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Free Land!

Cheryl A. Burkhart-Kriesel

University of Nebraska - Lincoln, cburkhartkriesel1@unl.edu

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CORNHUSKER ECONOMICS

Free Land!

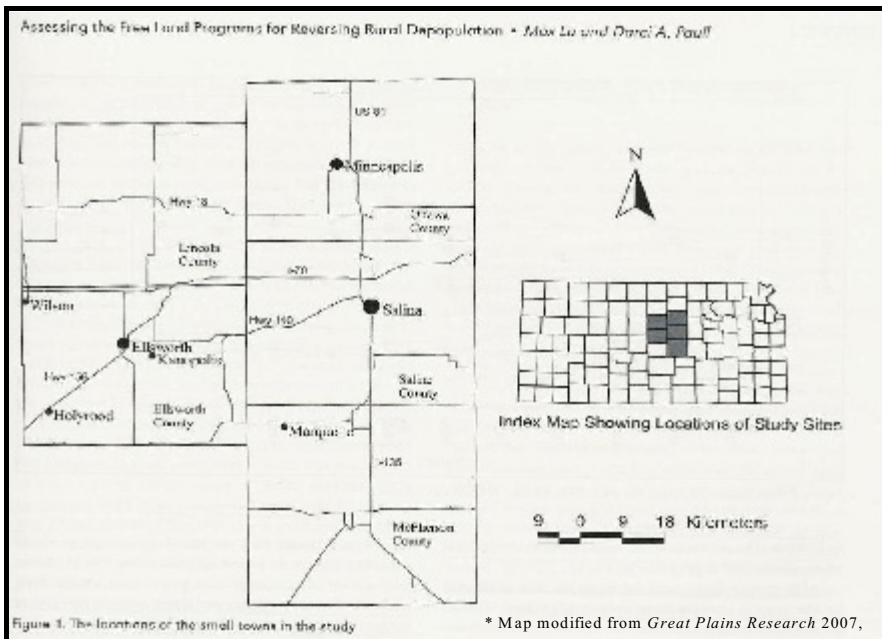
Market Report	Yr Ago	4 Wks Ago	5/11/07
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	\$78.43	\$98.33	\$96.51
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb	126.85	127.05	129.80
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb	101.99	110.33	113.82
Choice Boxed Beef, 600-750 lb. Carcass	146.29	168.89	160.08
Western Corn Belt Base Hog Price Carcass, Negotiated	66.13	65.29	69.46
Feeder Pigs, National Direct 50 lbs, FOB	52.10	70.88	69.38
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean	68.90	66.98	76.93
Slaughter Lambs, Ch. & Pr., Heavy, Woolled, South Dakota, Direct	72.00	88.50	*
National Carcass Lamb Cutout, FOB	210.25	244.27	245.82
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu	4.36	4.61	4.51
Corn, No. 2, Yellow Omaha, bu	2.19	3.42	3.41
Soybeans, No. 1, Yellow Omaha, bu	5.66	6.78	7.11
Grain Sorghum, No. 2, Yellow Columbus, cwt	3.27	5.50	5.38
Oats, No. 2, Heavy Minneapolis, MN, bu	2.21	2.82	2.65
<u>Hay</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton	130.00	135.00	135.00
Alfalfa, Large Rounds, Good Platte Valley, ton	65.00	92.50	92.50
Grass Hay, Large Rounds, Good Northeast Nebraska, ton	55.00	90.00	90.00
* No market.			

Yes, that was the slogan used with the Homestead Act of 1862. But it has now taken on a slightly different meaning. The phrase “free land” today means free residential lots available to anyone pledging to build a new home in selected communities. As an incentive to entice new residents to repopulate areas of the Great Plains, this is a new and intriguing strategy.

Free land programs are available in most Great Plains states, from North Dakota to Texas. Kansas was one of the earliest states to get involved in the program, when one community in Central Kansas began offering free home lots in 2000. Nebraska also has several communities currently using this tactic (<http://www.nlc.state.ne.us/bestofweb/freeland.asp>).

So what happens when a community gives residential lots away? Does it work? Do people come? Is it cost effective? I was not sure anyone had good answers to these questions until now.

