

Communities and Forests

The Newsletter of the
Communities Committee
of the Seventh American
Forest Congress

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Communities Respond to Changes In Timberland Ownership

by Ann Ingerson,
The Wilderness Society

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Beginning in the 1800s, the forest industry in the United States began to acquire timberland to support its mills. The industry eventually accumulated 75 to 80 million acres nationwide¹. For well over a century, these industrial ownerships remained largely intact, providing a measure of stability for the communities that sprang up to harvest and process the timber. Even as firms merged or folded, land would usually be transferred to another industrial owner, though in some areas the primary product gradually shifted from solid wood to fiber as large old-growth trees grew scarcer.

This system persisted throughout the 20th century for a number of reasons, including the United States' rising affluence as an industrial nation and abundant natural resources. Over the past few decades, however, that industrial economy has begun to shift overseas and the larger companies have worked hard to maintain profitability in the ever-changing global economy. Especially in areas with low inherent productivity or depleted forest inventory, a notable trend has emerged. Forest industry firms are divesting land to free up capital for equipment up-grades, mergers, or overseas expansion. The re-



PHOTO BY NED THERRIEN

An early morning canoe ride in a community-forest in Randolph, New Hampshire, is a perfect way to start the day. Photo courtesy of the Trust for Public Land.

sult is that forestland sales are increasingly separating land ownership from processing capacity.

Because of this nationwide trend in forestland ownership, rural communities that developed under relatively stable forest industry ownership, with local businesses catering to the needs of a single industry and its employees, are now facing an uncertain future. Since a significant portion of profits for the new forest landowners depends on capital gains from land sales as opposed to timber products, industry analysts expect that land will turn over every ten years or less. Each change in land ownership may involve subdivision of select parcels for "highest and best

use". This usually means residential or commercial development.

Nearby communities face losing the critical economic, environmental, recreational, social, cultural, and aesthetic values and benefits those forests have traditionally provided. As large land units become increasingly fragmented, it is harder to manage for water quality, wildlife, back-country recreation, or commercial timber production, and the continuity of management that is critical to long-term forest productivity may be lost. Real estate prices can climb beyond the reach of long-time residents. Communities across the country are struggling.

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Communities and Forests

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Listserv

The Committee's listserv, communityforestry@lists.nau.edu, is a bulletin-board type list where committee members post weekly federal policy updates, announcements of upcoming workshops and conferences, job announcements, and related notices.

Subscribers may also post questions or comments for general discussion. However, use of the listserv for extended debate is discouraged and personal attacks are not tolerated.

To subscribe to the listserv, send the following message to listserv@lists.nau.edu:

Subscribe communityforestry NAME

(Type your first and last name in place of "NAME")

From the President

We're really excited about our upcoming conference, *Community-owned Forests* (June 16-19), and are delighted with the enthusiastic response we have received from our sponsors, presenters, and the many folks who have let us know they plan on attending.



Carol Daly

The idea for the conference germinated in our Private Lands Task Group and gained momentum after a 2003 Board of Directors' meeting in New Hampshire. There we heard a number of presentations and went on a field tour that helped us better understand the environmental, social, and economic impacts of the large scale changes in private forest land ownership that are taking place across the country.

Just about a year ago, the Board decided that we could best serve this growing sector of the community-based forestry movement by providing a venue for key individuals and organizations to come together to exchange ideas and information and explore ways to work together to meet mutual needs. What has happened since then has been a gratifying demonstration of the power of collaboration in community-based forestry.

The Communities Committee has no staff, but a number of our board members offered to serve on a conference planning team. We asked other people actively engaged in community-owned forest efforts to join us – and they all agreed. Since last April the team has met regularly on conference calls and, between calls, through email. Together – in a totally volunteer effort, we have laid out the conference agenda, raised needed funds, recruited presenters, made logistical arrangements, created a conference web site, and much, much more. The full team has never met in person. The first time some of us will see the others will be at the conference. I'm looking forward to that. Right now, though, I want to acknowledge and give my most heartfelt thanks to team members Jim Beil, Jill Belsky, Caroline Byrd, Anne Dahl, Gerry Gray, Ann Ingerson, Mo Hartmann, Ali Duvall Jonkel, Kathy Koors, Ashley Emerson Mason, Brian Miller, Kathryn Mutz, Melanie Parker, Naureen Rana, Laura Schweitzer, Rock Termini, and Alicia Vanderheiden. What amazing people they are!

