

**Vermont Housing & Conservation Board
Conservation Issues Committee
MINUTES**

August 19, 2025

Zoom & In Person at VHCBC Conference Room, 58 East State Street, Montpelier, VT

Board Members: Kate McCarthy, Ryan Patch (designee for VAAF), Amy Mynter, Billy Coster (designee for ANR), Neil Mickenberg, David Marvin (All Board Members called/zoomed in)

VHCBC Staff: Gus Seelig, Annie Decker, Stacy Cibula, Isaac Bissell, Holly McClintock, Bill Dell'Isola, Trey Martin, Rebecca Williams, Pollaidh Major

Others Present: Tyler Miller (Vermont Land Trust), Maggie Donin (Vermont Land Trust), Craig Privett (Upper Valley Land Trust), Gannon Osborn (The Nature Conservancy), Britt Haselton (Vermont Land Trust)

Chair Kate McCarthy called the meeting to order at 9:01am

Public Comment

No public comment

Minutes

No edits or questions offered. Neil Mickenberg made the motion to approve the minutes from the March 31, 2025 Board meeting. Billy Coster seconded the motion. All voted in favor of the motion.

Roll Call

Neil Mickenberg - Yes

Amy Mynter - Yes

Billy Coster - Yes

Ryan Patch - Yes

David Marvin - Yes

Kate McCarthy - Yes

Donated Easement Policy- Bill Dell'Isola and Isaac Bissell

Bill presented an overview of the draft policy, which builds upon a staff proposal from the March 31, 2025 board meeting, which the CIC supported. The policy outlines a streamlined pathway that would unlock the ability to complete more donated easement projects and thereby conserve more land. Bill highlighted that the proposal is highly cost-effective, and that land trust partners already have a strong pipeline for these projects, many of which are stalled due to lack of

funding for transaction costs. This process could have broad applicability across project types with land trust partners, municipalities, and conservation organizations.

Recommendation: Staff are looking for feedback on the draft internal processes doc and draft program guidelines in advance of October 2025 board meeting with the goal of bringing it to the board for adoption at that time.

Isaac added that existing pipelines are potentially significant, with many projects currently stalled. Noting the 30 by 30 goal, there is excitement among partners about this potential streamlined process.

David commented that this seems to be a great opportunity to conserve more land at low cost to the public and added that the policy seems well thought out.

Billy agreed with David about the potential benefits, but expressed concern about project quality and asked for further clarification about strategic prioritization if the process is on a rolling basis.

Gus responded that the board will receive a report out on the first 10 projects, so staff will look to them for feedback at that time about the process. Competitive rounds were not necessarily a consideration for these early projects.

Trey added that these would still need to be projects selected by partners that fit their policies and those of VHCB. Trey expressed the hope that this will result in high quality projects by VHCB partners.

Isaac added that he expects to see projects that far exceed minimum standards.

Billy asked if this would apply to non-publicly owned land.

Gus stated the policy is not focused on that, but would be open to it dependent upon the quality of the project.

Isaac stated that he believes the largest pipeline to be donated easements coming from private parties, but that the policy was written broadly to incorporate all other types that are currently funded.

Kate asked, if there is a piece of land adjacent to a village where the village could grow in the future potentially out of harm's way, what policy and staff review would be in play for a potential donated easement in a location like that?

Gus responded that partners are asked if projects are consistent with town and regional plans. Specifically written into the policy is that, if there is water and sewer available, those decisions would not be made at the staff level.

Kate expressed concern that that is not enough of a guarantee, but also stressed that she is specifically thinking about a worst-case scenario.

Gus added that municipalities can certainly weigh in.

Isaac praised Bill's ability to independently scrutinize these parcels and his willingness to bring housing staff in if that seems appropriate.

Amy added appreciation for the comments considering the public access piece on private working forest lands and noted that point's importance.

Billy noted that he did not see reference to agricultural projects. He asked if policy would include them or if staff don't expect to see those projects?

Bill responded that it would apply to farm projects that don't fit the normal process.

Billy stated he is comfortable with an executory interest as long as staff have reviewed the easement and it is consistent with current guidelines and objectives. Amy agreed.

Isaac asked if board members would be comfortable with a recommendation of approval of this policy to the larger board, subject to partner feedback before the October board meeting?

An informal poll indicated support from board members.

OPAV lessons learned and next steps- Isaac Bissell

Isaac presented this summary of lessons learned and potential actions staff can take given those lessons. Two categories of questions were raised during this process relating to appraisal methodology.

Isaac provided short overview of how OPAV appraisals differ from standard appraisals- assumption for OPAVs about highest and best use of parcel, for commercial agriculture, unlike standard appraisals, which look more generally at the market. The appraiser requirement was questioned by the appraiser who worked with VHCB, and he requested that he be able to look at every OPAV sale on the market, which resulted in a different highest and best use and a higher value than we expected. Staff's takeaway is that we need to provide very clear instructions for appraisers doing this work for us to avoid inaccurate valuations based on the incorrect highest and best use.

