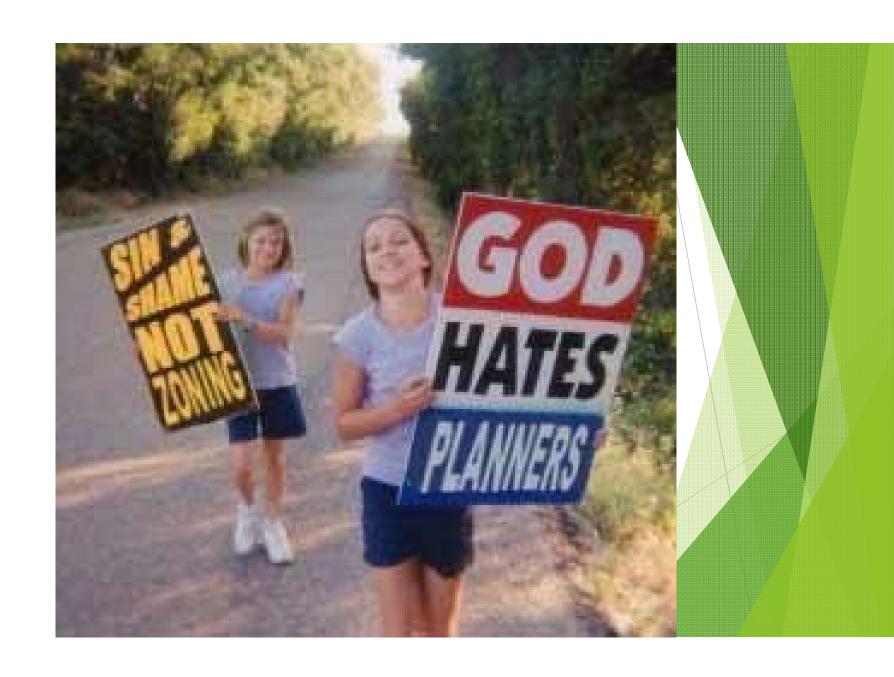
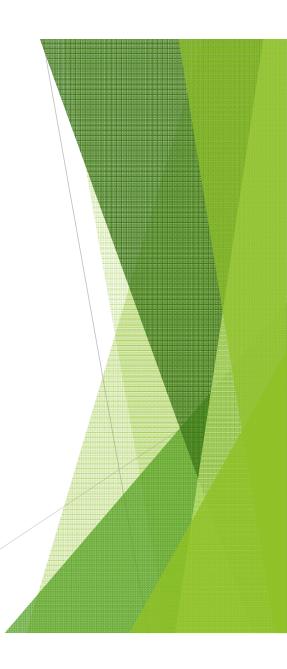
Conservation Easements for Transportation Planning and Projects, Farmland, Forestland, and Recreation

Prof. Tom Daniels
University of Pennsylvania
March 7, 2017



Overview

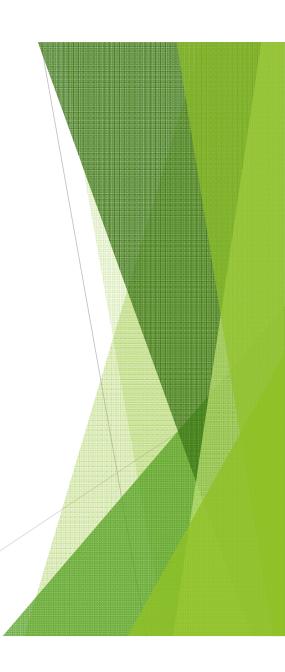
- The preservation of private land in private ownership.
- ▶ Transportation-related
- ► Agricultural land
- ► Forest land
- Natural areas, wildlife habitat, water quality, and recreation





What's the Landowner's Problem?

- ▶ 1. Increased value of real estate temptation to sell land for development.
- ▶ 2. Family dynamics.
- ▶ 3. Earning a living from the land.
- ▶ 4. Aging landowners
- ► Goals:
- ▶ A. Pass Land Intact to Next Generation.
- ▶ B. Set up a retirement fund.
- ▶ C. Treating heirs fairly.



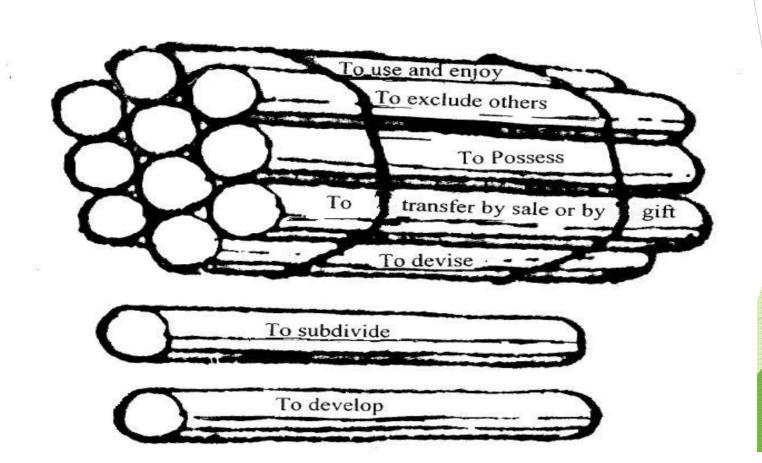
What's the Problem? Transportation Planning

- ▶ 1. NEPA reviews
- ▶ 2. Mitigation of environmental impacts
- ▶ 3. Traffic congestion
- ▶4. By-passes
- ▶ 5. Maintaining Scenic By-ways

What is Land Ownership + Property Rights

- 1. Start with land ownership.
- 2. The Bundle of Rights
- 3. The entire bundle is called the fee simple
- 4. But a landowner can sell or give away any of the rights in the bundle, such as mineral rights.
- 5. A landowner can sell or give away the right to develop the land to a land trust or a government agency. That right is retired.