For anyone interested in community-owned forests, this conference should be a "don't miss" event. Hope to see you there!



Carol

Community-owned Forests Conference

June 16-19, 2005, Missoula, Montana

"Community-based forestry is about finding a system to ensure that the long-term well-being of local communities is dependent upon the long-term sustainability of the forest ecosystem."

by Carol Daly and Ian Leahy

Communities are reclaiming the management and ownership of their local forests, resulting in a rebirth that has created extraordinary opportunities and challenges. In response, the Communities Committee is hosting a three-day national conference entitled *Community Forests in the United States: Possibilities, Experiences, and Lessons Learned*. It will be held in Missoula, Montana, June 16-19, 2005. The conference will bring together practitioners to explore issues, options, and experiences in community forest establishment, governance, management, and use.

Presenters will include representatives of town forests in New Hampshire, Massachusetts, Vermont, Michigan, Oregon, and California; county forests in Wisconsin and Minnesota; tribal forests in Arizona, Montana and Washington; forests owned by community land trusts in Maine, New York, and New Mexico; and crown land and model forests in Canada; as well as a variety of agencies, non-profits and management experts who help fund and provide services to community forests throughout the country. Through presentations, group discussions, poster sessions, and field tours to proposed community forests in the nearby Blackfoot and Swan Valleys, the conference will address the following:

Understanding the issues

- Current and historic community forests in North America
- Corporate forest land divestiture – issues and opportunities for companies and communities

Exploring the possibilities

- Assessing local readiness and capacity to establish a community forest
- Forest land acquisition and financing: options, tools, and techniques
- Costs and revenues: doing the calculations, making the choices



PHOTO BY JERRY AND MARCY MONKMAN

A young boy casts his line into the Moose River in New Hampshire. Photo courtesy of the Trust for Public Land.

Making it work

- Developing and sustaining a collective vision for a community forest
- Forest management models that have worked – and some that haven't
- Building needed social, financial, institutional, and technical capacity
- Community learning: multiparty monitoring and participatory science

Facing the challenges

- Defining the "community"
- Dealing with issues of property, tenure, responsibility, risk, and governance
- Managing a forest for multiple public and private values
- Ensuring effective community leadership, investment, and control over the long term
- The missing pieces: needed new or revised laws, policies, and financing tool

This conference is designed for people from communities facing forest land conversions and either considering the possibility of developing a community forest or already involved in the process. It will be a practitioner-oriented conference, enabling attendees to get to know their counterparts elsewhere and garner practical information and ideas they can take home and effectively use in their own situations. Presenters will be encouraged to stay for the entire conference, giving attendees the greatest possible benefit of their knowledge and experience. We anticipate a community forests network will be established from this conference for the continued sharing of issues, innovations, and lessons learned.

Conference sponsors include the Communities Committee, the Bolle Center for People and Forests at the University of Montana, The Wilderness Society, the Montana Chapter of The Nature Conservancy, the Swan Ecosystem Center, the Blackfoot Challenge, the Flathead Economic Policy Center, the Pinchot Institute for Conservation, and American Forests. The registration fee of \$100 includes seven meals, field trip transportation, and conference materials. Low-cost, double occupancy university dormitory housing is available, and scholarship assistance will be offered for attendees needing help with travel and/or per diem costs. Registration began in January. Scholarship requests are being accepted on a rolling deadline beginning March 31, 2005.

For further information and registration, please contact:

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919 Elk Park Road
Columbia Falls, MT 59912
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Looking Back to the Future: New England's Community Forests

by Martha Lyman
Quebec-Labrador Foundation/
Atlantic Center for the Environment

Throughout American history, community forests in New England have helped create a unique landscape and culture in the United States. Conway, New Hampshire, for example, owns over 1,600 acres of forest land. The largest piece, a 908 acre parcel of land, is known as the Common Lands. These lands date back to colonial times when they were made available for use by townspeople who were in need of firewood because of economic misfortune. In the 1930's, Gorham, New Hampshire acquired 5,000 acres of land from a paper company to protect the town's water supply. While the land is still managed in keeping with the principle priority of preserving the town's water supply and quality, the Gorham Town Forest now serves as an outdoor classroom for the local schools. It produces revenues from timber harvests that support other community priorities such as the renovation of the town offices and the purchase of emergency equipment. As recently as 2000, the town of Randolph, New Hampshire (population 320) acquired 10,200 acres of land to manage growth, to preserve the forest-based economy of the town, and to provide a vital corridor and link between two sections of the White Mountain National Forest (WMNF).

