



PECONIC LAND TRUST NEWSLETTER

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Borkoski Property, Water Mill

Preserving Land On Lake Nowedonah

The Peconic Land Trust is working closely with the Borkoski family of Water Mill to preserve farmland and open space on Lake Nowedonah, also known as Mill Pond, situated north of Water Mill hamlet. The family owns over 50 acres of land on the pond, most of which has been farmed for many years. The Trust has proposed conservation easements and a limited development approach that will enable the family to reduce future estate taxes, yet retain a portion of their equity in the land.

Since 1983, the Peconic Land Trust

has been assisting conservation-minded landowners as they grapple with the future use, ownership, and management of their land. Many landowners are deeply concerned with preserving the special character of their property, yet they must also consider financial needs such as federal and state inheritance taxes as well as local property taxes. The Trust can provide a means to balance such financial considerations with sound conservation planning.

In the case of the Borkoski family, the

Trust has worked to identify a means to reduce inheritance taxes that could easily exceed 50% of the value of the land, so that the next generation would not be forced to sell the land for development. Upon the death of her husband in the mid-1980's, Joanne Borkoski and her six children set about the task of softening the impending tax liability. It was decided to sell a 25-acre parcel on the north side of Lake Nowedonah to provide the necessary cash for future tax payments. By the late 1980's, the family was under contract to sell the

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Estate Taxes

Land values on Eastern Long Island have increased dramatically over the past 20 years. While the present recession has stabilized the appreciation of the 1980's, land values remain comparably high. Without proper planning, the appreciated value of land in an estate can create an estate tax so high that it can force the sale and development of the land itself.

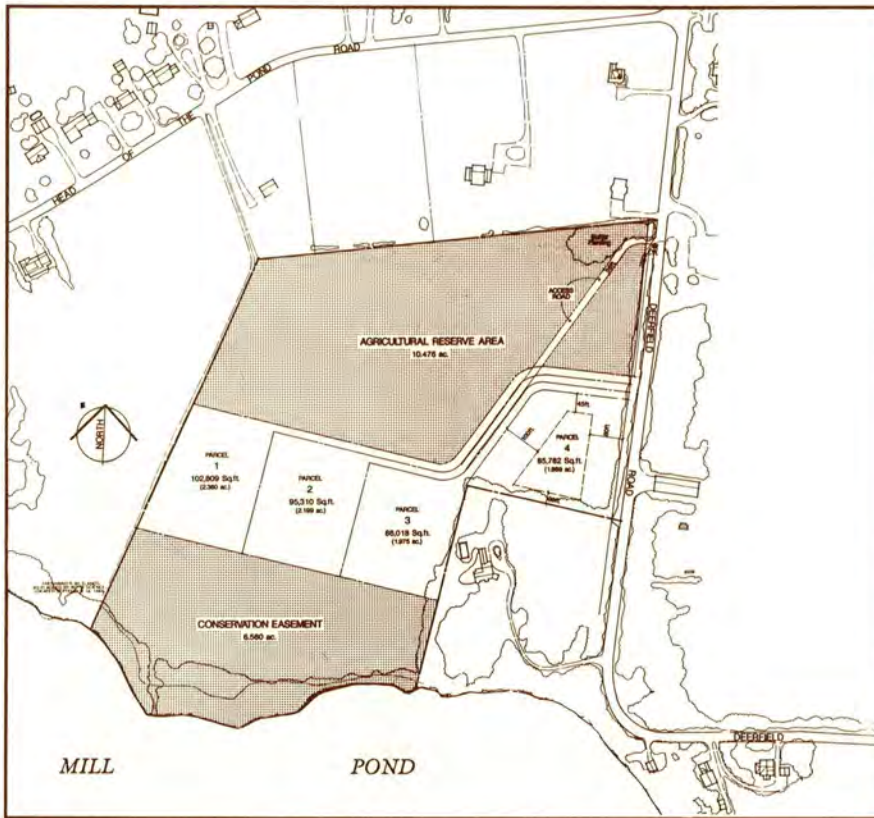
According to William Ginsberg, an attorney who specializes in open space land preservation and is a professor at Hofstra Law School, farmland families are particularly vulnerable. When an owner dies, the surviving spouse is not subjected to estate taxes. But when the property is passed to the next generation, farmland may be valued at its "highest and best use," meaning its development potential.

