

Fairhope Single Tax Corporation

Fairhope . .

Following the incorporation of the Fairhope Industrial Association in Des Moines, Iowa in February 1894, 132 acres of land with 2800 feet of bay front were purchased in an area of the eastern shore of Mobile Bay lying between Montrose and Battles Wharf, Alabama. This was the area chosen to establish a "model community" free of all forms of private monopoly. In November of 1894, 25 men, women and children journeyed to found this ideal town.

During the year 1904, the Fairhope Industrial Association was reincorporated as the Fairhope Single Tax Corporation under the Laws of the State of Alabama. By 1907 the Fairhope Single Tax Corporation had grown to 4000 acres, 125 homes and a population of 500. A school and library had been built and Fairhope had the only water works in Baldwin County. The commodities needed from other places were brought by bay boats to the pier which had been built by the earliest settlers. In 1908 the Town of Fairhope was incorporated and 500 acres of Fairhope Single Tax Corporation land was included in the City limits.

The basis of this prosperous and fastest growing town in Baldwin County was the Constitution established by the members of the Fairhope Industrial Association and adopted with minor change when organization was reincorporated in 1904.

This Constitution provides that:

1. There shall be no individual ownership of land within the jurisdiction of the Corporation, but the Corporation shall hold as trustee for its entire membership, the title to all lands upon which its community shall be maintained.

2. Its lands shall be equitably divided and leased to members at an annually appraised rental which shall equalize the varying advantages of location and natural qualities of different tracts and convert into the treasury of the Corporation for the common benefit of its members, all values attaching to such lands, not arising from the efforts and expenditures of the lessees.

3. Land leases shall convey full and absolute right to the use and control of lands so leased and to the ownership and disposition of all improvements made or products produced thereon as long as the lessee shall pay the annually appraised rentals provided in the foregoing section, and may be terminated by the lessee after six months notice in writing to the Corporation and the payment of all rent due thereon.

4. Leaseholds shall be assignable but only to members of the Corporation. Such assignments must be filed for record in the office of the Secretary, and the person to whom the same is assigned thereby becomes the tenant of the Corporation.

5. The Corporation shall have a prior lien on all property held by any lessee upon lands of the Corporation for all arrearages of rent.

6. If any lessee shall exact or attempt to exact from another a greater value for the use of land, exclusive of improvements, then the rent paid by him to the Corporation, the Executive Council shall immediately, upon proof of such fact, increase the rental charge against such land to the amount so charged or sought to be charged.

7. Nothing shall be construed to invalidate the Corporation's right of eminent domain. In all leases of land the Corporation shall reserve the right to resume the possession of the same for public purposes, on payment of all damage sustained by the lessee thereby to be determined by the appraisers, one to be chosen by the board of trustees, one by the lessee and the third by these two.

The Constitution also has a provision, whereby lands not desired for use by members may be leased to non-members, and any services which the Corporation undertakes to perform for its members may be performed also for non-members, at the discretion of the Executive Council, on such terms as it may provide.

All leases of land of the FSTC are for 99 years. Each piece of land leased is legally described and lessees are encouraged to record the lease with the Probate Judge as the State of Alabama statutes cover only 20 years of leases not recorded.

Rents are determined on the basis of size, use, location and natural qualities and are determined annually by the Executive Council of the FSTC.

In consideration of the agreement of each lessee to pay the rentals, the Fairhope Single Tax Corporation pays all taxes upon the land leased and the ad valorem taxes on the improvements up to the amount of the rent. All rent monies in excess of administrative costs and taxes are spent in the area in the form of public services or benefits.

Improvements may be sold provided there is no site value involved in the selling price of the improvements. Arbitration procedures which are binding on FSTC may be imposed by lessee in case of dispute.

Today, Fairhope is a City of over 7,000 people and its residents have created and maintained a beautiful city with its water front parks on Mobile Bay. This park area was given to the City of Fairhope by the Fairhope Single Tax Corporation in 1931 with the understanding these 65 acres can only be used as parks.

There is no authoritative information which sets forth the exact way to determine the economic rent of any piece of land. There are those who give a figure of 10% of the land value for land used for business and industrial purpose. Others have given the figure of 6% as the economic rent of land used for home sites. The Fairhope Single Tax Corporation rents are all well below these estimates.

The experiment of the FSTC continues and while its 4300 acres of land, 500 acres of which are in the City of Fairhope representing 20% of the city lands, stay fully leased, we know that LVT has provided a healthy economic atmosphere here in this part of Baldwin County, Alabama.

FAIRHOPE SINGLE TAX CORPORATION

DATA

- * Alabama Corporation wholly located in Baldwin County.
- * 4300 acres owned in Fee Simple.
 - 500 acres in City (less than 20% of City)
 - 3800 acres outside City
- * 1270 Parcels
 - 1225 Leaseholds (Balance of parcels being readied for lease and/or unusable.)
 - 965 in City
 - 565 Homes
 - 230 Rentals
 - 170 Businesses
 - 260 Outside City
 - 160 - 5 acres or less
 - 95 - 6 to 99 acres
 - 5 - 100 + acres
- * 80 to 100 leasehold transfers per year.
- * \$310,000 annual rental.
- * \$20,000,000 Land Value.
- * \$205,000 ad valorem taxes.
- * \$68,000 to City of Fairhope which is 22% of City property tax receipts.