

How Does the Chester Land Trust Acquire Land?

Residents of Chester share a common goal. To preserve the unique character of the Town while maintaining the balance between further development and the maintenance and creation of open space and undeveloped tracks for the enjoyment and use of town residents. Chester Land Trust board member volunteers work in partnership with residents and town officials to identify land that has conservation possibilities, determine if and how the acquisition of such parcel could benefit both the Town residents and others in the community. Land so identified can be gifted or purchased or a combination of both and other options such as Conservation Easements can also be pursued. Board members are always available to interact with respective land donors or to hear any suggestions or ideas surrounding any track that may be suitable for donation or purchase.

Donating land for conservation is a gift that keeps giving. It can benefit generations of residents who benefit directly and indirectly from the preservation of Chester's unique character. The Chester Land trust, as a 501(C)(3) organization, is a qualified recipient of conservation land donations and easements. There are many options of making a gift to the Chester Land Trust including an outright donation or a blend of several different conservation measures. Many of these have a potential of benefiting the landowner as well, including:

- Deductions to federal and state income taxes in the year of the gift or later years
- Reduction in the size of the taxable estate
- Relief from local real estate taxes

In most instances, the value of the gift is based upon a professional appraisal of the land or interest being donated. It is important that any donor seek his or her own professional tax advise as they weigh their various options for gifting.

The following are some of the more popular conservation options available to land owners. These options may be applied to all or part of the property.

Land Donation The land is given over to the Land Trust. The Land Trust takes title to the property, assuming full ownership and future care of the property. The donor may be entitled to a charitable contribution for income tax purposes equal to the fair market value of the gifted land as determined by an independent qualified appraiser retained by the landowner. Such a gift may also reduce the value of the landowner's taxable estate by excluding it from the estate's assets.

Bargain Sale The Land Trust may buy land at less than fair market value. The difference between the bargain sale price and the fair market value is a charitable contribution. Thus, this is part gift and part sale. The seller realizes a combination of a tax savings and a return on a portion of the equity in the land.

Reserved Life Estate This is a gift of ownership of title, but subject to the donor's right to possession and use of the gifted property for his or her lifetime or some other named event. The terms of a reserved life use, e.g. responsibility for taxes and repairs, may vary. A land

donation with a leaseback to the donor rather than a reservation of life use is also possible. A charitable contribution for income tax purposes may be allowed in accordance with the Internal Revenue Services regulations, and there may also be reductions in the landowner's taxable estate.

Conservation Easement Ownership of the land is not transferred to the Land Trust, but the conservation easement imposes permanent restrictions on the future use of the land. For example, an easement can require that property remain forever in its natural state or in agriculture. As ownership changes, the land remains subject to the restrictions of the easement. A charitable contribution may be allowed equal to the difference between the fair market value of the land before and after the easement. An easement may also reduce the value of land within the landowner's estate as well as property taxes.

Testamentary/Trust Gifts Gifts of land and conservation easements can be made to the Land Trust by Last Will and Testament or through trust funds. While testamentary gifts do not result in a charitable contribution for income tax purposes, they can dramatically reduce the estate tax liability faced by the next generation and also guarantee that the property is maintained as the donor requests. Codicils to a will can be an effective interim measure to protect land while planning is underway, but you should check with your lawyer. To ensure that the Land Trust understands your wishes for the land and that it is appropriate for preservation or some other use, we ask that you contact us during the planning process.

Fair Market Purchase Sometimes the Land Trust buys land or conservation easements at fair market value. This depends on the property and its conservation value, and whether funds are available. In most instances, such purchases are dependent upon the ability of the Land Trust to raise the necessary funds from the community at large or from grants, which are not always available. In other instances, the Land Trust may negotiate a purchase in conjunction with a governmental development rights or open space program.

Limited Development The high value of real estate in Chester may put some parcels beyond acquisition by the Land Trust. Also, town regulations may allow development of a larger piece of land into smaller lots than otherwise applicable, if part of the land is set aside as open space. As a result, we may help to prepare conservation plans for parcels that identify areas to be protected, as well as marginal land that can be developed or sold to pay for the acquisition and management of the preserved areas. Such "limited development" plans enable us to implement alternatives to outright development under existing subdivision regulations.

Chester Land Trust Members, Board of Directors and Volunteers work hard all year long to find ways to help preserve and to protect the unique character of Chester through conservation. They are committed to that goal with Board Members being willing to discuss ways you can permanently protect your property and indirectly the quality of life in the Town of Chester.

Please call a Board member to arrange a confidential discussion about ways you can permanently protect your property.