In the Town of Southampton and elsewhere on Long Island, it is not unusual for a parcel of farmland to exceed \$1 million in value for inheritance tax purposes, even though its value as farmland is much less. While Federal tax law generally allows a \$600,000 exemption, the remaining \$400,000 is subjected to a "very steep" Federal estate tax that can approach 50 percent. On top of that, there is a New York State inheritance tax on the entire \$1 million valuation (it doesn't allow for an exemption). Thus, a family could be hit with a tax bill well over \$200,000. Tax rates increase as the value of the asset increases.

"If sufficient other assets are not available, the heirs may end up having to sell all or a portion of the property just to pay taxes," Ginsberg says. "It's irrelevant that the property could have been farmed for hundreds of years."

The use of conservation easements can help families protect their property by reducing their tax liability. "A family may realize two advantages," Ginsberg advises. "One is the easement might provide a deduction on that year's income tax return. The other is you've reduced the value of land, thereby reducing the State and Federal inheritance taxes. In the long run, that conservation easement means the family might be able to retain the land and continue its use."

Proper planning is essential to preserving land and saving tax dollars. For more information, call the Peconic Land Trust at (516) 283-3195.



Preserving Land On Lake Nowedonah *continued from cover*

land which had a potential yield of 12 lots under zoning. With the downturn in the economy, however, the sale was never concluded and the family retained both the property and the specter of financial disaster.

"In a sense, the family was sitting on a time bomb," says the Trust's President, John v. H. Halsey. "There would come a time when the family would be faced with a substantial tax bill, yet little cash to pay it off."

In late 1990, the Borkoski family retained the Peconic Land Trust to prepare a conservation plan for their land on Lake Nowedonah. Several concept plans were put forward by the Trust and refined by family members, Town officials, and others. Conservation easements were proposed that would perpetually protect the most environmentally sensitive and scenic portions of the property—farmland and land bordering Lake Nowedonah. The easements would also dramatically reduce the zoning density of the property as well as the value of the land for inheritance tax purposes. Thus, the density of the 25-acre parcel on the pond will be reduced from 12 units to a total of 4 units. With real estate marketing input from Braverman, Newbold & Brennan, a final concept plan has been prepared with 4 well-sited lots

within a preserve of over 17 acres. The reduced density plan affords additional benefits to the family such as a reduction in improvement costs (roads, etc.) as well as the relative ease of moving through the subdivision process quickly. In addition, the Trust can play a significant role in the management of the farmland and open space, a matter often left to homeowners associations with limited success.

"These kinds of limited development and conservation plans help all levels of government pursue its conservation goals," comments Southampton Town Supervisor Fred Thiele. "We're facing a time when it's more difficult, due to financial constraints, to preserve land that should be preserved. The work of the Peconic Land Trust means our limited funds can be stretched for maximum impact."

For the Borkoski family, the Trust's approach resolves a problem that had once appeared insurmountable. "The plan absolutely met our needs, enabling us to continue as a family to be owners of land we care deeply about," states Leo Borkoski. "My only regret is the Peconic Land Trust didn't come along twenty years ago, so my father's generation of farmers would have had the opportunity to do this kind of planning. Thank God the Trust is here now."

President's Column: Reassessment Revisited

The effect of the Town of Southampton's recent reassessment will be felt for many years to come. From the Peconic Land Trust's perspective, the greatest concern is the extent to which the reassessment will increase the conversion of vacant land to residential and other uses.

The path toward reassessment began several years ago when a court ruling invalidated the Town's policy of reassessing properties upon sale. Owners of recently purchased property applauded the ruling believing that their property taxes were too high and that reassessment would more fairly spread the property tax burden.

While this may be true, a significant drawback to the reassessment is that many long-time residents with vacant land will see their tax bills soar. Farmers and conservationists alike are especially concerned that land will be sold in the face of such taxes.

