

RE106RC18: HOW TO BRING CONSERVATION DOLLARS INTO LAND TRANSACTIONS

Approved 2018

OBJECTIVE:

This course is designed to assist brokers and salespersons with a process to identify programs and organizations interested in conserving natural resources who have funding programs that can be accessed by both buyers and sellers to help achieve each parties monetary objectives associated with the transfer of those lands. Our ability to bring a variety of funding into a real estate transaction can increase the number of potential buyers by lowering the list price and increase our seller client's financial return.

1. What is Conservation of natural resources and why are they valuable?

- a. Clean air and clean water, scenic vistas, wildlife habitat, prime agricultural and forest soils, unbroken forest blocks, hiking trails are all examples of the public benefits in land, both private lands and public lands.
- b. The Federal government and most state governments recognize the value open lands have to their citizens and have enacted programs to encourage the conservation of private lands with public values with tax benefit programs and funding programs to encourage the conservation of these lands rather than regulation.
- c. Conserved lands are properties owned by Town conservation commissions, the state of Mass Department of Conservation Recreation, Division of Fish and Wildlife, , Federal lands such as National Forests and Monuments, private non-profit lands owned by BNRC, TTOR, Mass Audubon, Nature Conservancy, NEFF, and private land with conservation restrictions over them held by a qualified conservation organization.
- d. Identifying which lands hold the broadest possible set of values to secure the conservation interest has resulted in a variety of programs to compensate private landowners for the conservation of those lands.

2. What type of open space properties can qualify for the various program benefits?

- a) Depends upon location. Can be a factor, but not always. Here is what to look for:
- b) Does the property abut already conserved land? This is important because expanding an existing conserved area is important for a variety of conservation objectives.
- c) If it does not abut, is it a potential corridor between existing protected lands or significant natural resources? Building bridges between conserved areas is a key objective of both public and private conservation agencies and organizations.

- d) Does the property abut already conserved land? This is important because expanding an existing conserved area is important for a variety of conservation objectives.
- e) If it does not abut, is it a potential corridor between existing protected lands or significant natural resources? Building bridges between conserved areas is a key objective of both public and private conservation agencies and organizations.
- f) Unbroken Forest blocks are becoming rare as development and roads continue to break forests into smaller and smaller pockets. Large forest blocks are important for a variety of birds and larger wildlife as well as forest industry that depends upon forests of sufficient size to be economically managed in a sustainable manner.
- g) Prime agricultural or forest soils as well as Rare and Endangered habitat are also key factors which are available on the above web site as well. As open land continues to be developed, the remaining open lands become more important for a variety of species whose lack of habitat results in low reproduction rates until the species fails.
- h) Mass GIS Oliver program can provide that initial analysis for all the factors listed above
- i) Additional information about the property can be found on the Mass Bio Map.
- j) Check to see if the property is located on the Open Space Institute / Nature Conservancy resiliency maps. This is a program focused on supporting large blocks of contiguous forest which occurs through our region.
- k) Is the property identified on town open space plan? This is available from each town that has completed one. The plan allows the town to compete for state funding programs that target open space conservation.
- l) Is there a forest management plan for the property? Many properties are classified under a voluntary property tax program known as Chapter 61, 61A or 61B, which generally require a forest management plan prepared by a licensed professional forester. These plans can be a source of valuable information including current timber volumes from which values can be determined as well as historical information and future harvesting operations recommended. The plans are public information and can be requested from the regional Department of Conservation and Recreation office.

3. Who are potential conservation partners to help with your project?

- a) local, regional, national land trusts. These private non-profit organizations are the backbone of the conservation movement in the US. The vast majority of land trusts are staffed by predominately volunteers supporting a small staff of professionals. There are a substantial number of highly dedicated professionals who have the skills or access to the resources to make determinations as to a properties conservation importance and then assemble the financial resources from public funding programs and private philanthropy to successfully conserve the properties.
- b) local, state, national government entities such as US Fish and Wildlife, US Forest Service, Mass Division of Fish and Wildlife, Mass Department of Conservation and Recreation, town conservation commissions, town forest and agricultural committees, municipal water departments to name a few. Most of these public agencies have specific objectives in the landscape that your property may be located within.

