements in our state. I wanted to look outside the Commission’s walls, and share my view of the people and organizations that are helping to further affordable housing and build stronger communities. This issue is an exception: I’m focusing on a program that we at the Commission helped bring to Washington and are quite proud of.

As is true of every issue of My View, this story is about the strong partnerships that make the successes come so much more easily. The real focus of this issue, however, is on the farmers and ranchers we have the honor of meeting through this program. I’ll be talking about four of these amazing farm families in these pages. They are cultivating and preserving agricultural land so that all of us can continue to eat! No one works harder than they do.

The Beginning Farmer/Rancher Program (the “Program”) provides low interest-rate financing that helps people in this industry get off to a financially healthy start. Officially launched in 2008, it is aimed at helping Washington State residents who want to acquire agricultural land for the first time, will work it themselves—and need a hand in overcoming the huge barriers that producers face in getting started. It’s a small program; thus far, we’ve helped pave the way for affordable loans to 20 farm families. But there’s room for the program to grow, thanks to the Washington State Legislature and our partners, most especially, Northwest Farm Credit Services, the financial institution that makes the actual loans.
A legislative leg up for smaller producers

The Beginning Farmer/Rancher Program had its germination in a North Seattle pub. State Senator Ken Jacobsen, who retired this year after 28 years in the legislature, had long been a strong supporter of agriculture. After an agriculture summit sponsored by Cascade Harvest, where policymakers and farmers had been discussing what was needed in the region, Cascade Harvest Executive Director Mary Embleton sat down with Ken over a beer to talk about what the legislature might be able to do for smaller, beginning producers.

Cascade Harvest is an organization that is working to ‘re-localize’ the food system in Washington State by connecting food producers with consumers. “We just brainstormed a bunch of ideas,” Mary recalls. “Ken said, ‘Come talk to me after the first of the year and we’ll put something together.’ He drafted this thing. We found volunteers to help walk it through committees, and it passed!”

In the meantime, Ken had been looking for a bond issuer, and he gave me a call. He asked if the Commission would be interested, and the benefits were clear. We said, sure—we’ll do it. We helped run the bill that authorized the Commission to be the issuer of bonds to support this program. It passed the legislature in 2005.

Who will replace the current generation of older farmers?

Once the bill passed, there was much work to be done to build the Beginning Farmer/Rancher Program—and to find a lender. Tia Pechcheff, our Capital Projects Division Director, worked particularly hard on this program. She and her team spent two years in researching it and putting it together. “I believe that helping first-time farmers is one of the most important things that we can do today,” Tia says. She points to the average age of U.S. farmers, which is upwards of 55 years old. This is a concern brought up by many of those interviewed for My View: Who will replace these farmers? What can be done to encourage those who step forward, to help them succeed long term in what is, typically, a high-risk pursuit?

“Our new generation of farmers coming into the industry is incredibly creative,” Tia points out. “Farming is an art. Some of these small farms are planning five, ten years ahead. They’re entrepreneurs with very few resources. It’s a sector that’s very much overlooked. And I think that the more help that can be given to the nation’s young farmers, the better off we’re going to be in the long run. It’s just incredibly important to our food security.”

Tia gives tremendous credit to Northwest Farm Credit Services (FCS) as our lending partner in the program. “Northwest Farm Credit is a very good lender. They are making solid loans to beginning farmers.” They are a conservative lender, she explains, in that they scrutinize producers’ operations to help ensure that they can remain on a solid financial footing. Northwest FCS is cooperatively owned and governed by its farmer and rancher customers, and works with producers in Washington, Oregon, Idaho, Montana, and Alaska. And they have a social mission—their AgVision program, for example, helps young, beginning, minority, and small producers.

One of the reasons the Beginning Farmer/Rancher Program has been so successful has been Tia’s team’s hard work in partnering with other organizations to get the word out. “We used our marketing strategies that we apply to other programs,” says Tia, “to form partnerships with Northwest Farm Credit, with the USDA, with the state, to publicize the program. We put in a lot of our own resources, conducted
outreach campaigns, held workshops, and went out to talk to other organizations. It wasn’t just stuck on our website.”