These stories reveal that community ownership and management of forest land is not a new idea, especially in New England. Rather, it is an old idea with new relevance. We know that access and rights to natural resources are two of the principle tenets of sustainable development. We are also learning from the field of community-based natural resource management that if natural resources have value, and that value can be captured by the landholder (in this case the community), then there is a strong likelihood that the resources will be conserved. The result

will be improved management, expanded participation, improved governance, and increased benefits¹.

These concepts are increasingly important in a region where the globalization of the forest products industry has resulted in large absentee landowners selling vast areas of land. This trend coupled with development pressures have combined to cause an acceleration of the fragmentation of the productive forestland base. While there have been impressive conservation initiatives to secure the land, virtually all the ownership still remains in the hands of large absentee landowners such as timber investors, state and federal agencies, or state and national non-profits.

Although communities gain some benefits from improved stewardship and a forest-base that is still available for recreation, the decision-making power and economic returns from the land due to these absentee owners continues to flow out of the region and out of local communities. As mechanization in the forest industry reduces employment in both the woods and the mills, even wage income derived from the region's forest land is sharply reduced. The net impact is that the local population and local communities derive far less direct economic value from the forests than has been the case historically.

One of the strongest ways to plug this draining of resources is self-determination. Self-determination is a critical component in any effort to improve a community's future potential, particularly for those experiencing economic challenges driven largely by outside forces. Strong traditions and a common sense of identity still define New England. 100 years ago timber resources defined the region's economic growth and development. Today the same landscape is bringing growth from tourism and recreation. Increasing local equity in forest land, the region's core asset, is a positive step in the direction of supporting local self-determination, resource protection, and economic growth, while preserving and enhancing local traditions.

What is the potential for community ownership and management of forest land both as a component of a regional conservation strategy as well as a community and economic development strategy?

In 2003, the Quebec-Labrador Foundation/Atlantic Center for the Environment (QLF) conducted a study for the Mt. Washington Valley Economic Council of the economic, environmental and social contributions of town ownership of forest land². The study concluded:

- *Forests either pay their way or produce revenue for towns and in all cases impose no net costs to towns.*
- *Forests provide a complex suite of both monetary and non-monetary benefits including timber revenues, non-forest product revenues, water supply and quality, recreation, wildlife habitat and open space*
- *Forests provide support for other community priorities including social services, education, building community capacity and social capital*

QLF, the Trust for Public Land, and the Northern Forest Center are working collaboratively to analyze the potential role of community forests in the New England region, to develop a programmatic model for community ownership and management based on a set of pilot projects to be identified, and design policy initiatives that will attract more financing capacity and support for communities who want to acquire, own, and manage forest land as community assets. One such pilot project is the proposed acquisition of 5,145 acres by the town of Errol, New Hampshire (see article on page 7).

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Creating a Community Forest In Errol, New Hampshire

by Martha Lyman
Quebec-Labrador Foundation/
Atlantic Center for the Environment

When 5,316 acres of privately-owned woodland in northern New Hampshire came on the market, residents of Errol recognized an opportunity to protect a community asset. While the Town of Errol (pop. 303) is the second-poorest town in Coos County, it encompasses a wild and scenic stretch of the Androscoggin River, as well as most of the Lake Umbagog National Wildlife Refuge. The people of Errol saw what other communities have created with town ownership and contacted the Trust for Public Land (TPL) for assistance in acquiring a community forest of their own.

