

# PECONIC LAND TRUST



## **For immediate release**

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## **PECONIC LAND TRUST ANNOUNCES SALE OF HOPPING FARMLAND TO JIM AND JENNIFER PIKE**

*The Peconic Land Trust has completed the sale of the 7.6 acres of farmland to the Pikes, where their farm stand has provided fresh produce to the community for 20 years.*

**APRIL 4, 2011. SOUTHAMPTON, NEW YORK.** Peconic Land Trust President John v.H. Halsey announced the sale of 7.6 acres of farmland on Sagg Main Street in Sagaponack to Jim and Jennifer Pike for \$167,200. The Trust acquired the property from the Hopping family in March of 2010, and made its final payment for the property in December 2010 through the use of its revolving fund established by The Peter Jay Sharp Foundation. The transfer of the property to the Pikes fulfilled the original intent of the acquisition – to identify new techniques that enable productive farmland to be affordable and accessible to farmers over time and to ensure the survival of a thriving agricultural operation in the midst of a village considered to have the highest land values in the United States.

“We are very grateful to the Trust and the community for helping us with this project,” said Jim and Jennifer Pike. “We look forward to continuing to provide fresh produce to our friends and neighbors for many years to come.”

The Hopping farmland has been home to the Pike Farm Stand, operated by Jim and

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Jennifer Pike, for more than 20 years. Under the terms of the sale to the Pikes, the property is subject to an overlay easement that requires a minimum of 60 percent of the land to be used for food production. The property is also subject to an Affordable Farming Covenant and Resale Restriction that limits its future sale to a qualified farmer based on the Pike's purchase price of \$22,000 per acre plus appreciation tied to the consumer price index (CPI) and the value of any agricultural improvements added to the property by the Pikes. The resale restrictions also require the Trust to repurchase the property as a buyer of last resort if a qualified farmer cannot be found after a reasonable effort is made to market the property. As a public charity, the Trust would not have been able to resell the property to the Pikes at this price without these additional restrictions. Public charities are barred from selling assets to individuals below fair market value. Today, the average fair market value of protected farmland without additional restrictions is about \$100,000/acre on the South Fork, far more than a farmer can afford.

"The preservation of the Hopping farm property represents a milestone in agricultural land conservation efforts on Long Island. The unique terms of the transaction will help to ensure that this iconic agricultural property will continue as a working farm in perpetuity. The Peconic Land Trust, the Hopping family, Jim and Jennifer Pike along with conservation partners Suffolk County and Southampton Town, are all to be congratulated for this important accomplishment," said Thomas Isles, recently retired Suffolk County Director of Planning.

### **Background on the Project**

In March 2010, the Trust purchased the 7.6-acre property for \$6 million. At the closing

on March 2<sup>nd</sup>, the Trust simultaneously sold the development rights on the property to Suffolk County and the Town of Southampton for \$4.3 million, under a 70/30 split. The Trust, with donations from over 300 contributors and the Northeast Land Trust Consortium (an initiative of The Pew Charitable Trusts), brought an additional \$1 million to the closing. Although the Trust was short of the full purchase price, the Hopping family agreed to accept a final installment payment of \$600,000 by March 15, 2011. In December 2010, using funds from its revolving fund, the Trust made the final installment payment ahead of schedule. With a remaining shortfall of about \$497,000, the Trust expects the sale of the Hedges Farmhouse (*see below*) to provide the funds necessary to replenish the revolving fund as well as provide the Trust with the financial ability to pursue a similar farmland project in the area.

The Hopping acquisition was nearly three years in the making, beginning with a community outreach campaign to “Save the Farm Stand” in the summers of 2007 and 2008. Over 3,000 East End residents and visitors signed a petition in support of the acquisition. In the fall of 2007, the Trust made an initial offer of \$8.23 million to acquire the property, which the Hoppings accepted in the Spring of 2008 (*the property was initially put on the market for more than \$10 million*). Over the next year, the Trust pursued a community fundraising campaign, while simultaneously negotiating with Suffolk County and the Town of Southampton to acquire the development rights on the property for about \$6.5 million. In the fall of 2008 through most of 2009, the global recession had a profound effect on private fund raising, the availability of public funds, and land values. Faced with a new economic reality, the Trust and the Hopping family agreed to renegotiate and the price for the land was reduced to \$6 million. By the end of

2009, both the County and the Town agreed to purchase the development rights at a reduced price of \$4.3 million under a 70/30 split (County/Town). With about \$1 million of the \$1.7 million balance necessary to close, the Trust made its first installment payment to the Hopping family in March 2010.