That work paid off. The Commission’s involvement has meant that the Program has been able to reach a broad audience. We recently attended a workshop on Vashon Island organized by Cascade Harvest, attended by 250 young farmers.

Land access and financing are significant barriers

“We need as many tools to help beginning farmers as we can possibly get,” Mary Embleton says. Cascade Harvest has a matchmaking program called Washington FarmLink that links aspiring farmers with non-farming landowners who have available agricultural land. “We’ve got about 300 people enrolled that want to farm,” she says. “I would say land access is the most significant barrier for farmers today—that, and financing. Accessing farmland is so challenging—especially secure, affordable long-term access.”

Obviously, this is an industry whose newcomers face many hurdles, but we’re happy to report that the 20 farm operations financed through the Commission’s Program are staying in the black. The Program’s loans finance land, agricultural buildings, and equipment, and are being put to work all over the state—in ranches, organic farms, vineyards, orchards, hay and wheat farms, and a bee farm. The loans made available are often combined with other loans and grants, including USDA loans, to help make these beginning efforts as affordable as possible.

“We really enjoyed putting this program together—and have appreciated the opportunity the legislature gave us to do it,” says Tia.
Sage Shelton: In Ellensburg, timothy hay and wheat

Sage Shelton is 24. He grew up in Ellensburg. “My family has been farming and ranching in this valley for four or five generations,” he says. “This is what I’ve always wanted to do—what I always dreamed about.” He graduated from WSU with a degree in agriculture: “I was looking for a way to get my own land.” At the time his farm, a former dairy operation, came on the market, he and his father had been working together as a team doing custom combining and farming on land in the area.

Sage’s farm, acquired last November 16th, encompasses 120 acres in a broad pocket of land about 10 miles east of Ellensburg and just north of I-90. It’s a quiet valley, protected from the noise of the freeway by rolling hills—but not from Kittitas County’s trademark winds. Sage and his dad cultivated primarily timothy hay this past year, along with some wheat. They also ran cows—“about 30 cow-calf pairs. The market for cows was up this year. And the hay markets are staying pretty firm, the same with the wheat. We ran into a little bit of weather this fall, which made it tougher—it rained on the hay. You’re always optimistic for the next year.”

The photographs that were taken for these pages by the Commission’s Communications Director, Bill Wortley, caught Sage’s operation at the height of harvest season in early September. Broad swathes of yellow wheat stood out sharply against the bright green of the hay. Sage had been custom-swathing a nearby hayfield; he hadn’t been told that the owners were irrigating it and his swather got stuck.

“It was just another day,” he laughs. “It seems like every day you’re met with a different challenge. Some days when enough of those little things happen, it can get frustrating, but for the most part, it’s just part of the deal.” One of the things Sage loves about his work is that “You get to work through different situations every single day. You’ve got to make it through, whether it’s equipment breaking down or pumps not working and you’ve got to get water flowing again. You look forward to taking them on.”

Sage has his work cut out for him throughout this fall and winter. “We’ll be going strong. We’ve been renovating, cleaning up, tearing down old rusty corrals. We’re trying to till up 100 acres this fall. We’ll stay busy with that until the snow flies. It will go into wheat this next year.”

The land and barn he acquired with the help of the Beginning/Farmer Rancher Program have helped Sage to expand his operation. “It’s been great,” Sage says. “Without this loan program, it wouldn’t have been possible. You just can’t get commercial lenders to look at you when you’re just starting out.”
**Carrie and Ken Little: In Orting, an organic farm with big aspirations**

Carrie Little has been feeding people—lots of people—for decades. A self-described “garden freak,” she was the visionary behind the creation of Guadalupe Gardens on Tacoma’s Hilltop back in 1993. At the time she got her hands in the dirt there, it was a patchwork series of empty lots that she and other volunteers cultivated from scratch to build neighborhood pride and feed homeless and low-income people. It is now a thriving community-run land trust. Since 1999, Carrie has managed Mother Earth Farm, a flourishing eight-acre farm in Orting that funnels all its produce to the Emergency Food Network, Pierce County’s largest food bank. This year, Mother Earth produced 130,000 pounds of food.