As I discussed in our previous newsletter, there are a number of tools that Southampton Town residents have at their disposal to reduce the tax burden on wetlands, farmland and woodlands. Given their importance, they are worth mentioning again.

The donation of perpetual conservation easements to qualified conservation organizations such as the Peconic Land Trust or the Town can be of great benefit. Conservation easements are very flexible tools that can be applied to all or part of one's property. Land subject to such easements is limited from future development in perpetuity. Therefore, the value of the land is significantly reduced for property tax purposes. Such easements may also have significant benefits for income tax and estate tax purposes.

Another option is the Town's term easement program. Through this program, landowners that commit to preserving their land for five years or more are entitled to a reduction in their property taxes. The longer the commitment in time, the greater the tax reduction. This program can be very effective provided that the penalties for future conversion are minimal.

The Town has also adopted an agricultural agreement program specifically for farmland. In this instance, farmland that has been in production the previous two years is eligible for a reduced assessment on an annual basis. This new program has the potential to be

of great significance to the farm community provided that the property tax on such land is low enough for agriculture to be financially viable.

Unfortunately, the options described above will not have an effect on the coming year's taxes because the taxable status date has passed. However, the tax burden for the following year can be diminished if the landowner acts before March 1, 1993.

Nonetheless, reassessment will leave its mark. Ultimately, the Town must make its tax policy consistent with its conservation policy. The issue of how we tax vacant land, whether wetlands, farmland, or woodland, is central to our commitment to preserve the agricultural economy and rural character of our communities. Open space is a sound investment and may well be one of the best methods of controlling the costs of government and other public services. Taxing property based upon its "current use" as opposed to its "highest and best use" is perhaps the most equitable and prudent system of taxation. It is certainly an idea whose time has come. New York State and the Town of Southampton would be wise to give the matter further consideration.

Head Of The Harbor

While the work of the Peconic Land Trust is generally associated with the East End of Long Island, the Trust has been involved in conservation projects throughout Suffolk County. Indeed, as one goes farther west, the preservation of open space is especially crucial because there is so little of it left.

Indicative of the Trust's widespread activities is a recent gift of a conservation easement on property within the Village of Head of the Harbor located in the northern reaches of the Town of Smithtown. Head of the Harbor, which was the home of architect Stanford White, still retains many rural qualities. Hundreds of acres of farmland and open space remain in this village on Stony Brook Harbor.

The conservation easement was the culmination of several years of planning with Evelyn Lawrence, her daughter Louisa, and family advisors. The easement perpetually protects about 30 acres of woodland, pastures, and wetlands including a scenic vista over Harbor and Sound, to the shores of Connecticut. The



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Lawrence property in Head of the Harbor

Head Of The Harbor

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property's development potential has also been reduced from a total of 17 possible lots under current zoning to a total of four lots under the easement.

"The Trust suggested options to me that I didn't even know existed," says Louisa Lawrence. "They were also there for me every step of the way to steer me through a series of rather difficult decisions."

Conservation easements are one of the Trust's most frequently used land-use tools. A conservation easement is a voluntary agreement between a landowner and the Trust which restricts the use of land in perpetuity. As such, easements convey a portion of a property owner's "bundle of rights" to the Trust. Thus, a landowner may limit his/her rights to subdivide, build, or otherwise alter his/her property in a specific manner. As a consequence, the community benefits from the perpetual protection of significant natural, open space, and/or historical features of the property. In addition, the property remains in private ownership.

The donor is entitled to a charitable gift equal to the difference between the value of the property before and after the conveyance of the easement as determined by a qualified appraiser. The easement also reduces the value of land for inheritance tax purposes.

Though conservation easements have been used to protect land in western Suffolk County, they are relatively rare because this tool was not widely used during the years of peak development decades ago. Nonetheless, the use of easements on significant open space throughout Long Island is here to stay.

