

PECONIC LAND TRUST



For immediate release

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PECONIC LAND TRUST ANNOUNCES

SALE OF 13.9 ACRES OF THE DANILEVSKY FARMLAND IN WATER MILL TO FARMERS JIM AND JENNIFER PIKE

NOVEMBER 5, 2016. SOUTHAMPTON, NEW YORK. Peconic Land Trust President John v.H. Halsey is pleased to announce the sale of 13.9 acres of prime agricultural land in Water Mill, NY to Jim and Jennifer Pike of Pike Farms. The sale was completed on October 27th, 2016.

The Trust acquired 33 acres of farmland from the estate of Charlotte Danilevsky in July 2014 in a landmark conservation effort with the Town of Southampton. The farmland was in two parcels – 19.2 acres along Head of Pond Road and 13.9 acres off of Uncle Leo’s Lane. The Town purchased development rights from the Trust – including, for the first time, enhanced restrictions that ensure that the land will be actively farmed, primarily in food production. The Head of Pond parcel was sold to farmer Hank Kraszewski, III, in January of 2015. The sale of the Uncle Leo’s Lane parcel completes the intended goal of transferring all of these prime agricultural soils into the hands of active, local farmers.

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"We are excited to convey this productive farmland to Jim and Jennifer Pike thereby completing the Danilevsky project. The Pikes have been farming on the South Fork for many years, and are now more in control of their destiny through this purchase. The addition of enhanced restrictions on this farmland by Southampton Town has ensured that it is affordable and accessible to farmers who grow food for generations to come. All of us at the Trust are proud to have been the catalyst for this new, critically-important tool that ensures that protected farmland is farmed. This would not have been possible without the assistance of the local agricultural community and the Town as well as those who support the work of the Trust," said John v.H. Halsey, President, Peconic Land Trust.

"We are very pleased to have worked with the Town and the Land Trust on the sale of our enhanced development rights and the purchase of the Uncle Leo's Lane parcel. It is sad for us to see preserved farmland used for anything other than "real" agriculture and we hope that this tool helps keep land available to future farmers," said Jim Pike.

"Traditional food farming is being squeezed off of prime agricultural soils in favor of higher paying uses such as horse farms and estate lawns. The Towns' participation shifts the economic equation once again in favor of food crops, such as corn and potatoes, grown by local farmers," said Southampton Town Supervisor Jay Schneiderman.

"Working with the Land Trust to develop the enhanced easement program in the Town of Southampton has been a rewarding experience as agriculture is such an important piece of Southampton's history and culture, its viability for generations to come is crucial to our identity," said Councilwoman Christine Scalera. "I couldn't be prouder of

the success of this program and the partnership between the Trust and the Town.”

Jim and Jennifer Pike farm about 50 acres of farmland in and around Sagaponack, NY. Their iconic farmstand on Sagg Main Road is located on the first parcel in Southampton Town to be protected by enhanced restrictions when they purchased the 7.6 acres from the Trust in 2011. Up until that purchase, the Pikes only owned 6 acres of the land they farmed – the balance was all leased. With the purchase of the Sagg Main parcel, and now the Uncle Leo's Lane parcel, the total number of acres owned by the Pikes has increased to about 27 acres. Sweet corn and tomatoes are the two largest crops grown by the Pikes of the over 30 kinds of vegetables, flowers and fruit that they produce.

The purchase of the Uncle Leo's Lane parcel was structured as a 1031 Like-Kind Exchange made possible by the sale of enhanced restrictions to Southampton Town on the 6-acre agricultural reserve owned by the Pikes in Sagaponack. The enhanced easement restrictions the Town purchased on the Pike's 6-acre Sagaponack parcel are essentially the same as those the Town acquired on the Uncle Leo's parcel in July of 2014 previously owned by the Estate of Charlotte Danilevsky.

Danilevsky Farmland Parcels

In July 2014, the Peconic Land Trust purchased two parcels of fully developable farmland (19.2 acres and 13.9 acres, a total of 33 acres) from the Estate of Charlotte Danilevsky for \$12,025,000. Using its Community Preservation Fund, Southampton Town simultaneously purchased the development rights (including the new, enhanced restrictions) from the Trust for approximately \$11.167 million, thereby providing the bulk of the capital necessary to acquire and protect this farmland from development. Consequently, the Trust retained ownership of this newly protected farmland with the

intent of selling it to local farmers. As a result of the enhanced restrictions, this protected farmland is worth approximately \$26,000 an acre, a price far more affordable to food production farmers than protected farmland with lesser restrictions that sells for as much as \$200,000 an acre. Both Danilevsky parcels are subject to Affirmative & Affordable Farming Covenants and Resale Restrictions (*see details below*). The Trust currently holds similar restrictions on about 60 acres of farmland in Sagaponack, NY. Southampton Town is the first municipality in New York State to purchase enhanced restrictions on farmland, a remarkable milestone.