In 2009, Carrie and her husband Ken, a former union carpenter, were presented with the opportunity to secure land of their own in Orting. It’s obvious that Carrie’s work with Guadalupe and Mother Earth has been very meaningful to her. But “to start building your own dream is something else,” she says—“what you want to weave into it.” Little Eorthe Farm, the farm she and Ken established in September 2009, will enable her to take her farming passions in new directions. At the same time, she and Ken are honoring the tradition of teaching the craft of agriculture by taking on interns at Little Eorthe. And they hope they can accomplish far more.

Little Eorthe’s story began when, several years ago, Pierce County officials were alerted to the fact that Orting Valley Farms, a 100-acre dairy farm that had been in operation for 45 years, was being put up on the block. To save this prime farmland from development, county and state funds were used to purchase a conservation easement with Pierce County, to ensure it remains an organic farm forever. These funds essentially meant that the land could be priced to its buyers as farmland—not broken up into residential lots that would have driven up the price. Orting Valley was divided into three organic farms. Two of these, the Little’s Little Eorthe, and Tahoma Farms, now owned by Kim and Dan Hulse, were financed with the help of the Beginning Farmer/Rancher Program.

**Getting the farm “out of the woods”**

For Carrie and Ken, lowering the price tag of the shy 35 acres they acquired made a big difference. “When people from Pierce County came to me about this opportunity, my first thought was, yes—but where on God’s green earth would we come up with the money? To be able to qualify for a low-interest loan was the only way we could have pulled it off. When we signed the papers we said, ‘Okay, here we go—sink or swim.’ We’re not out of the woods yet by any means. Yet it was a magical thing to happen.”

*Magical* is a fitting description for Little Eorthe. It sits at the south end of the fertile Puyallup valley, west of Mt. Rainier. A stream runs through the back of the property; the area is a priority habitat for a herd of White River elk. Ken spent a good part of this past summer putting up an elk fence around the farm’s arable land. He left plenty of room between the fence and the stream for the elk to be able to pass through and graze. On a chilly morning in mid-October, mist cloaked the fields and the wooded hills beyond the stream.

This past summer was Little Eorthe’s first growing season. Ken and Carrie and their two interns grew a plethora of vegetables to sell at two farmers’ markets. They put in berries and hops, got out two cuttings of hay, gathered honey, and continued the hard work of repairing and creating the farm’s infrastructure. They’re also raising turkeys, pigs, sheep, chickens, ducks, and alpaca. The makeshift sign on the road jests, ‘Wife Called Needs Eggs.’ Income from the farm thus far includes produce sales at the Proctor and Orting farmers’ markets and the weekly income they received from families who participated in their Community Supported Agriculture (CSA) program.* These families got back a big box of organic produce every week this season. The Littles are hoping to at least double their CSA membership for next season. “We’ll do marketing in January. And rest up a bit. God knows we’re all tired,” Carrie says. She’s still holding down her job at Mother Earth. Last summer, she’d do her Little Eorthe “shifts” at night and on weekends. “It was truly a challenge. And we’re very happy with what we’ve accomplished so far.”

---

* Community Supported Agriculture (CSA) is a great way for consumers to buy fresh local food directly from farmers—and support local producers. Typically, a certain number of “shares” are offered to the public, which consist of a weekly box of vegetables and/or other farm products throughout the season.
**Diversity is key to small-farm survival**

Carrie and Ken are convinced that diversity is the key to small farm survival—and that the value-added products they hope to add to their output in the future will enhance the farm’s financial stability. But that will take time—and money. They would eventually like to produce beer, for example, and farmstead cheese. This will require building a commercial kitchen. “That’s the way I believe we’re going to make it as a farm. Organic carrots and purple beans? It helps, but it’s only for the season, and the rest of the year you have to figure out how you’re going to survive.”