The donation of an easement on the Lawrence property demonstrates that the Trust has a role to play throughout Suffolk County. "In this part of Long Island, so much open space is gone forever," Louisa Lawrence says. "It gives me a lot of pleasure to know my property will stay as open space, and that the Trust has been having conversations with my neighbors. We've begun a very positive effort here."



Lawrence property in Head of the Harbor

Bridgehampton Easement

The Peconic Land Trust is pleased to announce that it has received a gift of a conservation easement on 68 acres of land owned by Bridgehampton Associates.

According to its President, George Bradley, Bridgehampton Associates was formed in 1947 through merger of two corporations established early in the century to own properties operated by the Bridgehampton Bathing Pavilion and the Bridgehampton Golf Club. Swimming and golfing will continue at these sites, in addition to tennis, under the auspices of the Bridgehampton Club, which leases the facilities.

The two parcels, including 13 acres of oceanfront property, represent a major land preservation effort on the South Fork. According to John Halsey, President of the Trust, the property offers the public significant scenic vistas as well as value as a recreational resource. Should the property cease to be used for recreational purposes, the easement provides for its future use as wildlife habitat and parkland.

Though numerous details needed to be worked out, arranging the easement

was a smooth process. "We had an overwhelming vote in favor of the easement from the corporate shareholders of Bridgehampton Associates," says Otis Pearsall, a Director of both Bridgehampton Associates and the Bridgehampton Club who coordinated the effort. "It was a combination of wanting to reduce a substantial tax increase on the property, and the desire to see the property remain as it is forever. A number of our members had positive experiences with the Peconic Land Trust, so it was natural for us to turn to them."

This particular easement demonstrates how flexible conservation easements can be when considering land preservation options. The easement does not adversely affect the present use of the property.

"We plan to continue operations there without any changes, for forever and a day," Bradley says. "It's a nice blend. The open land will stay open, and people can still golf and use the beach. It's satisfying to know a setting we enjoy will continue well into the future."



Historic Lore: Early Taxation

With property taxes and reassessment fresh in our minds, it is only natural to wonder how taxation and its periodic adjustment has been handled over the years by the Town of Southampton and its villages.

Sag Harbor has never before undergone a reassessment, according to officials with long memories and a knowledge of local history. Tax assessments go back centuries in Southampton, but reassessments—in effect, changing the rules in the middle of the game—were unheard of. The archivist for the Town of Southampton has tax rolls which date back to 1800, and records of various taxes that go back to the town's founding by English settlers in 1640. (For the curious, these records are available for inspection on Wednesdays and Thursdays in the Southampton Town Hall.) Especially on agricultural property, which comprised most of the town until recent years, the tax assessment was kept to a minimum.

"I have a tax assessment roll from 1843, which given the long history of the town is not that long ago, and the highest tax bill was \$300," reports Robert Keene, the town historian. "Even on dwellings,

taxes were not designed to be an unfair burden. The annual tax on my house in 1843 was \$17. My new tax bill is \$3700."

Ironically, the reason why the recent reassessments have created such a financial dilemma for many local residents is that, historically, there weren't reassessments. While the necessity can be debated, the reassessments seek to compensate for decades and even centuries in one fell swoop.

Records indicate that property taxes have long been a fact of life on the East End. But they were not the sole source of revenue. A journal kept by the Sag Harbor tax assessor in 1895 lists that, in addition to property taxes, there was a "highway tax" and a "dog tax." Taxes were to be paid by "every male inhabitant above the age of twenty one years and under the age of seventy years" with the exception of members of the clergy, honorably discharged soldiers and sailors and disabled Civil War veterans, and "idiots and lunatics."

The tradition up until the present day, after the highway and dog taxes were rescinded, was to assess taxes on new construction and the sales of property.

Without those conditions, there were no new taxes. The philosophy was that longevity at one location had certain advantages, especially in an area where many residents can trace their ancestry and homefronts back numerous generations.

"As far as I'm concerned the old way was wonderful, and there was very little flak from anyone," says Norman Penney, now 80 years old, who was a Southampton Town assessor in the 1960s. "It was a tried and true system that worked for years and years."

