

# VALLEY COMMUNITY LAND TRUST

"In Land We Trust"

Fall 1990 Newsletter

## Affordable Leaseholds

For the past several years there has been a strong desire within the VCLT to expand by purchasing more land to make more leaseholds available. A significant factor with regards to land purchase decision-making for VCLT is how high the lease fee will need to be to finance the purchase. This factor has become more critical since VCLT last purchased land because of elevated prices in a speculative land market.

The price of a parcel of land that VCLT purchases, as well as the amount of interest it must pay, bears a direct relationship to the lease fees that will be required. The three parcels of land VCLT bought in the late 1970's and early 1980's have lease fees that are designed to pay back the money borrowed to purchase these parcels over a 25 year time period. The Land Trust has accomplished this through the creation of a Loan Fund which, on a continuous basis, accepts and repays long and short term low or no interest loans from private individuals. The original cost of the land added to the interest paid on loans to purchase the land is referred to as the "principal and interest" and becomes the largest of three segments of the lease fee. The local town land taxes (taxes on buildings are paid directly by the lessee) and a small administrative fee comprise the other two segments of the lease fee.

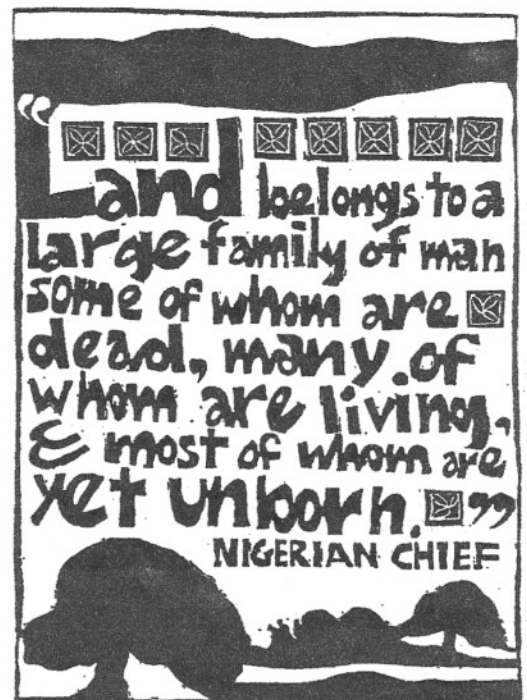
VCLT's parcel of land on Shelburne Line Road in Colrain serves as a good example of how lease fees are determined. These 68 acres of land, bought in June of 1979, cost the Land Trust \$51,000.00. After the existing house and barn were sold to lessees, the amount left for VCLT to finance was about \$34,000.00. This money was raised through low or no interest loans and through donations. The principal and interest portion of the monthly lease fee for the four leaseholds on this parcel averages only \$44.00 per month. With town land taxes and VCLT's administrative fee (\$5/month) added, the average lease fee on this parcel is about \$70.00 a month. What is significant in this situation is that the cost of each housesite was only \$8,500.00, and the average interest on the money borrowed to buy the parcel was only 2.2%. Because of this a group of lower income lessees were able to put their limited resources into housing instead of high lease fees.

If VCLT wishes to duplicate this beneficial situation it has created for its present lessees, then it will have to be careful and creative when acquiring new land. For example, if the previously described Colrain land required \$70,000.00 worth of VCLT financing, and if VCLT was able to arrange financing at 5% interest the resulting lease fees would be about \$200.00 a month per leasehold. The selling price and interest rate in this example would still be an impressive bargain in today's market.

\$100.00 or less monthly lease fees are probably unrealistic today. If VCLT purchased land at current market prices (\$20,000-\$40,000 housesites) then lease fees would begin at about \$250.00 per month, assuming bargain financing, and soar upward. One of VCLT's goals is to facilitate affordable housing and affordable access to agricultural land. Obviously we can't do this if we buy land at current market prices and finance at normal interest rates.

