

Virginia's Big Woodland Transfer

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Virginia is poised to see one of the greatest shifts in forestland ownership since the Kings' Grants of yore. A combination of factors have been in play over the last few centuries culminating in an aging Boomer generation that now owns the majority of Virginia's woodland. With relative affluence and affordable land, boomers have acquired farm and forestland over the years, and are now poised to pass much of that land on to the next generation of owners.

Family forest landowners control 10.1 million acres, or 64%, of Virginia's 15.4 million acres of woodlands. However, the future sustainability of Virginia's forestlands are at a crossroads, as they are experiencing significant loss. Commercial and residential development is behind most of the 27,000 acres of forestland that are lost each year. And the same is true of the approximately 100,000 acres of farmland lost an annual basis. We are at a point now where even more forest land ownership is in transition.

Consider that forest landowners aged 55 and older comprise 63% of all family forest landowners, encompassing 70% of woodland in private ownership. In the next 25 to 30 years, Virginia will see the largest intergenerational transfer of forestland in its history. The decisions landowners make now will have a profound effect on whether our farms and forests are conserved or converted to non-rural uses.

What will happen to your land? Will it pass to your heirs, or simply be sold to a new owner? Will a new owner value the land for the products it grows or will they value its potential for development? For landowners, the implications of these decisions are personal, familial and financial. Few challenges facing Virginia's 373,000 family forest land owners are more important than the issue of passing the family forest on to the next owners. Many owners want to preserve their family lands but don't know how to involve family members in their ownership and management.

If you own land and you're not sure you've done adequate planning, the time to start is now. Many good resources exist to assist landowners through the process. It is essential to assemble a good team of

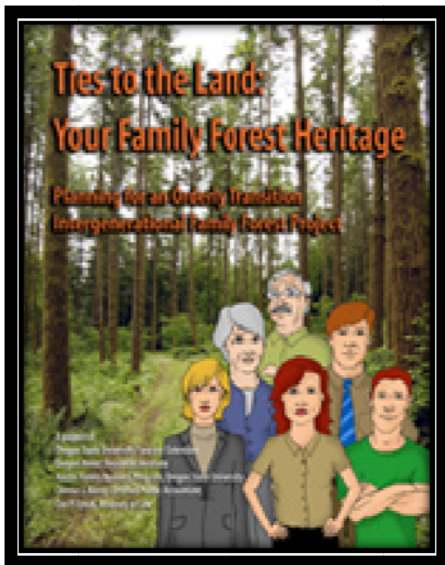
TEN STEPS to SUCCESSFUL FAMILY FOREST TRANSITION PLANNING

1. Discuss and write down your goals (vision) for the property and the family.
2. Discuss these written goals with your family.
3. Create a family business entity to own the land.
4. Have regular family meetings to discuss the business and share your passion.
5. Set family employment policies before you hire any family members.
6. Discuss and write down important decisions.
7. Create non-financial reasons for the family to keep the property.
8. Get your kids and grandkids out to work and have fun on the property.
9. Create a governance structure that will survive your passing.
10. Remember to have fun!

Excerpted from: **Ties to the Land: Your Family Forest Heritage. Planning for an Orderly Transition**

professionals, including an attorney competent in estate planning for land transfer and a Certified Public Accountant familiar with the tax implications of various landownership and estate planning tools. The team may also include a financial planner, a conservation specialist, a consulting forester, or tax attorney.

According to Julie King, an estate-planning attorney in Charlottesville, who helped teach a recent short course for forest landowners on transferring land, “You may use a will to transfer ownership of your property, but a will typically isn’t enough to ensure that your goals and desires for the land will be maintained. You should talk with your family about goals for your land. These are conversations you may want to avoid, but there is security in knowing your wishes will be carried out.” King also encouraged landowners to look at all their assets and consider whether alternatives, such as organizing ownership as a trust or limited liability company, or placing their land in a conservation easement may better achieve their goals.



The first step in all of this is to clearly identify what your goals are. This should be accomplished on both an individual level and as a family. Because this all important first step can be hard to take and challenging to facilitate, many good materials have been developed to help do this. *Ties to the Land: Your Family Forest Heritage. Planning for an Orderly Transition* is an award winning tool for woodland owners to use in transferring their land to the next generation.

We’ve reviewed this and other material in-depth in preparation for the recently held workshop and feel it does a great job. Complete with tips for communication and setting up family meetings to the difference between and LLC and LLP, this is a great resource for getting started. If you missed the workshop but are in need of some assistance, we recommend this

resource. It can be purchased from Oregon State University at:

<http://www.familybusinessonline.org/resources/ttl/home.htm> or by calling 1-800-859-7609. We also have tentative plans to offer a repeat of the “Focusing on Land Transfer to Generation NEXT” short-course next year in the Warrenton area.

Even for those of us who don’t own land, this is an important juncture in our well being as a society. The management decisions made by family forest owners play a crucial role in determining the health and conservation of the natural forest systems upon which we rely for the sustainable flow of natural goods, and environmental services. Virginia’s private forestland is the largest contributors to wildlife habitat, clean water and renewable wood products to name a few. What happens to this land touches us all.

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