- c) Towns in Mass that have passed the Community Preservation Act can bring significant funding but requires town approval and available funds. A number of communities have used CPA funds to make multiyear commitments to a land conservation project because the funding source is a self-imposed tax on real estate transactions

4. What are Conservation dollars?

- a) Conservation dollars refer to funding opportunities available through a variety of programs depending upon the unique conservation values associated with your project. In most cases there is an application process to see if you qualify for the money. Grant recipients generally need to be qualified non-profit conservation organizations who then use the funds to purchase the conservation restriction of the property in fee, depending upon the project goal.

Funding sources,

- a) The Private Landowner Network has a web site that provides a variety of information for landowners seeking support from a variety of conservation programs, both federal and state. The web site lists 445 programs that may or may not apply to your project.
- b) A few of the most popular and accessible ones are:
 - i. Federal:
 - ii. Land and water Conservation Fund: This program provides a variety of funds directly to state conservation programs described in the state section. In addition, there are several federal program that are partially or entirely funded by this source of funding.
 - iii. NOAA,
 - iv. Forest Legacy,
 - v. Depts of Interior, Agriculture programs, such as NAWCA
 - vi. NRCS Landscape Conservation Initiatives
 - vii. Long Island Sound Watershed Regional Conservation Partnership Program is a multi million-dollar effort to conserve land within the watershed of the Long Island Sound including the Connecticut and Housatonic Rivers
- c) Does the property have the potential to be grouped with other properties to qualify for the Mass Landscape Grant program? Grouped properties in excess of 500 acres can apply for a grant up to 50% of the cost of acquiring a conservation restriction or land in fee but require a partnership with a state conservation agency and a local or regional land trust. There are limited funds for this program, but it can be a valuable opportunity for many potential conservation projects. The program is offered once a year. Below is a link to the program description:
- d) Commonwealth Land Tax Credit is another important program where qualifying conservation projects can receive 50% of the value of a bargain sale or gift of land in fee or a conservation restriction up to a maximum of \$150,000. Thus, a seller of a property at a bargain sale that matches or exceeds \$150,000 can receive a \$75,000 tax credit. In addition, any portion of the tax credit you are unable to use in the first year, the balance will be sent to the applicant in a check.
- e) State, donation tax benefits, tax credits.
- f) Local, Mass
- g) Foundations, private philanthropy, PRIs as well as Impact investing, both traditional cultivation as well as Internet based crowdfunding

5. Examples of how can conservation dollars be helpful? (Examples will change based on the area where the course is taught)

- a. Partial sales of development rights, fee interests, bargain sales, donations.

Example 1: Lyme Timber 906 acres in Otis MA.

Combines DFW fee purchase with Mass Landscape Grant program, with charitable donation of CR by abutting landowner who used the tax credit program.

- i. List price: 2.5 mil,*
- ii. Assessed Value: \$1.55 mil*
- iii. Appraised value: \$1.8 mil,*
- iv. Sale Price \$1.8 mil*
- v. Time: 25 months.*
- vi. Description*

Example 2 Thomas 126 acres Brimfield

- i. Combines two DCR grants for local land trust and tax credit program and charitable donation for landowner to accomplish sales.***
- ii. List price \$1,050,000***
- iii. Assessed value: \$829,583***
- iv. Total sale price plus tax credits and net donation value: \$766,678***
- v. Time: 26 months sold in stages***
- vi. Description***

Example 3: 320 acres Sturbridge

- i. Combines non-profit to pre acquire land for both state agency and town open space with landowners harvesting timber and providing a sale at less than market value for charitable donation***
- ii. List price: \$2,995,000***
- iii. Assessed value: \$551,300***
- iv. Sale Price plus timber proceeds & net donation value: \$1,832,800***
- v. Time: 33 months***
- vi. Description***

5. Conclusions, review, questions.

- A. Find out where your property sits in relation to other conserved land.
- B. Conserved land is land owned by conservation non-profits, local, state and federal conservation entities, or land that has a permanent conservation restriction over it.
- C. Land under chapter 61, 61a or 61b is not conserved land because the designation can be removed at any time.
- D. Discuss potential for full or partial conservation with your client to get their input.
- E. Identify potential conservation partners with town conservation or selectmen, land trusts, and state and federal conservation agencies.
- F. Evaluate conservation values such as scenic vistas, rare and endangered habitat, clean drinking water, prime agricultural and forest soils, and connectivity with other conserved lands.
- G. Consider engaging the community to drive the opportunity for conservation.
- H. Research potential funding sources or engage knowledgeable professionals for their assistance