The key for VCLT to purchase land in a manner that results in affordable lease fees is donations. Since interest on money borrowed by VCLT has an enormous impact on lease fees, VCLT needs low or no interest loans. Obviously, donations in the form of monetary gifts will decrease the amount of principal added to the lease fees. Finally,

*continued page 5*



## The Land Question

Henry George (1830-1897) devoted much of his life to the study of economic and social questions, and concluded that private ownership of land, or at least land monopolization, was at the heart of society's ills. He is probably best known for the book *Progress and Poverty*, in which he advocated the single tax—the full value of land—as a way of abolishing great disparities in income without appropriating the land, by dividing the income from the land.

These excerpts come from *Little Blue Book No. 638*, copyright 1924 by Haldeman-Julius Company; it is a reprint of an address made by George in 1885 in Burlington, VT, *The Crime of Poverty*.



*“Robinson Crusoe, as you know, when he rescued Friday from the cannibals, made him his slave. Friday had to serve Crusoe. But, supposing Crusoe had said, ‘Oh, man and brother, I am, very glad to see you, and I welcome you to this island of mine—and, of course, as I can do as I please with my own property, you must not use it save upon my terms’, Friday would have been just as much Crusoe’s slave as though he had called him one. Friday was not a fish, he could not swim off through the sea; he was not a bird, and could not fly off through the air; if he lived at all, he had to live on that island. And if that island was Crusoe’s, Crusoe was his master through life to death.”*

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*“A friend of mine, who believes as I do upon this question, was talking a while ago with another friend of mine who is a greenbacker, but who had not paid much attention to the land question. Our greenbacker friend said, ‘Yes, yes, the land question is an important question; oh, I admit that the land question is a very important question; but then there are other important questions. There is this question, and that question; and the other question. The money question is a very important question; it is a more important question than the land question. You give me all the money, and you take all the land.’ My friend said, ‘Well, suppose you had all the money in the world and I had all the land in the world, what would you do if I were to give you notice to quit?’”*

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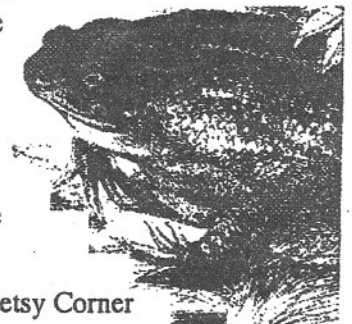
- Juanita Nelson

## Land Use Committee Report

Land Use Committee members are looking forward to meeting in October and would love to have anyone curious about land use issues to come and join us. Call Betsy at 624-8858 to find out time and place.

With real estate prices going down a bit, we're hoping to be able to look at land for VCLT purchase. But it still looks like the best path to acquisition is by finding landowners already interested in c/l stewardship. This spring we looked at a 45 acre-5 lot piece in Hawley which was being offered by someone who seemed concerned with the land's future use. The land was wet, facing north on a fairly steep slope and had only one more month before it would require another round of percing and Hawley was not likely to allow approval again. The complete picture was not one to encourage further exploration.

Even though the process can be time consuming, it is useful to look at different pieces of land so that we can fine tune our land criteria. We all need to cultivate contacts with people in our towns who might be favorable to the VCLT or who know what landowners are leaning toward sale of their land.