The Bundle of Land Ownership Rights



What is a Conservation Easement?

- ▶ A less than fee simple interest in a property, and a legally binding document: Deed of Conservation Eaement
- A voluntary action to sell or donate a conservation easement
- A restriction on the use and development of real property to protect the property's conservation values
- A right conveyed to a governmental body or charitable entity
- A legal obligation for the easement holder to monitor the property and a right to enforce the terms of the conservation easement

What is a Conservation Easement?

- ▶ 1. Not a Right-of-Way Easement driveway or utility corridor - a positive appurtenant easement
- ▶ 2. Conservation easement: A negative easement in gross - so it mainly says what cannot be done on the property.

Conservation Easement II

- ► Value of the easement is determined by an appraisal:
- Fair Market Value of Property Value of Property with easement = value of conservation easement
- ►\$500,000 \$200,000 = \$300,000
- ►Buyer agrees to pay Seller \$300,000
- ► Contract of Sale of Easement

Conservation Easement III

- Phase I Environmental Assessment
- ► Title Search Survey?
- Satisfaction of Seller's Mortgages, Liens, etc.
- Buyer ArrangesFinancing, DraftsDeed of Easement

- Settlement
- Record Deed of Easement at County Courthouse
- Buyer takes ownership of easement which can limit use to open space, wildlife refuge, farmland, forest
- Buyer must monitor and enforce easement - why key?

Conservation Easement IV

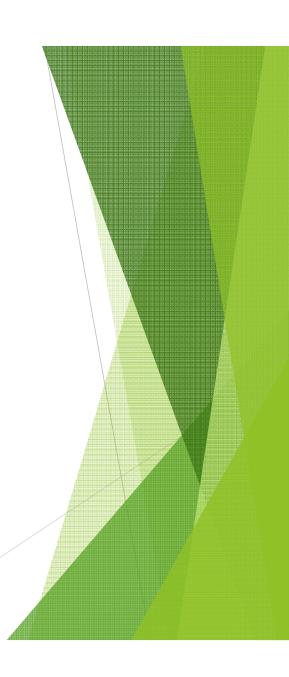
- Landowner is willing to sell or donate a conservation easement (an interest in the real estate = less than fee simple ownership)
- Seller/donor is selling/donating the right to develop the property (subject to conditions). One right out of the bundle of rights.
- Buyer/donee willing to purchase/accept conservation easement (less than fee simple ownership). A government agency or a land trust.

Easement Purchase

- Easement on 100 acres = \$300,000
- Easement is taxed as a capital gain so Seller can deduct the basis in the property:
- ▶ \$200,000 basis
- ► Taxable Capital Gain = \$100,000
- ► Federal Tax Rate 15%
- ► Federal Capital Gains Tax = \$15,000
- ► Total return to Seller = \$285,000
- Net return to Seller = \$85,000 (and still owns the property!)

Advantages of Conservation Easements

- Land stays private property and on property tax rolls
- ► Cheaper than fee simple purchase
- Avoids "takings" issue of the 5th Amendment
- Avoids eminent domain
- Conservation easements have proven to be durable in court, rarely reversed.



Disadvantages

- Monitoring and enforcement of conservation easement in perpetuity.
- No willing sellers of easements (?)
- Land subject to a conservation easement can be condemned by a government agency for a public purpose, but this has rarely occurred.

Other Players and Funding Sources for Conservation Easements - Agricultural + Forest Land, Recreation, Wildlife, and Scenic Roadways

- ► Private non-profit Land Trusts
- Federal Agricultural Conservation Easement Program (ACEP)
- ► Forest Legacy Program
- ► State and local governments
- Private Foundations

Land Trusts

- ► A private, non-profit organization
- ► A Business! A Not-for-Profit Business
- ► Has received notice of non-profit corporation status under Internal Revenue Code Section 501© (3) you need a lawyer to do the paperwork
- Land Trust as a "charitable" institution, may receive gifts of money, stock, land, and development rights—and donors may claim donations as tax deductible gifts under IRC.

Partnership of Rangeland Trusts (PORT)

- "Ranching land trusts dedicated to enhancing the voluntary conservation and stewardship of America's rangelands."
- California Rangeland Trust, Colorado Cattlemen's Agricultural Land Trust, Ranchland Trust of Kansas, Montana Land Reliance, Oregon Rangeland Trust, Texas Agricultural Land Trust, Wyoming Stock Growers Land Trust.
- ► These land trusts have preserved about 2.2 million acres.