The Thirteen Mile Woods, as the tract is named, has played a key role in the town's heritage. Even before the first European settlers arrived, a legendary Native American Chief Metallak and the remnants of his Coashaukee tribe hunted, fished, and trapped the lands. It was also in the Thirteen Mile Woods that the sound of axes striking against frozen trees rang out while daring river drivers floated millions of logs to the mills at Berlin. The town of Errol was indeed a vital center during the exciting and colorful logging era. Over time, as with elsewhere in the U.S., lumbering and its associated river traffic gave way to pulpwood harvesting, hunting and fishing, canoeing and boating, moose watching, fall foliage tours, and snowmobiling. What has not changed, however, is the recognition within the community that the natural resources of the Thirteen Mile Woods are valuable assets.

Today, the scenic Androscoggin River is a world-class resource for fishing and boating. The property's wetlands provide habitat for a number of amphibians, and its ponds, rivers, and conifer stands provide excellent habitat for loons, pine marten ospreys, and bald eagles – all of which are threatened in New Hampshire and



PHOTO BY WED THERRIEN

This hiker enjoys a community-forest in Randolph, New Hampshire. Photo courtesy of the Trust for Public Land.

maintain a presence in this area. The property also offers potential for an extensive multi-use recreation trail network. Portions of two primary corridor snowmobiling trails already cross the property. The town has also been approached for timber contracts. Local sawmills stand ready to process logs generated on the tract. The townspeople wish to continue the long tradition of multiple uses of these lands and are eager to take on the management of this tract to protect the resources, to preserve the character of their community, and to diversify its economic base to include wildlife and recreation-related tourism as well as timber harvesting.

As soon as the Thirteen Mile Woods became available, federal, state, private and

non-profit interests had their eyes on it. Its protection would provide an important anchor in a growing corridor of public and private conservation land between the White Mountain National Forest to the southwest, state-owned Nash Stream Forest to the west, and Lake Umbagog National Wildlife Refuge to the east. A partnership had already begun forging agreements to complete these linkages when representatives from the town expressed interest in acquiring the property. As an initial gesture to secure title, they began working with the Trust for Public Land to enroll in the Forest Legacy program that would allow the town to retain fee interest while the state held an easement governing sustainable forestry and mandating public access. The town supported the acquisition in a non-binding vote at the 2004 Town Meeting. A substantial request for town funding to purchase the land will be presented at 2005's Town Meeting.

Errol provides an excellent case study-in-progress of local acquisition and management because financing town ownership of the Thirteen Mile Woods will use not only traditional resources, including the Forest Legacy Program and a state grant program, but it will also pioneer a new approach to financing community forests. Errol will use town bonding authority, private philanthropy, participation by a commercial bank, and New Markets Tax Credits, which permit taxpayers to receive a Federal income tax credit for making qualified equity investments in designated Community Development Entities that invest in low-income communities.

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gling to understand and address these changes and the new entities that affect their forested landscape.

Hancock Timber Resource Group (a timber investment management organization) recently analyzed transfers of large timberland parcels from 1999 through 2001 in the South, Northeast, and Pacific Northwest. They concluded that:

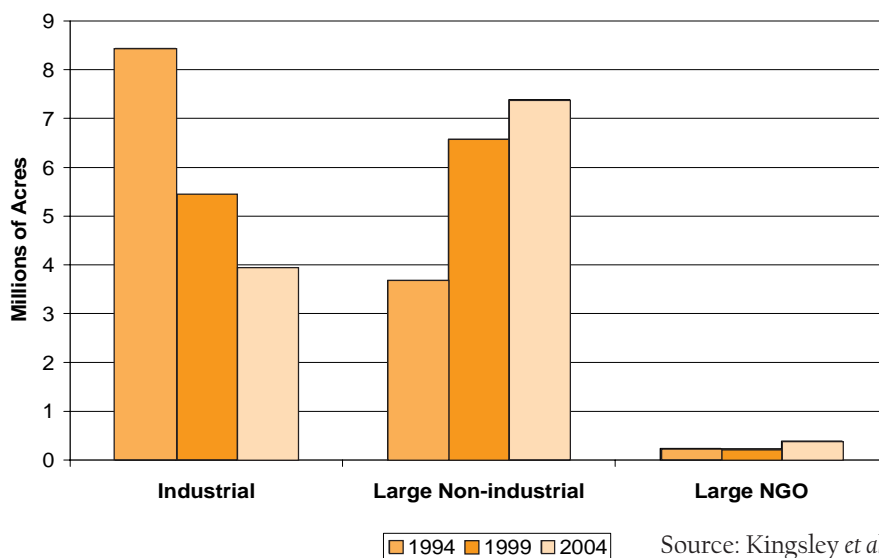
- 13 million acres changed hands during the survey period, including 5 million acres in the Northeast and 7.5 million acres in the South.
- The forest industry lost about 8.5 percent of its timberland (5.7 million acres) over this three-year period, while institutional investors gained 6.1 million acres and conservation groups gained 1.4 million acres.