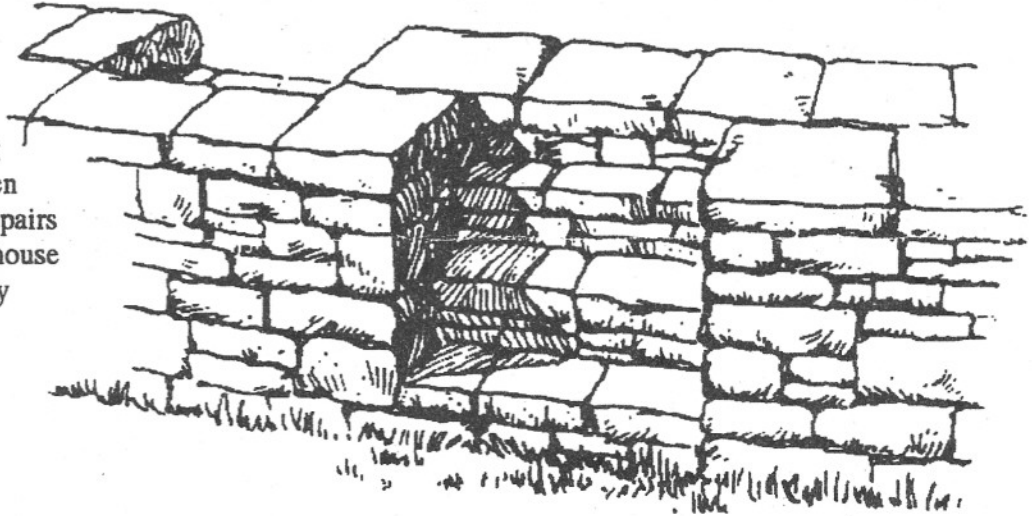
- Betsy Corner

## Membership Committee Report

The membership committee continues to meet monthly. In Dec. 1989 we rededicated ourselves to what we see as our first priority, "to find and introduce new members" to the VCLT (bylaw description). As a means to that end, we have started to develop a VCLT slide show to use for presentations at the meetings of other organization or at informal home gatherings. Stephen Broll, joining us in August, is working on a script and Marilyn Beal and Betsy Corner are the roving photographers. (Anyone with slides that might be appropriate for the show are encouraged to contact them.)

The membership committee, in a joint effort with the board, arranged for organic gardener and author, Eliot Coleman to give a slide show/talk in February. On a very wintry eve, a sizable and inquisitive crowd came to hear about unique and productive farming methods. We fell short of using the opportunity sufficiently to do outreach for the VCLT, but learned valuable lessons about the organization of such an event.

The 2nd annual VCLT work-a-thon was organized by the membership committee. This year, the Greenfield swimming area at Nash's Mill on the Green River received much needed repairs and improvements on the bathhouse and in the kitchen, and a freshly



painted pavilion and bridge. Fifteen workers, divided between two Saturdays in May were sponsored by more than 100 people with pledges totalling more than \$1700 in contributions to the VCLT.

The VCLT display table made it to the Earth Day celebration in Greenfield and to the NOFA conference in Amherst. But Juanita Nelson's land acquisition campaign letter has generated the greatest membership increase, recently bringing more than 30 new members. With that kind of boost, we are calling for a revitalization or the other committees to identify areas where new members can help. The time seems right for tapping into an increasingly interested public.

-Katie Winship

The Membership Committee:

Marilyn Beal, Stephen Broll,  
Randy Kehler, Wally Nelson,  
and Katie Winship

## Land Acquisition Campaign

The land acquisition campaign is proceeding quietly and at a snail's pace. The Board sent out an 1800 piece first class mailing in July, most of the names coming from the Traprock Peace Center, the rest from our own mailing list. Response has not been overwhelming, but we have augmented our membership by over 30, recieved some money (not enough to cover the mailing), and a few leads on land.

We have made contact with the recently formed Deerfield Land Conservation Trust which could lead to mutually beneficial relationship - they wanting, mainly, to conserve land; we wanting, mainly, to provide living space.

We still have letters, stamps and envelopes onhand; if you know of people to whom the land acquisition letter should be sent, or want to give some time to the campaign please write Juanita Nelson at Woolman Hill, Keets Rd., Deerfield, MA 01342, or leave a message at 413-773-7427 We are accepting contributions of land, money or loans for the purchase of land.

WE WANT A PIECE OF LAND BY YEAR'S END

- Juanita Nelson



## Report on the National CLT Conference

In August, board members Eileen Sauvageau and Scott Reed attended the Third National Land Trust Conference held in Burlington Vt. About 150 land trusts from all over the U.S. were represented. In addition, were people from Canada and South Korea.