Agricultural Conservation Easement Program (ACEP)

- Farm and Ranchland Protection Program 50% match
- ► Grassland Reserve Program 25% match
- ► Wetlands Reserve Program no match
- ► Total of \$3.4 billion over 10 years 2014 Farm Bill
- ► Administered by NRCS of USDA

Idaho Farmland Preserved with Federal Funds

- ► 2009-2014 FRPP: 6,500 acres
- ► 2014 ACEP: 1,922 acres 1 easement
- ≥2015 ACEP: 2,081 acres 3 easements

Key Strategy: Preserving large contiguous blocks





Vermont Route 22A





State Programs

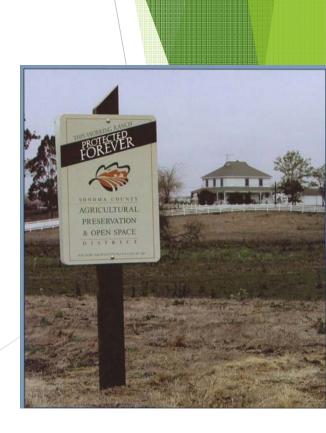
- 29 states have created farmland preservation programs.
- ▶ They have preserved about 2.7 million acres.
- Leading states:
- Colorado 711,741 acres
- ► Pennsylvania 520,000 acres
- ► Maryland 384,000 acres
- ► New Jersey 215,000 acres
- ► Vermont 144,000 acres
- ▶ Utah 79,339 acres



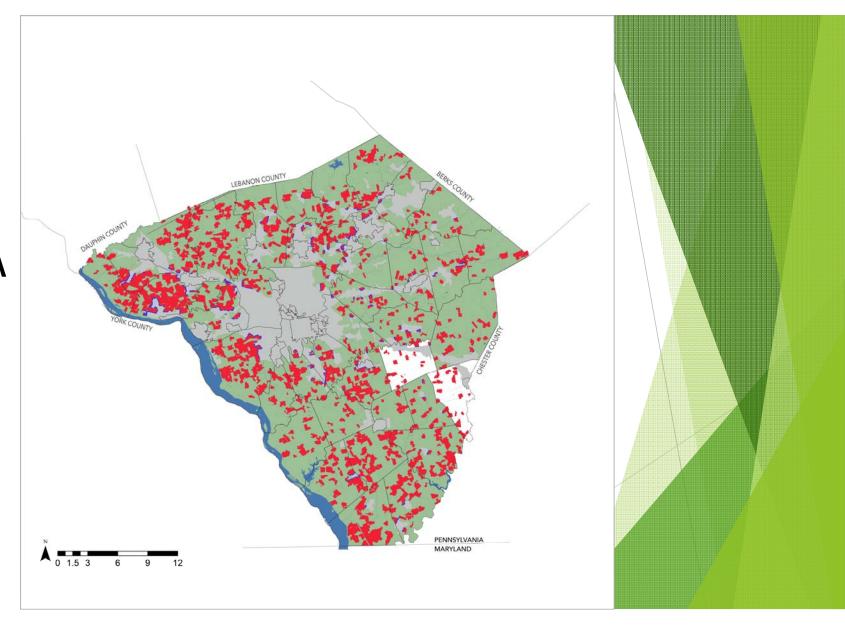


County Farmland Preservation Programs

- Lancaster County, PA (1983) -
- ► 107,000 acres preserved with Lancaster Farmland Trust
- ► Sonoma County, CA
- ► Dakota County, MN
- ► Blaine County, ID 2 yr , \$3.4 million
- ► See, Stephen Miller millers@uidaho.edu



Lancaster County, PA Preserved Farmland in 2016: 102,678 acres











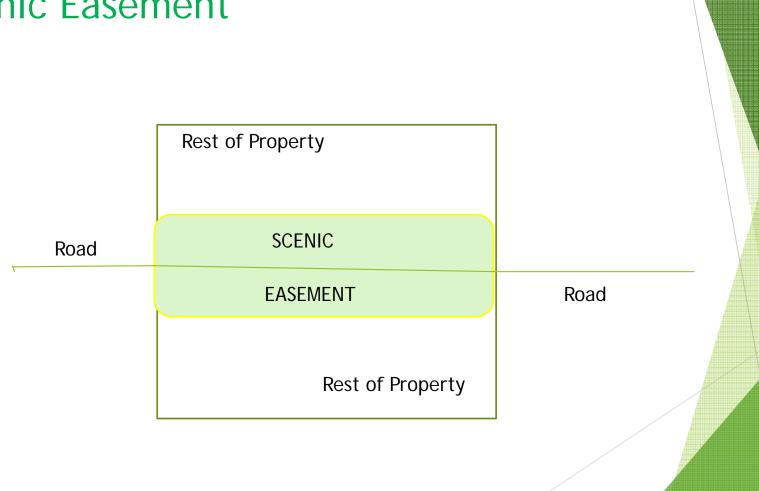
Forest Legacy Program

- ▶ 2,504,589 acres preserved nationwide through by the purchase of conservation easements since 1990.
- ► Requires 50% match
- ► Idaho 69,432 acres preserved as of 2015
- ► ID Hall Mountain \$2,700,000 federal funds, 2015 on 2,000 acres. TNC
- ► ID Clagstone Meadows \$5,500,000 federal funds, 2015 - Stimson Lumber 14,000 acres - TPL
- > \$50-\$60 million a year to spend nationwide

The Origin of the Use of Conservation Easements in Transportation

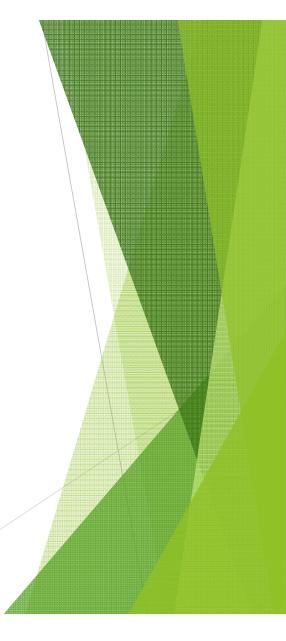
- ► In the early 1930's, the National Park Service acquired scenic easements over more than 4,500 acres along the right-of-way of the Natchez Trace Parkway in Mississippi and 1,200 acres of the Blue Ridge Parkway in Virginia.
- ► The scenic easements required landowners to keep their land in natural uses.
- ► In 1950, the State of Wisconsin began to buy scenic easements along the Great River Road next to the Mississippi River.