### **Affordable Farming Covenant and Resale Restrictions**

In recent years, sales of protected farmland to non-farmers have been as high as \$200,000/ acre making it impossible for farmers to purchase. In addition, non-farmer sales at inflated values have dramatically increased the value of protected land within the taxable estates of land rich, cash poor farmers. Through the use of an overlay easement and an Affordable Farming Covenant and Resale Restriction, the value of the protected farmland can be lowered to its “agricultural value” due to the following:

- subsequent sales of the restricted farmland are limited to a predetermined value consistent with comparable sales exclusively to farmers plus appreciation tied to the consumer price index (CPI) and the value of any agricultural improvements added to the property;
- the Trust is the purchaser of last resort if the owner is unable to find a farmer to purchase the restricted farmland;
- the Trust is required to review all future sales to ensure that the restricted farmland is purchased by a qualified farmer.

In the case of the Hopping property, the overlay easement further reduces its value:

- at least 60% of the farmland must be in food production;
- equestrian use of the property is prohibited;

- if the farmland is fallow for two years, it must be kept available for agricultural use and managed subject to a Natural Resource Conservation Plan;
- if the farmland is fallow for three years, the Trust has the right to lease it to another farmer to ensure that it remains in agricultural production.

“The Hopping acquisition provided the Trust with the opportunity to adapt techniques used in other states to ensure that protected farmland remains in agricultural production and affordable to farmers in the future. Resale restrictions and overlay easements may also be invaluable to farmland owners who seek to reduce the value of their land for estate tax purposes. If we don’t think outside the box, we may not only lose the farmland, but the farmers themselves,” said Halsey.

### **Hedges Farm House**

In early 2010, the Trust was given a 1930 4-square, Prairie-style farmhouse that was originally located on the Barsczeski farm on Hedges Lane and proposed to be demolished. The Village of Sagaponack, including its Architectural and Historic Review Board, supported the protection of this farmhouse originally built for Percy Hedges. It is a structure indicative of Sagaponack’s agricultural heritage and rural character.

The farmhouse has been relocated to a 10-acre property on Hedges Lane (approximately 650 feet from its original location) that is owned by the South Fork Land Foundation. The South Fork Land Foundation is a supporting organization of the Peconic Land Trust. The Trust has applied to the Village of Sagaponack for a subdivision that will provide the house with a separate 1-acre lot. The intention of the Trust is to sell the farmhouse subject to a façade easement and other restrictions that will ensure that its

character is perpetually protected. The remaining 9+ acres of farmland will be perpetually protected through the donation of a conservation easement. The proceeds from the sale of the farmhouse will be used by both organizations to advance other conservation projects in the area. In the case of the Trust, it will use its portion of the proceeds to replenish the revolving fund that was used to complete the Hopping acquisition as well as provide funding to similar projects that enable farmers to acquire protected farmland at affordable prices.

### **About the Peconic Land Trust**

The Peconic Land Trust was established in 1983 to conserve Long Island's working farms and natural lands. Since its inception, the nonprofit Trust has worked conscientiously with landowners, communities, municipalities, partner organizations, and donors, to conserve approximately 10,000 acres of land on Long Island. The Trust's professional staff carries out the necessary research and planning to identify and implement alternatives to outright development. While working to conserve the productive farms, watersheds, woodlands, and beachfront of Long Island, the Trust is also protecting the unique rural heritage and natural resources of the region. The Trust has Stewardship Centers in Cutchogue and Amagansett and its Main Office is in Southampton. *A common misperception, however, is that the Peconic Land Trust is the recipient of the monies raised through the Peconic Bay Region Community Preservation Fund (also referred to as the 2% land transfer tax or the Peconic Land Tax). This is NOT the case. The CPF tax is collected by Suffolk County and then redistributed to the five East End towns, the distribution of which is based on the location of the property from which the tax is acquired. For more information about the Peconic Land Trust visit [www.peconiclandtrust.org](http://www.peconiclandtrust.org) or call 631.283.3195.*

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