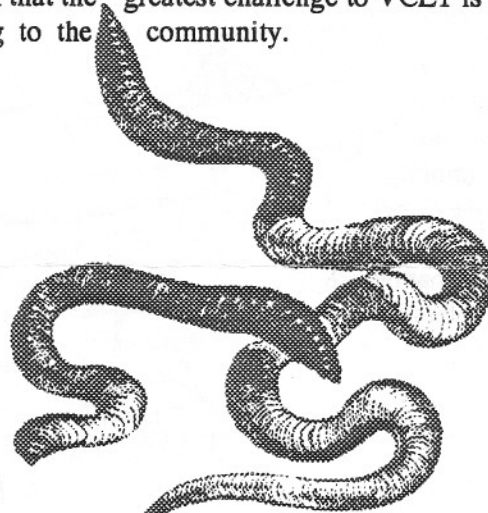
The conference was sponsored by ICE and offered many workshops on topics ranging from housing concerns and legal issues, to fund raising and coalition building. There were panel discussions where speakers brought insights and concerns from housing organizations, finance institutions; and politics. At mealtimes and during recreation times I was able to speak with people from all over the country who were involved in groups like ours struggling with the frustration of a shared vision but lacking financial and community support.

Speakers at the conference addressed the issue of coalition building, a process which enables the community to control jobs, housing, money and land. It was a coalition of conservationists and housing advocates whose combined efforts established the Vermont Housing and Conservation Trust Fund. Within two years this fund has allocated "more than \$20 million for organizations and projects providing permanently affordable housing and/or permanent protection for natural areas and farmland". (Community Economics, summer 1990)

Of particular relevance to VCLT seems the possibility of a partnership with Habitat for Humanity. For those not familiar with Habitat, it is an organization which uses volunteer labor and donated materials to build affordable housing.

There is no reason why VCLT cannot grow. The board is in the process of recruiting board members from other organizations whose skills may help move us forward. It is my belief that the greatest challenge to VCLT is in educating our communities about the benefits the land trust can bring to the community.

- Eileen Sauvageau



## Board Report

The Board has been working primarily on three issues: IRS tax seizures, land acquisition, and By-law review, Tax seizures are discussed elsewhere in this newsletter.

Our Land Acquisition Campaign became manifest through Juanita's fund and consciousness raising letter, our largest outreach project in several years. The letter has resulted in numerous new memberships, led us to several interesting land possibilities, and positively increased community awareness of VCLT. We remain committed to obtaining land within the next year, and the softening real estate market simply adds to our optimism.

By-law review is a tedious process of puzzling out our founding fathers' and mothers' (our founding parents?) intents, and whether they're still valid and appropriate. (Our constitution, less hallowed than our nation's is subject to ruthless revision.) The radical decentralization of power in VCLT created by the power invested in the committees seems noteworthy. Perhaps growth (new land and lessees) is really required if our committees are to regain the vitality our current By-laws prescribe. If we remain a small organization with over-stretched volunteer resources, we might consider centralizing power to keep our energies from spreading too thin. This is one more good reason for the Land Trust to grow! For now, we make only minor proposed changes in the By-laws, and strive to involve new people. How about you?

The Board wishes to thank Cece Ferland for her caring presence on the Board, and we all wish her and the rest of ICE good luck "down South". We also wish to thank Katie Winship for her six years of devoted service on the Board. Katie's been a shining light of positive energy from Colrain I. She'll continue on with the membership committee. (May Waterstone Tile become a household word.)

- Al Ladd

**Affordable Leaseholds** *continued from page 1*  
individuals who own land, and who are sympathetic with VCLT philosophy are needed to make donations by selling their land to VCLT below market value. This could be selling at a bargain price or an outright contribution of the land.

VCLT needs to be creative if it is to make affordable lease fees available. Assuming the heavens aren't going to open and lead us to Shangrila, our reality calls for incorporating a little of this and a little of that, to create a package that produces affordable lease fees. Expansion of land and leaseholds is important to VCLT if we are to be a goal orientated, outgoing organization. Careful planning is necessary if we are to create affordable lease fees as we expand.

- Bob Bady

## VCLT Position Regarding IRS Seizures

The IRS tax seizures of VCLT leasehold equity have raised several difficult issues for the Board, and for VCLT. The fundamental question is how far and how fast we must act to protect the integrity of our leases and legal structure. A VCLT legal challenge of the Fed's position could end up setting important precedents for the future of land trusts in general. Through the entanglements presented by the personal involvements we all have with the effected lessees, and the haziness of technical legal opinions that are admittedly merely opinions, we retain clarity on two points that summarize our current position:

- 1) The VCLT maintains that our leases are not seizable. This can be supported by both the lease and our Articles of Incorporation. We maintain that the IRS or US Government or Stephanie Watts holds no legal interest in any VCLT lease.
- 2) Our lessees on the parcels in question remain lessees in good standing, current on lease fees and in no way in violation.