Scenic Easement



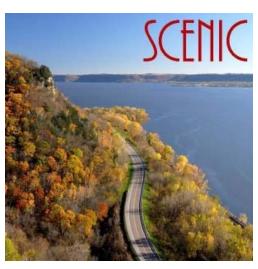
Natchez Trace Parkway



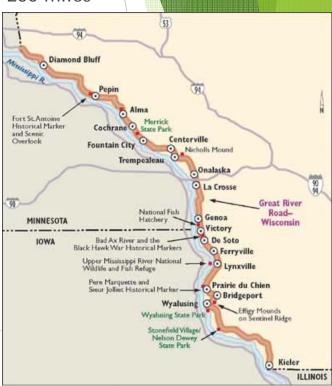








▶ 250 miles



Wisconsin: Scenic Easements

No. of Projects No.	of Parcels	Acres
33	136	1,472
6	20	574
21	70	453
14	50	371
47	843	13,121
21	247	2,701
12	42	245
29	97	852
183	1,505	19,789
	33 6 21 14 47 21 12 29	6 20 21 70 14 50 47 843 21 247 12 42 29 97

Wisconsin: Steps in Acquiring Scenic Easements

- ▶ 1. Identify the area to preserve.
- ▶ 2. A relocation order should be developed and approved, similar to any other improvement project.
- ➤ 3. Funding is set aside to acquire scenic easement rights. The owner must be compensated for rights acquired.
- ▶ 4. A scenic easement can be condemned under statutes (Avoid).
- ▶ 5. Legal documents (Deed of Easement) must be drafted and recorded.

Wisconsin Scenic Easement

- ► Most scenic easements include an area 350 feet in depth along either side of a route where it is important to preserve certain scenic qualities.
- Scenic easement areas normally include entire routes except for sections within city limits.
- ► Each scenic easement has certain standard restrictions.
- ► The scenic easement may also restrict the use of the property to a lower level traffic generator such as agricultural or residential as opposed to commercial.

Wisconsin: Typical Scenic Easement Terms

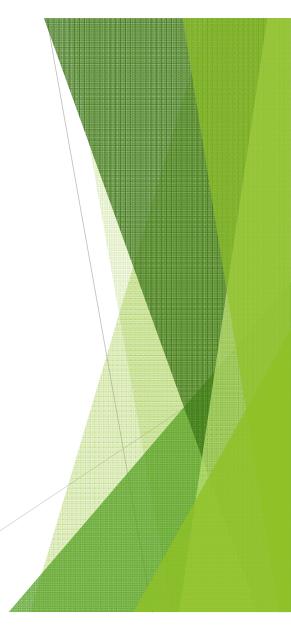
- ▶ 1. A list of the permitted uses.
- ▶ 2. A prohibition against dumping.
- ▶ 3. A prohibition against signs, billboards, outdoor advertising structures or advertisements of any kind, except one sign of not more than eight square feet.

Document Number SCENIC EASEMENT

Wisconsin Department of Transportation DT1569 98 (Replaces RE3014)

THIS INDENTURE, made by ____ GRANTOR, conveys and warrants to the **State of Wisconsin, Department of Transportation**, GRANTEE, for the sum of ___ (\$___) scenic rights since the State of Wisconsin, desires to preserve, protect and improve for scenic purposes, and to prevent any future development which may tend to detract. These rights acquired do NOT grant the public the right to enter the described area for any purpose. These rights acquired do NOT grant the State of Wisconsin, or its agents, the right to enter the described area except for the purpose of inspection and enforcement of said rights, or as specifically set forth. Any person named in this easement may make an appeal from the amount of compensation within six months after the date of recording of this deed as set forth in s.32.05(2a) Wisconsin Statutes. For the purpose of any such appeal, the amount of compensation stated on the deed shall be treated as the award, and the date the deed is recorded shall be treated as the date of taking and the date of evaluation.

Other persons having an interest of record in the property: ___. **Legal Description** This (is/is not) homestead property:

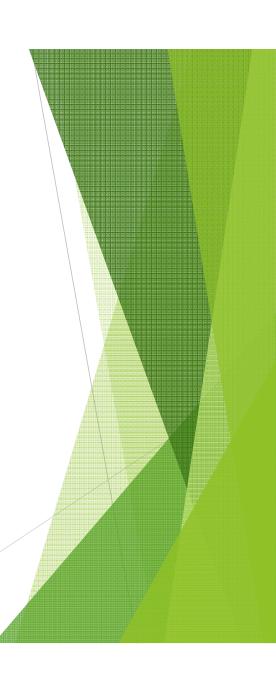


Wisconsin: Enforcement of Scenic Easements

- Scenic easement monitoring is done by district maintenance sections as part of their responsibility for highways and roadsides.
- ▶ When a violation is identified, the property owner is notified and is requested to correct the situation. If the violation continues, the Real Estate Section proceeds to take legal action to bring the situation into compliance.

How can conservation easements be used by transportation agencies to satisfy regulatory requirements and policy objectives?