• Institutional investors paid the highest per-acre prices for timberland. In these three regions, investors paid an average of \$1,015 per acre, forest industry \$638, and conservation groups \$475.²

To put these numbers in perspective, when Hancock Timber Resource Group was founded in 1985, institutional timberland investment totaled about \$300 million in the United States. By 1999 the total had risen to nearly \$8 billion³ and today the total stands at \$11 or \$12 billion.⁴ The trend is especially pronounced in some regions, as illustrated in the accompanying graph for the Northern Forest region (northern Maine, New Hampshire, Vermont, and New York).

The most common business form to emerge from the divestiture trend is the Timber Investment Management Organization (TIMO). TIMOs manage timberland as an asset within the portfolios of institutional investors, including insurance companies, pension funds, endowments, and high-net-worth individuals. There are at least fifteen large-scale TIMOs (and many smaller ones) operating across the U.S. and several of these also hold timberland in other countries. In addition to Hancock Timber Resource Group, other large TIMOs include GMO Renewable Resources, Global Forest Partners, Molpus

Forestland Ownership Changes in the Northern Forest Region



Woodlands Group, Forest Investment Associates, RMK Timberland Group, The Campbell Group and The Forestland Group. Another new class of timberland owner, the Real Estate Investment Trust (REIT), currently represented by Plum Creek and Rayonier, has the capability to attract smaller investors who can buy and sell their shares without actually transferring land ownership.

These new landowners follow different accounting and tax rules than forest industry corporations. For instance, TIMOs and REITs can claim appreciating land and timber value before timber is actually cut, pass capital gains from land sales to their investors, and avoid double taxation (corporations pay a tax on profits, then distribute dividends to shareholders who also pay a tax). These advantages help make land ownership more profitable for the new institutional investors than for traditional forest industry corporations. On the other hand, since timberland investors are not committed to long-term supply for a particular mill, they may more willingly sell land or easements to public agencies, land trusts, or communities interested in keeping large forested parcels and traditional uses intact.

Yet both TIMOs and REITs have what is called a “fiduciary responsibility” to maximize investor value. This responsibility restricts their ability to respond to community needs if such an action would reduce financial returns. Public access, for instance, might give way to paid restricted access as an income source. Long-time inexpensive camp leases might be converted for sale to the highest bidder. Contiguous tracts of timberland may give way to new residential or commercial developments that not only subdivide important ecological systems and reduce land available for wood production, but also completely restrict public access. None of these actions is intended to deprive communities, yet they may come as an unwelcome surprise to residents accustomed to traditional landowner relationships.

A variety of solutions has emerged in recent years as communities have urgently sought alternatives to avoid the problems created by divestiture. These include government acquisition of the land, private purchasers to maintain forest uses and/or limit development intensity, purchasing

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development rights on the properties, or negotiating conservation easements. Increasingly, however, some forward thinking communities are taking a page from U.S. history and pursuing an exciting – and challenging – option: acquiring the lands to manage them as community forests.

Community forests existed in our landscape before the country itself was founded. In the 17th century, New England settlements borrowed from both American Indian communal land use and the English concept of “the commons” when they surrounded clusters of private village lots with common lands that provided grazing and wood for building and fuel.⁶ Additional lots were often allocated to support public institutions like schools and churches. Though an increasingly crowded landscape has infringed on these



PHOTO BY NED THERRIEN

A camper takes to the land in a community-forest in Randolph, New Hampshire. Photo courtesy of the Trust for Public Land.

communal spaces over the past centuries, many New England towns still own common forestland that they manage for recreation, education, wildlife and watershed protection, as well as for wood production.