- Al Ladd

## Consumer Power

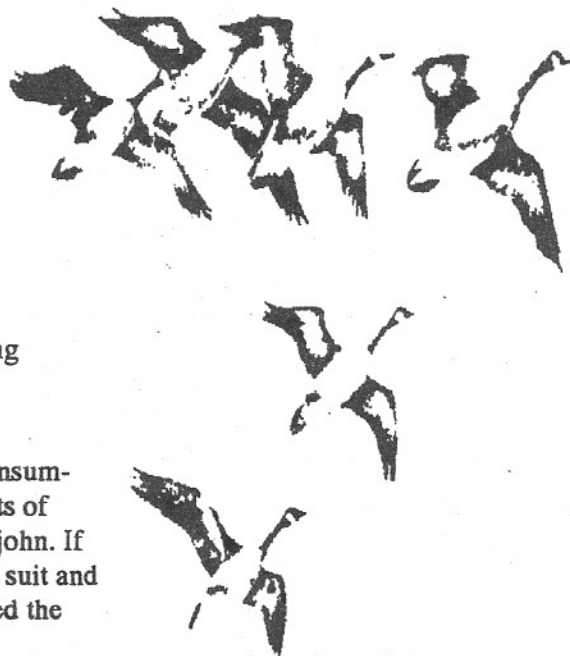
While attending the July Fellowship of Reconciliation Conference in Wisconsin, I participated in a workshop on Saving the Family Farm and met John Kinsmore.

John is a dairy farmer whose mission has been to organize and spread the word about the threats posed by agribusiness and the chemical companies to the very existence of family farms. Since most of you already understand these issues, I just want to mention the particular issue of Bovine Growth Hormone or BGH, a new wonder drug capable of increasing milk production by as much as 20 percent. Although researchers say that the chemical doesn't affect humans, the economic effect on human farmers is feared by many. Increased production would drive prices down and the smaller farms out of business. BGH is also another piece of technology in the form of a chemical which would increase dependency on the corporations selling it, as with the fertilizer and herbicide and pesticide cyclical syndrome which has already wrecked havoc with agriculture.

Kinsmore's main point to his non-dairy farming audience was that consumers can easily control the outcome of this debate and reverse the results of the multi-million dollar investments by the likes of Monsanto and Upjohn. If people won't drink milk from treated herds, then farmers must follow suit and agribusiness likewise. The effect of the alar alarm clearly demonstrated the power of the consumer.

As Shelburne farmer and neighbor Jimmy Graves commented about having too many abandoned fields to mow, "the farmer is the lowest paid landscaper." It seems that the least we can do to nurture the rural landscape is to continue to voice our concerns about the quality of the food we consume.

- Betsy Corner



## VCLT Semi-Annual Meeting

All are welcome, members and non-members

Date: Sunday, October 21, 1990

Time: 3:30 pm

Place: Standing Stone Farm (Colrain II)

### Agenda

Welcome

Introductions

Board Nominations

Treasurer's Report

VCLT Panel—"Philosophy and Motivation," including a VCLT founder, a VCLT lessee and a VCLT community member.

Entertainment

Potluck Dinner

This year the VCLT has four vacancies to be filled on the Board, one 2 year term and 3 three year terms. The following are the nominations:

#### 2 year term

Jean Williams, along term lessee at Earthbridge, a Putney-based CLT.

#### 3 year terms

Scott Reed, for a second term, an active VCLT member since 1981 and board member of Greenfield Area CLT.

Melinda Nielsen, a former member of ICE who presently works with the Holyoke CLT.

David Voegele, currently the director of Worcester newly established CLT, The Common Ground.

For information regarding the semi-annual meeting call (413) 624-3048 or (413) 624-3776.

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