- Mitigation for environmental damage -DOTs, FHA.
- ► Protect scenic by-ways DOTs
- Growth management controlling sprawl -MPOs, county planners
- Note that transportation networks are the key elements in determining the form, pattern, and location of development



What is mitigation: When a resource is lost because of a development project, for example a highway, a government authority (Federal, City, County, State) may require the developer do something to make up for that loss.

The developer may create more wetlands someplace, pay to protect open space elsewhere, or acquire a conservation easement on other similar type property.

The popular phrase describing mitigation is, "Fix what you break".

Use of Conservation Easements by Transportation Agencies

- ▶ 1. Compensation mitigation for impacts on water resources under the Clean Water Act of 1972 and the National Environmental Policy Act (NEPA) of 1970.
- ▶ 2. Reducing the negative effects of highway development by improving or protecting a resource similar to the one impacted.
- ▶ 3. Federal Compensatory Mitigation Rule of 2008: 3 ways
- A. Purchase of mitigation bank credits
- ▶ B. Payment in lieu of to a state agency, local government, or land trust
- C. On-site or off-site mitigation by transportation agency permittee
- In each of the above three cases, the land must be protected
- ▶ 4. Section 404 of the Clean Water Act. Army Corps of Engineers must issue a permit for the dredging or filling of wetlands, streams, and rivers of navigable waters. (Rivers and Harbors Act of 1899).

Mitigation with Conservation Easements

- ► The Mitigation Rule states: "Long term protection may be provided through real estate instruments such as conservation easements held by federal, tribal, state, or local resource agencies, non-profit conservation organizations, or private land managers;"
- Conservation easements have the benefit of being perpetual and held, monitored, and enforced by a third party.
- Note that state law governs conservation easements; so conditions vary from state to state.
- "[T]he district engineer shall consider relevant legal constraints on the use of conservation easements....in determining whether such mechanisms provide sufficient site protection."

Mitigation with Conservation Easements

- ▶ Also, the third party must be given the resources to monitor and enforce the conservation easement.
- In mitigation bank or payment in lieu of program, the transportation agency transfers its liability to another entity. Mitigation bank is the preferred approach of transportation agencies.
- ► If the transportation agency does on-site or off-site mitigation by itself, it will have to continue to manage the mitigation property.

Mitigation Banks

- ▶ 1. A list is maintained by the Army Corps of Engineers
- ▶ 2. Mitigation Bank Instrument spells out the amount of credits and price
- ▶ 3. Must be reviewed and approved by the district engineer.
- ▶ 4. Idaho mitigation banks? Yes!

Idaho Mitigation Banks

- Green River Ranch at Cascade
- Grove Creek Bank
- ► Valencia Wetland Trust
- ► Wetland Bank of Idaho



NEPA and Transportation Projects

- ▶ 1. Mitigation for impacts on threatened and endangered species
- 2. Unavoidable loss of habitat
- 3. Protection of similar habitat with a conservation easement – in consultation with U.S. Fish and Wildlife Service.
- 4. Credits from a mitigation bank also an option.
- ▶ 5. For a conservation easement, the transportation agency will need to document the environmental resources (known as a baseline documentation of the condition of the property at the time the conservation easement was acquired). The baseline documentation must be updated as the property is monitored over time.

NEPA II

- ► Categorical Exclusions: Scenic Easements
- Requires a short environmental review (not a fullblown Environmental Assessment or Environmental Impact Statement) if the property will remain in its current condition
- Document: no impact on historic structures, regulated water resources, floodways, or traffic patterns
- ► Sabine River Authority v. U.S. Department of Interior (75 F. Supp. 388 (1990))

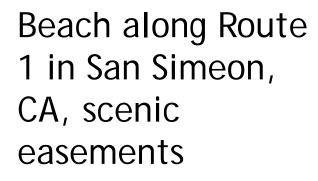
Scenic Easements

- ▶ 1. Such as preserving farmland along a new highway. Federal Highway Administration National Scenic Byways Program
- Two options for a transportation agency:
- A. Fund and acquire the conservation easements.
- ► Known as transportation enhancements created under ISTEA (1991) and amended by TEA-21 and SAFETLU.
- ► Eligible Projects: Acquisition of scenic easements
- MAP-21: acquisition of scenic easements no longer funded but Transportation Alternatives Program (TAP) available for environmental mitigation projects. 80% federal, 20% state or local match
- ► Example: Heart Castle property, San Simeon, CA preserved 1,445 acres with scenic easements along Route 1 and the Pacific Ocean.
- ▶ B. Provide funds for land trusts to acquire and hold the conservation easements.



perpetual easement

Note: 80,000 acres of the Hearst Ranch is preserved by a conservation



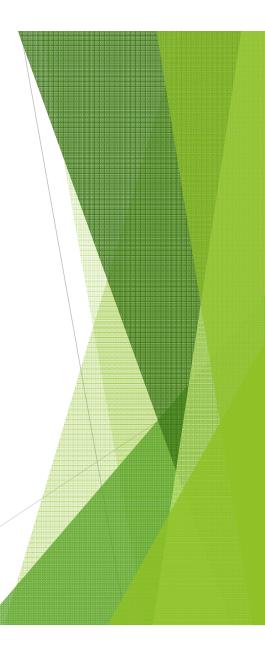


Fixing America's Surface Transportation (FAST) Act 2015 (\$305 billion through FY2020)