Penney believes that the problems have only begun with the advent of reassessments. "Many people live in this area who worked many years ago when money was nothing," he says. "So now you have a lot of retirees and widows living on small pensions and Social Security. How the hell can you reassess their homes and farms on market value? It won't work, and it never will work!"

Whether it works or not, the fact is that reassessment represents a sea of change in the economic life of many East End residents. Some will tread water, but others may be forced to leave the area unless creative remedies are brought to bear.

Trust Assists County Acquisition in East Hampton

Suffolk County Executive Robert Gaffney announced in March that the County, in cooperation with the Peconic Land Trust, acquired 106 acres of woodland in East Hampton Town in the vicinity of East Hampton Airport. The property, previously owned by the Birchwood Holding Company, Inc., was acquired under the County's Safe Drinking Water Program.

The Birchwood Holding Company parcel is adjacent to 98 acres in Southampton Town previously owned by John Leonard, which the County also recently acquired as part of the program.

Randall Parsons, a Trust consultant who negotiated on behalf of the County, said that the acquisition effort began in the fall of 1990. The Trust contracted to acquire the parcel and then reconveyed the land to Suffolk County at cost. The County paid \$14,000 per acre for the property for a total cost of \$1,487,108.

The area around East Hampton Airport has long been recognized as one of East Hampton's principal aquifer areas along with Stony Hill Woods in Amagansett and Hither Woods in Montauk. The Birchwood Holding Company parcel was recommended for acquisition by both the Town and County Planning Departments as the key acquisition in the East Hampton Airport area. The property consists of gently rolling woodland and lies across the spine of the terminal moraine with elevations of 140 feet above sea level. Hiking trails crossing the property lead through flowering mountain laurel and offer panoramic views of the area. Supervisor Tony Bullock called the acquisition "an important addition to the public holdings around East Hampton Airport." Public water supply wells have been proposed in the airport area.

In addition to the Birchwood Holding



acquisition, the Trust will continue to assist the County with its land preservation programs. A bill passed by the County Legislature and signed by the County Executive this spring authorized the Peconic Land Trust to negotiate to acquire additional parcels in East Hampton, Southampton, and Southold as part of the Safe Drinking Water Program. By using the Peconic Land Trust, the County benefits from the Trust's tax and estate planning, land use planning, and negotiating expertise to stretch its acquisition dollars further.



Scott Chaskey at Quail Hill Farm

Quail Hill Farm

Community Supported Agriculture
A Project of the Peconic Land Trust

Now the beech nuts are forming, lifting from the deep green of the waving leaves, spiny dress on nut husks open to the light, and there is shadow over shadow on the summer ground I see. I've begun with the beeches before; perhaps it is because of the fullness their canopy provides this island woods I walk and work in daily. And it is similar to the fullness in our farm fields after the recent rains...

Quail Hill CSA is a cooperative organic farm located in Amagansett, New York. We provide an agricultural alternative which also restores a healthy balance to the soil through organic farming methods. Our members purchase a share in the farm at the beginning of each year which entitles them to harvest the vegetables and fruits of the season. With this share each individual is also guaranteed a voice in the overall management of the farm. One farmer and two apprentices are paid to plant the crops, to care for the fields, and to assist or instruct the other members on designated harvest days. Members are not required to work, though all members harvest their

own vegetables. Some also volunteer to transplant or weed when the natural profusion of the season demands so. The harvest season usually begins in late May and often continues through November. In the future we hope to construct a root cellar which will extend our harvest season even longer.

All members agree to share the risks that farmers have always assumed, with the assurance that year by year through organic growing methods field fertility will improve as will the food quality. At the farm we use various proven organic techniques such as crop rotation, green manuring, and cover cropping; we also spread our own compost made up of manure, vegetable waste, and a few herbs. An organic farming method invites an intimacy with the land.