In New England and the Upper Midwest, new community-owned forests

emerged from an entirely new source in the last century. As abandoned farms or cut-over lands were forfeited for delinquent taxes, towns and counties found themselves in possession of small or large acreages of recovering forest. These public-lands-by-default have long provided hunting and fishing opportunities, and as trees once again reach merchantable size they are beginning to produce timber revenue for their public owners. Across the nation, towns or counties also purchased new land expressly to protect public water supplies or provide

for public recreation.

In its many forms, community forest ownership and management spread to all regions of the country. By the 1940's, the USDA Forest Service documented 3,000 community forests on 4.5 million acres in 43 states⁷. As communities from diverse regions work to understand and address a major market-driven change in their landscape, all these threads are coming together in a new generation of community forests.

(Footnotes)

¹ Block, N.E., and Sample A.V. 2001. Industrial Timberland Divestitures and Investments: Opportunities and Challenges in Forestland Conservation. Washington, DC: Pinchot Institute for Conservation. For perspective, the USDA 2002 RPA Assessment estimated that the forest industry owned 66 million acres of forestland nation-wide, with 347 million non-industrial private and 334 million public acres.

² Binkley, C.S., Washburn, C.L., and Aronow, M.E. 2002. Timberland Ownership Changes. Hancock Timberland Investor, First Quarter, 2002. Boston, MA: Hancock Timber Resource Group.

³ Block, and Sample. *op.cit.*

⁴ Gilleland, J.S. 2003. Strategic Perspectives on Forest Ownership. Who Will Own the Forest? Portland, OR: World Forestry Center Summit. Note: Dollars not adjusted for inflation.

⁵ Kingsley, E., Levesque, C.A. and Petersen, C. 2004. The Northern Forest of Maine, New Hampshire, Vermont and New York: A look at the land, economies and communities 1994-2004, DRAFT. North East State Foresters. Note that not all large non-industrial owners included in this chart would be considered “institutional investors”.

⁶ McCullough, Robert. 1995. The Landscape of Community: A History of Communal Forests in New England. Hanover, NH: University Press of New England.

⁷ *Ibid*

FUTURE from page 4

(Footnotes)

¹ Brian Child and Martha Lyman. 2005. Natural Resources as Community Assets: Lessons from two continents. Sand County Foundation/Aspen Institute. Madison, Wisconsin.

² Keith Bisson and Martha W. Lyman. 2003. Valuing Forests as Community Assets in the Mount Washington Valley: A Study of the economic, environmental, and social contributions of public and private forests and their potential role as a component of a regional economic development strategy. Mount Washington Valley Economic Council. Conway, New Hampshire.

Communities and Forests

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Bladensburg, MD 20710-1031

Mark Your Calendars

Community-Owned Forests Conference: Possibilities, Experiences, and Lessons Learned

June 16-19, 2005
Missoula, Montana

Please see article for more information
or visit the web at www.communitiescommittee.org.

7th Annual Landowners Conference presented by Rural Action

June 3-5, 2005
Camp Oty'Okwa, located in the scenic
Hocking Hills region of Southeast Ohio.

Participants will come together with many well-known speakers and presenters to learn about innovative forest- and farm-based income opportunities such as growing medicinal herbs, new landowner forest management planning, stewardship, homestead planning, sustainable agriculture and getting to know your land. Conference goers can also go on a variety of hikes to learn more about their land and the natural history of the region.

For more information please contact: Cynthia Brunty, Rural Action Forestry: 740-767-2090; forestry@ruralaction.org; www.ruralaction.org/conference.html

Mission Statement:

The purpose of the Communities Committee of the Seventh American Forest Congress is to focus attention on the interdependence between America's forests and the vitality of rural and urban communities, and to promote:

- Improvements in political and economic structures to ensure local community well-being and the long-term sustainability of forested ecosystems;
- An increasing stewardship role of local communities in the maintenance and restoration of ecosystem integrity and biodiversity;
- Participation by ethnically and socially diverse members of urban and rural communities in decision-making and sharing benefits of forests;
- The innovation and use of collaborative processes, tools, and technologies; and
- The recognition of the rights and responsibilities of diverse forest landowners.