- ► Federal Lands Transportation Program (FLTP) provides funding (\$335m-\$375m a year for:
- ► (A)program administration, transportation planning, research, preventive maintenance, engineering, rehabilitation, restoration, construction, and reconstruction of FLTFacilities and --
- ▶ 1. acquisition of necessary scenic easements and scenic or historic sites;
- ▶ 2. environmental mitigation in or adjacent to Federal land open to the public
- ▶ 3. to mitigate the damage to wildlife, aquatic organism passage, habitat, and ecosystem connectivity

FAST - Transportation Alternatives (TA) Set-Aside Implementation Guidance 2016

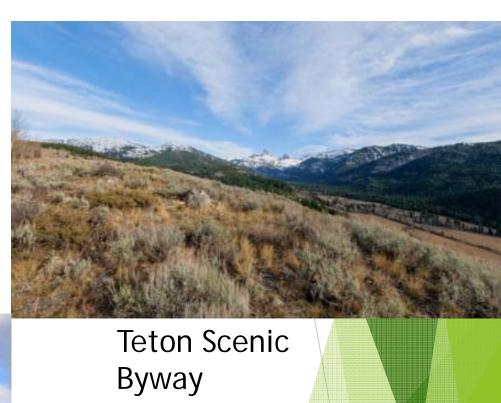
- ► The Fixing America's Surface Transportation (FAST) Act <u>Surface</u> <u>Transportation Block Grant</u> Program funding for transportation alternatives (TA). For small scale projects.
- ▶ 80/20 Federal State Match
- Funds can be used for:
- ► Any environmental mitigation activity, including pollution prevention and pollution abatement activities and mitigation to:
 - ▶ address stormwater management, control, and water pollution prevention or abatement related to highway construction or due to highway runoff, including activities described in sections 23 U.S.C. 133(b)(3) [as amended under the FAST Act], 328(a), and 329 of title 23; or
 - (ii) reduce vehicle-caused wildlife mortality or to restore and maintain connectivity among terrestrial or aquatic habitats



Idaho Scenic Byways

Sawtooth Scenic Byway





Trail Easements

- ► Useful for crossing private property
- ► Generally the easement holder maintains the trail
- ► Trail has defined width e.g. 12 ft.
- ► Liability issue
- Permitted uses: hiking, horses (?), mountain bikes (?), ATVs (?)

Limitations of Conservation Easements: Condemnation

- ► Transportation agencies benefit from early notice of conservation easements within a project area
- Some states have a higher degree of review for the condemnation of land subject to a conservation easement, e.g. PA ALCAB.
- ► Land under a conservation easement can be condemned. See Idaho CODE ANN. Section 55-2108.

When a Transportation Agency Runs into Land Subject to a Conservation Easement

- ► Road widening right-of-way or new road construction
- ▶ Public purpose: Subsection 4(f) of the Department of Transportation Act of 1966.
- ► Title search should show if there is a conservation easement on a private property.
- ▶ Identify the property owners and who holds the conservation easement - a land trust or a government agency or both in a joint easement.
- ▶ 1. Public Use Doctrine: One government agency condemns a conservation easement (or land) held by another government agency (e.g. state transportation department condemns a private property with the conservation easement held by a county government.

Condemnation II

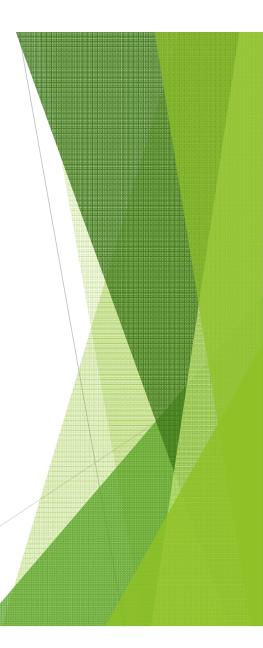
- State laws on condemnation of conservation easements.
- ► Condemnation no reasonable and prudent alternatives can be contentious, not good public relations, and the condemnation is determined in a court of law along with required compensation to landowner and holder of the conservation easement. Transportation agency takes title to the property, and the conservation easement is extinguished, .
- ▶ Payment in Lieu of Condemnation amendment to the Deed of Easement, agreed upon by the landowner and the holder of the conservation easement.

Creating a Conservation Easement

- ▶ 1. Transportation agency identifies suitable property -site visit.
- ▶ 2. Transportation agency determines the type of easement: a) a scenic easement on part of the property to protect the scenic beauty of a transportation corridor; or b) a conservation easement on the entire property to meet Clean Water Act or NEPA requirements (wetlands mitigation, wildlife habitat mitigation)
- ▶ 3. Parties involved and negotiations: who will hold the conservation easement (transportation agency, land trust, or state natural resources agency). Is the landowner willing to sell a conservation easement?
- ► If agricultural land Wetlands Reserve Program easement, Grasslands Reserve Easement, Farm and Ranchland Protection Program easement. Forestland Forest Legacy Program easement
- ► Easements for compensatory mitigation require the review of the Interagency Review Team
- 4. Appraisal of conservation easement
- ▶ 5. Drafting the Deed of Easement
- ▶ 6. Due Diligence