1992 represents our third year of farming at Quail Hill. The farm is located on a twenty-acre parcel donated to the Peconic Land Trust by Deborah Light. We are currently cultivating about seven acres of vegetables and berries, and we are reviving a two-acre apple orchard, in place for 30 years. We grow raspberries, black raspberries, and this year our blueberries will begin to give some fruit. Last year we planted 35 varieties of vegetables

including radish, carrots, potatoes, lettuce, broccoli, kale, squash, herbs, arugula, asparagus, and oriental greens. We also grow flowers for cutting: calendula, cosmos, heliopsis, snapdragons, and sunflowers. Two hives of bees will be joining the farm this year.



We begin and end each farming year with a general meeting open to all farm members. During the spring and summer everyone is invited to our potluck picnic evenings around the bonfire in the apple orchard. One day a week throughout the summer we offer a children's gardening class.

Quail Hill Farm, a stewardship project of the Peconic Land Trust, is an

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Quail Hill Farm

example of community supported agriculture (CSA), an idea which took hold in this country in 1985. Such community farms have been working in Europe and Japan for many years now; in the seven years since two such projects began in the Northeast, there are now over 200 in the U.S. Here on the South Fork we are creating a working farm which will increase public awareness of sustainable farming practices, and will encourage greater cooperation between the community and farmers within that community. Education is a central premise and goal of our farm. We welcome school classes to visit and participate in our farm, and we are recording baseline data in order to monitor and document the impact of sustainable agricultural techniques. Our broader educational ideal is to encourage a conception of land, water, and sky as a living system, a breathing whole, the human as part of this whole.

If you are interested in learning more, or in becoming a part of this community farming project, please contact the Peconic Land Trust Southampton office, 283-3195, or call me at Quail Hill Farm, 267-8492.

Scott Chaskey, Stewardship Coordinator



Photo Credit: Diane Repp

Quail Hill Farm

1992 Challenge Grant: Towards More Land Preserved

If you're a supporter of the Peconic Land Trust, or would like to be one, then it's time to participate in the annual "Challenge Grant." Time is of the essence. The deadline this year is only weeks away—September 30th.

"Because of our achievements thus far, we've set high standards for the 1992 Challenge Grant," says Lee Foster, the Trust's Chairman. "Our responsibilities have soared as more landowners have turned to us for solutions to the future use, ownership, and management of their property."

Money raised from the Challenge Grant helps to underwrite many of the Trust's activities, such as hiring attorneys and consultants, planning, and various administrative costs. As the Trust protects more and more land, its services are increasingly in demand. "The funds from the Challenge enable us to work with more people, and help them more effectively," Foster says.

This year, Ronald S. Lauder and family, Joseph F. Cullman III, John and Susan de Cuevas, Margaret de Cuevas, and several anonymous donors have agreed to sponsor the 1992 Challenge Grant by pledging the sum of \$100,000. Our "challenge" is to raise \$200,000 to match their generosity.

While the state of the economy makes the Challenge all the more difficult to meet, the conservation opportunities are all the greater. Please enable the Trust to take full advantage of such opportunities through your generosity. We need your support by September 30th.

Please send your contributions in the enclosed envelope to Peconic Land Trust, P.O. Box 2088, Southampton, NY 11969.





POSTAL PATRON

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Love in the Rain

In the primitive green of midnight
it is weather for ducks: mallards
are swimming through clover, teals
wading in crabgrass;
*our thighs are as slippery as grass,
dandelions tickle our rubbery
backs as we roll, summer
stalks through the rain in our fingers;*
herons stalk the deep grass
stabbing for minnows, swans
are cruising the garden, sandpipers
sway through sand;
*the sky sways with the rain,
wavering shapes of trees
show us the wind: in the drizzle
our skin is a jungle fever;*
it's a jungle out here, frogs
one jump ahead of the cranes,
worms waiting for cranes
in the hungry earth;
*our bodies are stalking the earth
as we sway through a jungle of grass,
feeling inside us the rain
as it comes and it comes and it comes.*

Philip Appleman

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Mission Statement

The Peconic Land Trust is a nonprofit, tax-exempt conservation organization dedicated to the preservation of farmland and open space on Long Island. To this end, the Trust acquires and manages land as well as easements for conservation purposes. In addition, the Trust assists farmers and other landowners in the identification and implementation of alternatives to outright development.

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