Affirmative & Affordable Farming Covenants and Resale Restrictions

In recent years, sales of protected farmland on Long Island's South Fork to non-farmers has been as high as \$300,000/acre, raising the average value of protected farmland to over \$100,000/acre—values well beyond the reach of the vast majority of farmers who grow food. However, through the use Affirmative & Affordable Farming Covenants and Resale Restrictions, the value of the protected farmland can be lowered to its “true agricultural value” for food production. The Danilevsky farmland parcels include the following restrictions:

- 80 percent of the farmland must be used for the production of food;
- equestrian use of the property is prohibited;
- vineyard use of the property is prohibited;
- horticultural specialties that result in the removal of soil from the property are prohibited;
- if the farmland is fallow for one year, it must be kept available for agricultural use and managed subject to a Natural Resource Conservation Plan;

- if the farmland is fallow for 2 years, the Town has the right to lease it to another farmer to ensure that it remains in agricultural production.
- future sales of the additionally restricted farmland are limited to its value at the time of the Town's purchase of development rights (about \$26,000/acre) plus the value of any agricultural improvements added to the property by the farmer. The land's appreciation is limited to the lower of either the Area Median Income (AMI) or the Consumer Price Index (CPI) not to exceed 3.5% annually;
- the Town reviews and approves all future sales to ensure that the restricted farmland is purchased by a qualified farmer;
- the Trust, or a similar organization, will be the purchaser of last resort if the owner is unable to find a farmer to purchase the restricted farmland. When purchased under these circumstances, the protected farmland would be offered for sale to qualified farmers through a transparent selection process including a "request for proposals" and lottery, if necessary.

Why is this Important?

Landmark efforts to protect farms and farming in Suffolk County that began in the 1970s are unraveling. In total, about 12,000 of 34,000 acres of farmland in Suffolk County have been protected from residential or commercial development through development restrictions held by Suffolk County, Towns, and the Peconic Land Trust. For the most part, these restrictions protect the resource but do not assure that protected farmland will be farmed. This has led to the dramatic increase in the number of non-farmers purchasing protected farmland for lawns and other amenities to development as well as for equestrian purposes, especially in Southampton Town. As a consequence, agriculture as we know it, including the production of local food, may very well

disappear on Long Island, perhaps within a generation on the South Fork, unless aggressive actions are taken.

Not only has this new trend driven up the value of protected farmland to over \$100,000/acre on the South Fork, but also has additional consequences, including:

- a tremendous increase in federal and state inheritance tax liabilities for farmers, which will necessitate the sale of protected farmland at the highest possible price, primarily to non-farmers;
- an inability for most farmers who produce food to purchase protected farmland at \$100,000/acre or more (the maximum they can afford is \$20,000 - \$30,000/acre);
- without working farms that provide fresh, locally-produced food to residents and visitors alike, we will lose an extraordinary facet of our community character and an important component of our local economy.

About Farms for the Future Initiative

The Peconic Land Trust's Farms for the Future Initiative includes farmland leases, incubator programs, and sales of protected farmland, some with additional restrictions that limit non-agricultural activities, designed to assure access and affordability for farmers in the future. The majority of the lessees operate on protected farmland owned by the Trust either at the Agricultural Center at Charnews Farm in Southold or at the Deborah Light Preserve in Amagansett, home of the Trust's Quail Hill Farm.

Objectives of the Farms for the Future Initiative:

- Keep conserved agricultural land actively farmed
- Create opportunities for farmers to start-up and/or expand their agricultural operations

- Promote the diversity of farming and farmers on Long Island
- Encourage food production farming
- Ensure that farmland is available and affordable to farmers

To learn more about this program, please contact Melanie Cirillo, Director of Conservation Planning, at 631.283.3195 or mcirillo@PeconicLandTrust.org.

About the Peconic Land Trust

Founded in 1983, Peconic Land Trust conserves Long Island's working farms, natural lands, and heritage. Since its inception, the nonprofit Trust has worked conscientiously with landowners, communities, municipalities, partner organizations, and donors, to conserve approximately 12,000 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, Bridgehampton (Bridge Gardens), Southold (Agricultural Center at Charnews Farm and Shellfisher Preserve) and Amagansett (Quail Hill Farm) and its Main Office is in Southampton. *The Trust depends primarily upon private donations to support its conservation work. A common misperception, however, is that the Peconic Land Trust collects and distributes the monies raised through the Peconic Bay Region Community Preservation Fund (the CPF is also referred to as the 2% land transfer tax or the Peconic Land Tax). This is NOT the case. The CPF is a public program managed by each of the five East End Towns for the protection of farmland, open space, and community character.* For more information about the Peconic Land Trust visit www.peconiclandtrust.org or call 631.283.3195.

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