Conservation Easements for Transportation

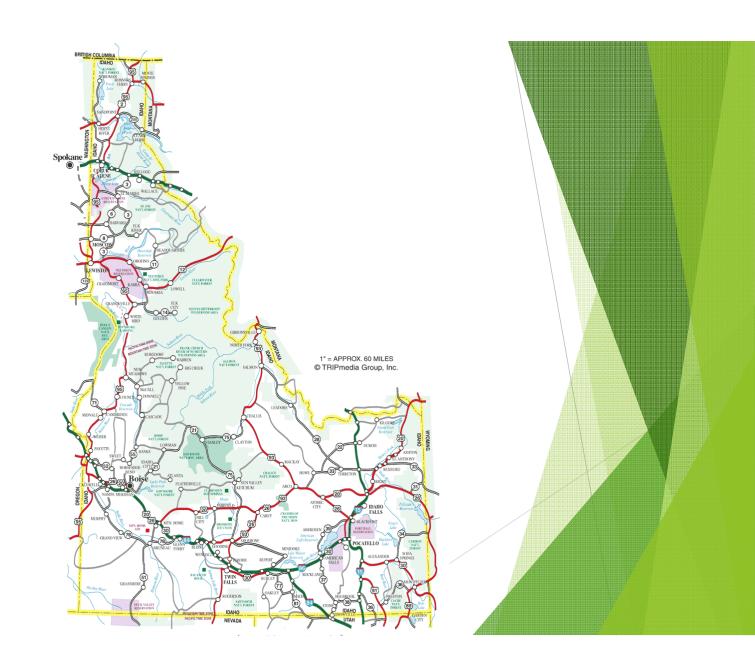
- ▶ Due Diligence:
- ▶ 1. Title report: who owns the property, mortgages and liens outstanding. Subordination agreement needed?
- ▶ 2. Computer plot of the property boundaries: new survey needed?
- 3. Appraisal
- 4. Baseline Documentation
- ▶ 5. Phase I Environmental Assessment (?)
- Partner with Land Trust or Local Government? Determine monitoring and enforcement responsibilities
- ► For example, Rocky Pee Dee Farms, NC: NCDOT purchased an easement along a stream corridor for wetland mitigation. FRPP funds preserved most of the rest of the farmland; a donated easement was placed on the remainder of the property.



Exercise # 1 – Transportation Easements - 4 groups

You are a planner for your state DOT, a County, or City. You want to purchase scenic easements. You have a budget of \$1 million.

- a) What are your goals?
- b) Where are you likely to concentrate your efforts? See map of Idaho.
- c) What obstacles do you anticipate?

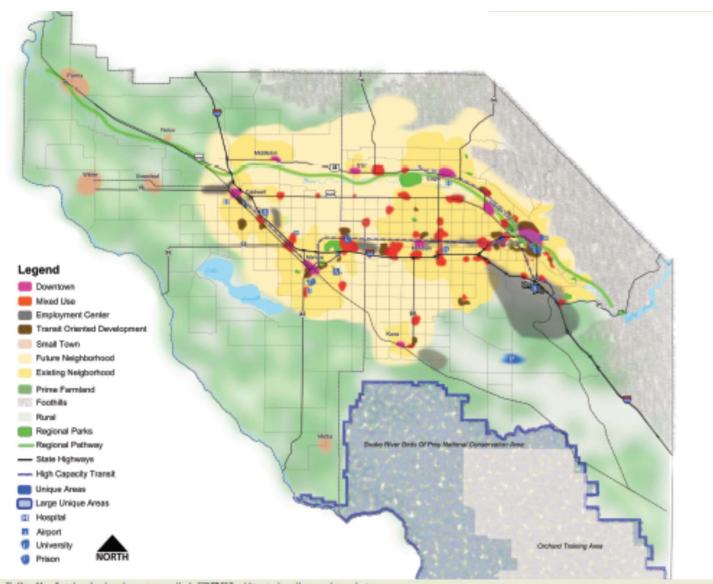


Exercise # 2 – Agricultural Conservation Easements – 4 groups

You are starting an agricultural land preservation program in Ada or Canyon County.

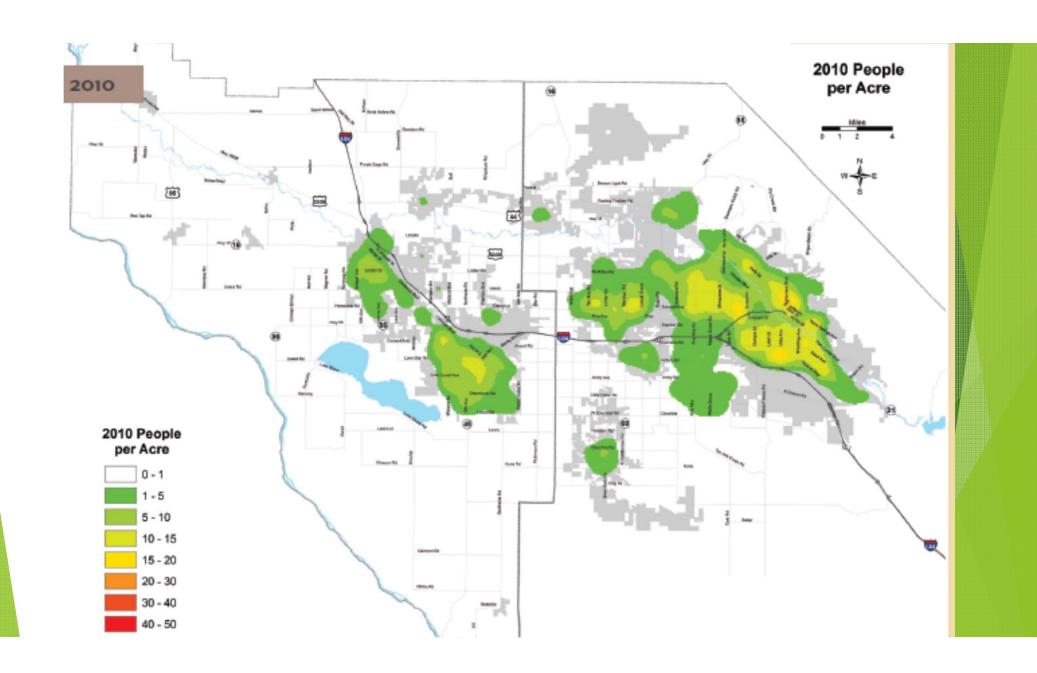
- a) What are your goals? Over how much time? How long will the program exist?
- b) What are the eligibility requirements for the program? Size, location, etc.
- b) How do you finance and pay for the conservation easements?
- c) What obstacles do you foresee?