Initial questions from Board members:

Neil asked whether, in addition to instructions for appraisers, we would clearly document the process of explaining the OPAV to landowners at the time of conservation?

Trey answered that this is a different and very important need; critical for VHCB to document that landowners have ample opportunity, time and counsel to understand the rights conveyed under the OPAV.

David asked whether appraisers could find that highest and best use might be something less than commercial agriculture?

Isaac explained that the appraisal did include comps of properties with exclusions for high value residences, destination venues, etc.

Gus added that another issue is the lack of a diverse appraiser workforce – only two appraisers at work in Vermont right now who do this kind of work

Isaac addressed the second set of questions we addressed in the process of exercising the OPAV, based on alternative reading of the OPAV by opposing party. This can be addressed by better presentation of the purpose, function, process, and policy for the OPAV. Isaac added that this goes back to Neil’s question about how we educate and inform landowners.

Neil suggested a three-fold approach, including outreach to appraisers, landowners, and legal community, and asked whether landowners could sign a statement with instructions for attorneys who might represent landowners in the future.

Neil, Kate and Isaac discussed how the file we prepare needs to be clear to counsel, adjudicators, and landowners, especially considering the strong financial incentive there can be to push against VHCB.

Ryan Patch expressed appreciation for the proactive work VHCB is doing with partners to avoid disputes in the future.

Amy asked, moving forward, how will we acknowledge / address the issue of residential “farmettes” – where does this fit into our work?

Isaac commented that at the very least, we would not want sales of OPAV farms as farmettes to be included as comps. Isaac added that viability is critical, off farm income is often needed

Kate asked how staff would use the proposed budget to prepare the white paper, outreach, etc.

Isaac responded that it would be used for external counsel, consultants, etc.

David shared his thanks for the work staff are doing

BREAK (8minute)

OPAV 2.0 Update - VLT Staff (Maggie Donin and Tyler Miller), and Isaac Bissell

Isaac introduced the colleagues from VLT to give an update on the work that has occurred over the last 15 months and to invite board member questions and comments.

Maggie Donin and Tyler Miller presented a slide deck to set context, goals, challenges, and illustrative examples. In summary, the OPAV is effective, but is an intense investment on a per project basis. It allows farmers to test the open market which is potentially driving up market costs for qualified farmers. It is also adversarial and doesn’t easily facilitate transfer to new and undercapitalized farmers. There is a need for additional tools and approaches to more fully serve the farm community, particularly new and beginning farmers. OPAV 2.0 would reduce the initial

purchase price and preserve the affordability over time, much like housing shared equity programs, but would not replace OPAV 1. OPAV 1 as a floor upon which to build the new model.

Maggie Donin (VLT Farm Access Program) explained the basic design. Farmer buys in for 50% of agricultural value of the land and 100% of the value of the residences and structures. Those become the base values. When the farmer sells, VLT holds a perpetual option to purchase the farm back for the current appraised value, but retains 50% of the increase in value in agricultural land. The farmer receives 100% base land value + 50% increase in value of land (meaning the farmer only needs to buy half of value of land up front, but only receives 50% of increase in land value when sold) plus 100% base value and increased value in structures when VLT exercises. This process would control more for land price increasing, not increase in structure values. Maggie then went through three examples to demonstrate the process, one of bare land and two with structures.

Billy expressed concern that this new model might discourage people from conserving, but that a targeted approach could be fine.

Isaac responded that yes, this would be highly targeted at first.

Gus asked what the history is on the value of land increasing over the last decade and the value of homes on conserved land over the same period?

Maggie responded that the trend is certainly greater than inflation. Land value in general has doubled, but that varies from property to property. VLT is not seeing the same increase in structures, potentially due to deferred maintenance. They are still seeing an increase, just not as much.

Gus expressed concern that value increase of homes is a little low even given deferred maintenance because of the massive increase in home values in Vermont.

Maggie responded that these are also data from 2021 sales, so it could certainly be higher now.

Kate asked if there is anything in the policy that would need to change with drastically different inflation?

Isaac responded that runaway housing values could create question marks. Staff are trying to create a document that controls for as much as possible.

Neil commented that this sounds like it is aimed at new farmers. When a property is sold by that farmer, is the second buyer also a new farmer?

Maggie responded that VLT would do a proposal process with a set of selection criteria. They would need to find balance between need and capacity and target this at new and undercapitalized (usually new) farmers with enough capital and capacity to purchase the property.

David asked if presenters could talk about what would happen in deflationary times.

Maggie shared example 3, which included depreciation of structures. This system does not allow people to rely on increased land value in the same way and would incentivize upkeep and improvements. There is a risk that farmers will sell for less than they bought for.