One of the programs Carrie established at Mother Earth Farm in recent years is a model program for the Washington Department of Corrections. Female inmates from the Purdy Women’s Corrections Center have been coming to Mother Earth four days a week to earn a certificate in organic farming. This is hands-on-in-the-fields work; a fifth day is spent in the classroom. The reduction in recidivism of women coming through the program has been remarkable. Carrie is well known in the community for creating ways to make Mother Earth “everybody’s farm”—from standing in food bank lines to ask people what they’d like her to grow, to inviting school kids and people from local companies out into the fields.

---

**CARRIE AND KEN LITTLE**
Owners of Little Eorthe Farm
Integrating these kinds of inclusive, people-nurturing efforts is a big part of the Little’s dream for Little Eorthe. “When wonderful enterprises and entrepreneurial opportunities are created, I see jobs created,” Carrie says. “Because of my relationship with the women from Purdy, I’m excited about the possibility of seeing some good jobs created at Little Eorthe. The experience they’ve had at Mother Earth has been transformational on so many levels. I would welcome these ladies who have gone through the program to come join us. They’re awesome people and they deserve a second chance. And if we can do that, and create some sustainable businesses that come out of the farm, all the better.”
In mid-October, the hayfields at Little Eorthe rest up for the spring. Beyond sits Ken Little’s elk fence.
The Favilla family: Organic concord grapes in Harrah

Although he grew up on a farm, Brent Favilla never planned on continuing the family tradition. He earned an accounting degree from WSU and after graduation, got a job as an accountant. “I lasted a year and a half,” he laughs. “I didn’t like sitting in a cubicle all day. In 2000, I went back to work on the farm.”

Brent and his wife Melissa live and work in Harrah, a small farming community about 30 miles southwest of Yakima. Grapes and hops thrive in this country with hot summers and a relatively long growing season. Brent farms both; he works in partnership with his brother working hops on his dad’s farm. He also manages his dad’s concord grape operation. “My dad has 112 acres of concord grapes that he started in 1990 in a partnership. When I came back to farming, I managed the grape farm. That’s what I really enjoy doing.”

In 2007, Brent was given the chance to work his own land. It was 40 acres planted with organic concord grapevines. “It’s an old vineyard, probably 40 years old,” he describes. “It was going downhill. The man who owned it tried some other crops, planted apples—that didn’t work. He was looking for someone willing to take it on, who was going to make it work. He didn’t want just anybody up there. His son told me about the property; he knew I would take care of the grapes.”

Brent began with a lease, and has painstakingly worked to make the land more productive ever since. At the time he started, the 40 acres were all in ditch irrigation. “I got a grant from the USDA’s EQIP Program to have sprinklers put into 90% of it in 2008. That really helped turn things around.” When he was ready to buy, he heard about the Beginning Farmer/Rancher Program. Although the owner of the land was willing to carry the loan, the more favorable terms of the Program’s loans meant that Brent could afford to make significant improvements to his operation. “It was a very good rate, and it helped me to plant and establish 10 acres of new vines,” he says. Much of the 40 acres was taken up by an old orchard that he has since pulled out. “I was able to plant all those, and to keep my payment about the same as it would have been if I had just bought it directly from the former landowner. It usually costs one or two thousand an acre to establish a vineyard, and I was able to incorporate that with the loan.”

Brent adds, “Without the program, I wouldn’t have been able to plant those new plants this year, which will really give me a boost. I’ll be harvesting those in two years. The older vineyard that I have now produces about seven tons per acre—the new plantings will give me 10 tons an acre right away. It will be a big help.”

Brent has no formal schooling in agriculture. “The grapes I learned by just doing research on my own—and mostly being out here. When I started working for my dad, I did everything—pruning, irrigation, fertilizing—then I got to harvest the same rows that I pruned. That’s the way I learned what works and what doesn’t.”