In a recent article in *Great Plains Research* (Spring 2007, pp. 73-86), researchers M. Lu and D. Paull posed this question, “What is the initial performance of the free land programs being offered in Kansas and what factors have influenced the new residents’ decisions to migrate to communities offering free land?” Because Kansas had been one of the earliest states to adopt this practice, six communities in Central Kansas were chosen for the study, Ellsworth, Holyrood, Kanopolis, Marquette, Minneapolis and Wilson (see Figure 1 on next page). Based on the 2000 Census, the population of the six towns ranged from 460 people in Holyrood to 2,946 in Ellsworth. All of the communities were located within an easy hour drive of Salina, a trade center of over 45,000 people. Two of the communities have had a slow growth or stable population trajectory while the four smaller communities have steadily lost population since the 1930's. The free land programs not only gave away land, they also each packaged the promotion with a variety of other incentives such as tax rebates, contacts for job placement, home financing, low cost installation of utilities to the site, utility hookups and building permit fees waivers, down-payment assistance, and free golf, swimming passes, and even free Internet for one year. Each community set up a unique incentive package to make themselves attractive to new residents.



Due to the small number of communities participating, typical quantitative survey research was not appropriate because of the lack of sufficient data needed to complete statistical analysis. Instead, the data was gathered using qualitative open-ended in-depth interviews with nine new families who took advantage of the program. Four of the families came from other places in Kansas and five families were from out of state. They ranged from families with young children to retirees. Also interviewed were the three local program directors. With such a small sample size, it is important that the results of this study are interpreted carefully and that generalizations are not made. However, the personal stories behind the decisions to move help us to better understand the push and pull factors affecting relocation decisions when free land is used as an incentive.

How Successful were the “Free Land” Programs?

As of October 2005, when the interviews were conducted, 27 of 33 available home lots in Minneapolis had been given away, as were all 80 lots in Marquette. In Marquette, six reserved lots became available again due to construction challenges in November of 2006. More than 100 people had relocated in Marquette, including more than 30 children. Although some people came to these communities to get a free lot to build on, most found it easier to buy an existing home. In Ellsworth County 122 new residents had been brought in by the program including 55 people from out of state.

The influx of new residents also brought some added benefits, according to the interviews:

- several new businesses as well as new ideas to the community,
- an improved positive (growing) community atmosphere that inspired long-time residents, and
- an increase in the ethnic diversity of the local population.

What Were the Push-Pull Decision-Making Factors for New Residents?

1. Free land and other incentives were not enough to get people

to trigger migration, but they were enough to change destination choices. All nine couples were previously considering a move prior to them finding out about the free land offer.

2. Free land and other incentives were enough to make them consider a move to Central Kansas. This was especially true for out-of-state families. This is a real benefit to the state - people were not just moving from one small town to another within Kansas.
3. Proximity to Salina was not mentioned by any of the families as an important consideration to move. This is in contrast to what all three program directors had presumed - the short driving time to a larger city would be a key criteria in the location decision-making process for new residents.
4. Key decision-making factors for the new residents were the desire for an improved quality of life (especially improved education for their children); reduction in the day-to-day

traffic found in larger cities, and the Southern Great Plains climate (new residents from California felt moving to a Northern Great Plains state would be too drastic a climate change).

How Does this Study Relate to Nebraska?

What happens in Kansas could very well happen in Nebraska - our similarities outweigh our differences. However, since Kansas was one of the first states involved in this kind of program, they benefitted from a great deal of national publicity which undoubtedly helped their effort. As one program director mentioned, their biggest surprise when they decided to give away free lots was:

“... just the sheer number of people. Like after the first CBS special we had 450 phone calls the next day. You just picked up the phone and said what’s your name, you didn’t have time to say hello. The sheer volume of people and the fact that so many people want to get away from where they are living.”

Undoubtedly there are challenges with this kind of program at the community level - nothing is perfect. But a closer look at how communities can provide incentives to new residents might be something worth exploring further.

Reference:

Lu, M. and D. Paull, 2007. Assessing the free land programs for reversing rural depopulation. *Great Plains Research* 17:73-86.

Cheryl Burkhart-Kriesel, (308) 632-1234
 Extension Specialist, Community Development
 Panhandle Research and Extension Center
 cburkhar@unlnotes.edu