Billy asked how often farmers are coming into a property where they are dramatically changing the objectives and essentially unneeded infrastructure to depreciate.

Maggie responded that change of use is common, but VLT views it as adaptation. Farmers have to think about whether they would rather buy a farm with no infrastructure vs infrastructure they have to change to fit their needs. The example in the slides is a case where operations had ceased and the infrastructure was no longer in use.

David noted that, assuming the enterprise is profitable during ownership time, there are tax incentives on depreciation which would be greater than the actual loss in value at sale.

Maggie shared a project timeline of VLT/VHCB collaboration and work with consultants/outside attorneys. The hope is to share out the idea with stakeholders this fall/winter and pilot it on a VLT owned property in 2026.

Kate asked if insurance companies change how they view properties with OPAV 1 or 2?

Maggie responded that VLT hasn't run it by insurers, but that that is certainly a good thing to consider.

Billy asked about a revolving low interest loan fund for certain candidates rather than this more complicated system with potential long term ramifications.

Gus responded that that goes to the question of the inflation of the value of land and whether or not we can keep up with it. A zero-interest loan could be helpful, and we haven't yet seen out-of-state investors in farmland here yet, but we know that is happening nationally. There could come a time when a negative interest loan would be necessary.

Maggie added that VLT is not a lender and that even with zero interest loans people are having a hard time affording property. VLT hopes to do what they can within their scope to increase long term affordability.

Ryan stated that this seems like a well-reasoned way to try to blunt rise in price of farmland. Farmers who are not interested in conserving can just sell on the open market.

Billy asked if this will be targeted for farms that already have OPAVs? If so, would that require the easement holder to exercise, buy, do an easement or option amendment to add this, then some sort of stewardship around sales in perpetuity?

Tyler responded that this could also happen in the first wave of conservation on a farm. VLT owns a number of farms at any given moment, so they would exercise the pilot on one of those first. VLT sees a lot of opportunity to be slow/deliberate/careful.

Maggie added that this will not be an option for just any landowner hoping to conserve property. It would be targeted towards highly profitable businesses where land value limits access or there is a lot of competition.

Kate asked what VLT and staff are hoping to answer with a pilot besides what types of properties are best suited for this process?

Maggie responded that the hope is to consider how to think about improvements, as well as work on building out business assistance to go alongside the OPAV so people can be confident that they are making smart business decisions knowing their outcome will not be typical. Those conversations are already happening with leasees (in a slightly different format), so VLT anticipates it will be similar to those conversations, but to a greater degree.

Tyler added lending and how this works with main agricultural lenders as a potential question to answer, as well as strengthening OPAV 1 while building out OPAV 2.0

Neil asked if doing this will make purchasing a farm more affordable for young farmers?

Isaac responded yes.

Neil asked if this will help control the increase in land prices?

Maggie responded yes and added that appraisers will consider this as a different transaction than an OPAV 1 exercise.

Isaac added that, at the end of the day, this will cut the value of the appreciation of the land and make this cheaper for incoming farmers.

Neil expressed that the shared equity model has been positive on the housing side so, even acknowledging the differences here, he is enthusiastic.

David asked if, in the case the land value goes up, a landowner can borrow more money to improve the infrastructure. Does this limit farmers' ability to borrow?

Isaac answered yes and that that's a question to discuss with lenders- how can this be nuanced to maximize ability of farmers to have the liquidity they need? That will be a large focus in the coming months.

Maggie added that that is where that business planning piece comes into play. VLT has helped a lot of farmers build equity and plan retirement without relying on increasing land value, so the hope here is to apply those lessons learned.

Billy asked if there would be any affirmative obligations to maintain the property in active agriculture?

Maggie answered that that isn't in the OPAV now, but that is something she has been thinking about in terms of language.

Billy asked if there is any sense of financial implications to VHCB in the near or mid-term?

Gus answered that that depends on how many deals we would use it for and offered that VHCB come up with an estimate based on doing this on 3-4 farms before this gets brought back to the board.

Maggie stated that she has crunched some of those numbers, but doesn't have them in front of her at this moment. In the beginning it would be slow, one project at a time.

Kate asked when this will come back before the board.

Isaac responded that the hope is to bring this back up at the next CIC meeting before being presented to the full board.

Other Business

David asked to discuss project caps at the next CIC meeting.

Ryan seconded a desire to have that conversation and asked whether including an inflationary index would be helpful?

Neil asked about the status of Federal funding for farmland purchases.

Gus responded that IRA funding was lost, but there are no other impacts yet- base matching funds do look to be intact for now.

Stacy added that NRCS contracts are coming in for this year as expected and that VHCB is hoping for \$3-4 million in next Federal fiscal year.

Motion to adjourn from Neil, seconded by David, unanimously passed.

Adjourned 11:20am