He and Melissa are raising their five children, currently aged two through 12, in this small community. “We live close to my farm, about a mile away, and the kids go to school in town. They ride the harvester all the time.” It’s clear in listening to Brent that he knows he’s made some great choices.
Aaron Otto and Kim Denend: Honey and value-added organic products in Deming

You might say that Aaron Otto and Kim Denend “fell into” farming. That was 15 years ago and they’ve been going at it with intelligence and passion ever since. Kim and Aaron leased land for their first 13 years in farming; in 2009 they finally secured the farm of their dreams, on 10 acres in Deming, east of Bellingham in Whatcom County.

It all got started when Kim was 24 and selling ice cream out of a three-wheeled ice cream truck in North Bend. “I used to trade ice cream for vegetables from a local producer. One day they asked me if I wanted to purchase their operation on leased land for $5,000. I went home and asked Aaron, ‘Do you want to be a farmer?’”

Aaron’s answer was yes. “I grew up wanting to farm, though both Kim and I grew up in the city,” he says. “They sold us the farm—all the equipment and the name. It was a fair trade.”

“But we didn’t know what we were doing at the time,” adds Kim.

Still, they made a go of it. Fifteen years ago, specialty produce was becoming a burgeoning niche industry in Seattle. “We sold our vegetables at the U. District market—all the markets, when things were just opening up. We grew organic foods, edible flowers, and also sold to high-end restaurants,” she says. Later on, they started working land outside of Arlington: 20 organic acres held in trust by Evergreen Land Trust since the 1970s.

“It hadn’t been well maintained,” Aaron recalls, “but we stepped in and cleaned the place up. This enabled other people to transition there as well. Now we’ve moved on but the land is still being farmed.”

“It was a nice stepping stone,” says Kim. “The rent was inexpensive. It needed lots of labor, but our costs were low.”

And therein lies the rub. What Kim and Aaron found from the start was that even with relatively low costs, the upside to growing vegetables on a small scale was slim. In their first year of farming, they sold about $12,000 worth, which was not enough to cover their costs. At one point they calculated that they were making approximately $1/hour for their labors. They were raising two young daughters—and they knew they had to come up with a better way to support their family.

Enter bee farming—and apiary-based products. “As farmers,” Aaron explains, “we started raising bees for pollination, and we really enjoyed that. We discovered some value-added products we could create from the bees—this has essentially become our business now. The beauty of this is that we can sell through the winter, versus being out of work for three or four months a year.”

Says Kim, “we were always growing herbs, and I created skin care products for myself. I have sensitive skin, and we expanded that …. Moon Valley Organics became our product line.” Aaron’s father, a physician, helped fine-tune the products, as did other specialists. “It has kept us going—it’s been our bread and butter ever since.”

Kim and Aaron have maintained a booth at Seattle’s Pike Place Market that sells Moon Valley honey and skincare products for the past 11 years. They also sell through regional distributors like Whole Foods and PCC.

Land they can call their own

By 2008, they were leasing yet another plot of land and successfully running a farm-based business, but they still didn’t have what they’d always wanted: land they could call their own. That fall, driving back from a vacation in Canada, they drove by an old dairy farm up for sale in Deming. “We said, ‘that’s the perfect place,’” recalls Aaron. The 10-acre property has a big restored barn that looks straight out of a bucolic fantasy.

It might not make great business sense to fall in love with a farm, but that’s what happened to Aaron and Kim, and they have made it work. Late 2008 of course was when the real estate market was in chaos. Aaron and Kim were able to ultimately close on the farm in January 2009. After that, it took about a year for the financing to come through, as Moon Valley Organics is not a typical farming operation. The wait, for Aaron and Kim, was a powerful lesson in the benefits of affordable financing. The Program’s loan has been “really helpful,” says Aaron. “For a farm, you’re walking in for a business or commercial loan—not a home loan. The interest rate is essentially double. That’s why farmers struggle with it. Our temporary loan was high. We had been paying rent on our former house, leasing land to farm, leasing factory space, paying a lot of money out.

“You might say that Aaron Otto and Kim Denend “fell into” farming. That was 15 years ago and they’ve been going at it with intelligence and passion ever since. Kim and Aaron leased land for their first 13 years in farming; in 2009 they finally secured the farm of their dreams, on 10 acres in Deming, east of Bellingham in Whatcom County.

It all got started when Kim was 24 and selling ice cream out of a three-wheeled ice cream truck in North Bend. “I used to trade ice cream for vegetables from a local producer. One day they asked me if I wanted to purchase their operation on leased land for $5,000. I went home and asked Aaron, ‘Do you want to be a farmer?’”

Aaron’s answer was yes. “I grew up wanting to farm, though both Kim and I grew up in the city,” he says. “They sold us the farm—all the equipment and the name. It was a fair trade.”

“But we didn’t know what we were doing at the time,” adds Kim.

Still, they made a go of it. Fifteen years ago, specialty produce was becoming a burgeoning niche industry in Seattle. “We sold our vegetables at the U. District market—all the markets, when things were just opening up. We grew organic foods, edible flowers, and also sold to high-end restaurants,” she says. Later on, they started working land outside of Arlington: 20 organic acres held in trust by Evergreen Land Trust since the 1970s.
get a low interest rate. So now, even in a bad economy, we’re making a living.”

With their own land, Kim and Aaron are able to fully pursue their interest in sustainable practices. In addition to honey and the beeswax and herbs they use in their organic skincare products, they grow vegetables, and raise ducks, sheep, pigs, and a few chickens. “It’s all based on permaculture principles,” Aaron says. “Whole system practices excite us. It’s the concept of bringing all these pieces together and being self-sustainable.”

And, at the end of the day, they both agree—it’s a good life. “It’s really busy and we work really hard,” Aaron sums up. “We get nice and tired every day. The food is good, the company is good, the people who work for us feel good about what they’re doing. It’s something real.”

KIM DENEND AND AARON OTTO
Farmers and owners of Moon Valley Organics
Aaron and Kim have been selling their products at their Moon Valley Organic booth in Seattle’s Pike Place Market for more than a decade.
Northwest Farm Credit Services: Helping secure agriculture’s future

As I mentioned earlier, our terrific lender partner with the Beginning Farmer/Rancher Program is Northwest FCS. We’ve valued the industry knowledge and enthusiastic support of Wendy Knopp, Vice President, AgVision at Northwest FCS. “We responded to the Commission’s proposal for the Program because it works very well with what we are trying to do here at Northwest FCS through our AgVision Program,” Wendy says, “to serve young, beginning, small, and minority producers.”

As were our state legislators in passing the bill to make the Program possible, Northwest FCS is committed to helping next-generation producers get off to a solid start. “We’re very passionate about this as an organization,” says Wendy. “Our goal is that these customers are going to be successful producers in the future. The directors on our board are also our customers. So we look to these AgVision customers as, hopefully, our future directors and local advisors in our branch offices. It’s the support from our senior management and our board that’s allowing us to make these low-interest loans. This is a program that they truly believe in.”

Fundamental to the success of the Program is the scrutiny that its participants receive. “We have to make sure that we’re making good lending decisions,” says Wendy. That’s where Relationship Manager Francisco Martinez comes in. Francisco, based in Yakima, has worked as a loan originator with many of the farmers and ranchers who have secured loans through the Program.

“These beginning farmers are the future of agriculture,” Francisco says. A big part of his role is in helping make sure that future stays bright. “We’re building a relationship with the customer, so it’s not like, ‘Here’s your loan and you’re off on your own.’ I’m going to be touching base with them every six months to a year to see their progress. We’ll go over financial information on their operation.” It’s not advice, he explains, so much as, “this is something you need to be aware of as you take your next step.”

Agriculture, like every industry, has its downturns, and producers have to position themselves so that they can make it through a bad year—and hang onto their farms. “To me, it’s a huge success that the state is trying to help a lot of these beginning farmers with a low interest rate,” says Francisco. “Less interest expense helps those margins, and helps them to move forward.”
The Washington State Housing Finance Commission is a publicly accountable, self-supporting team, dedicated to increasing housing access and affordability and to expanding the availability of quality community services for the people of Washington.