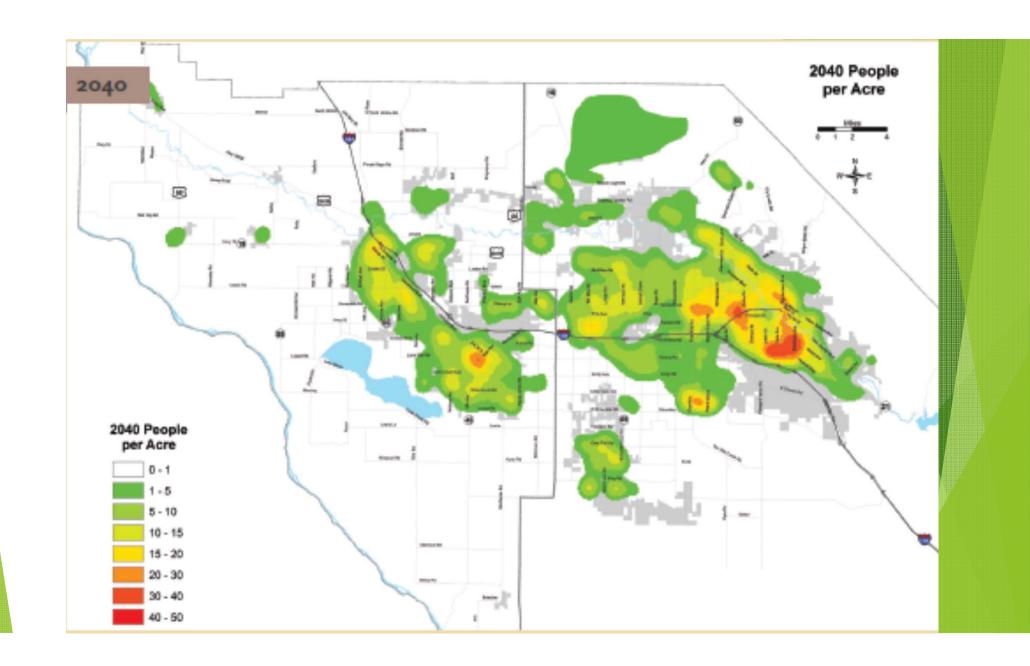
Communities in Motion 2040 Vision

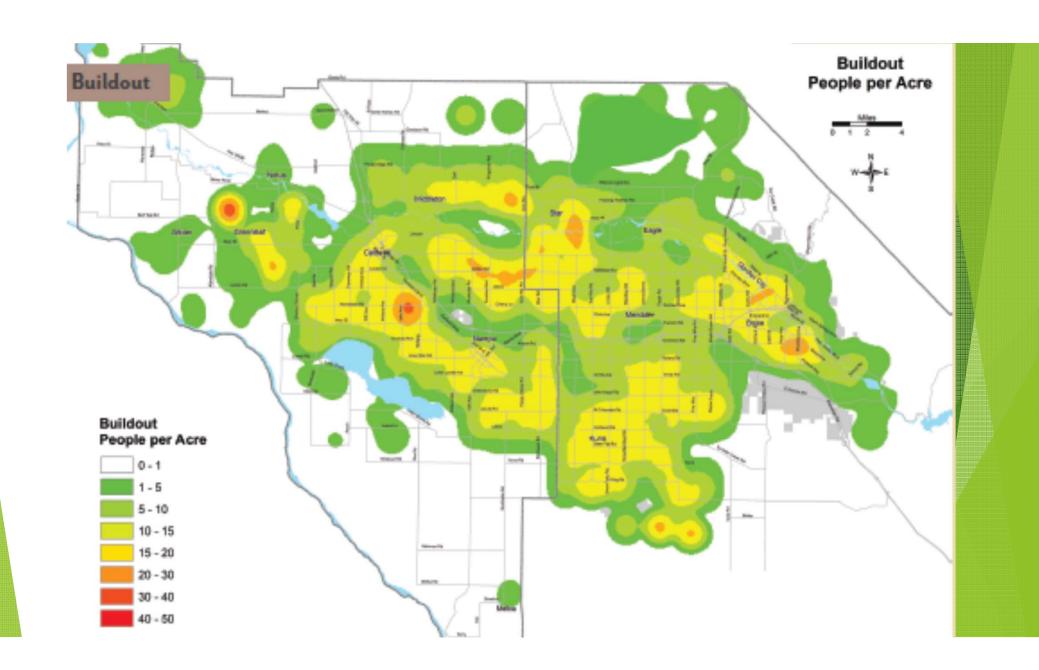


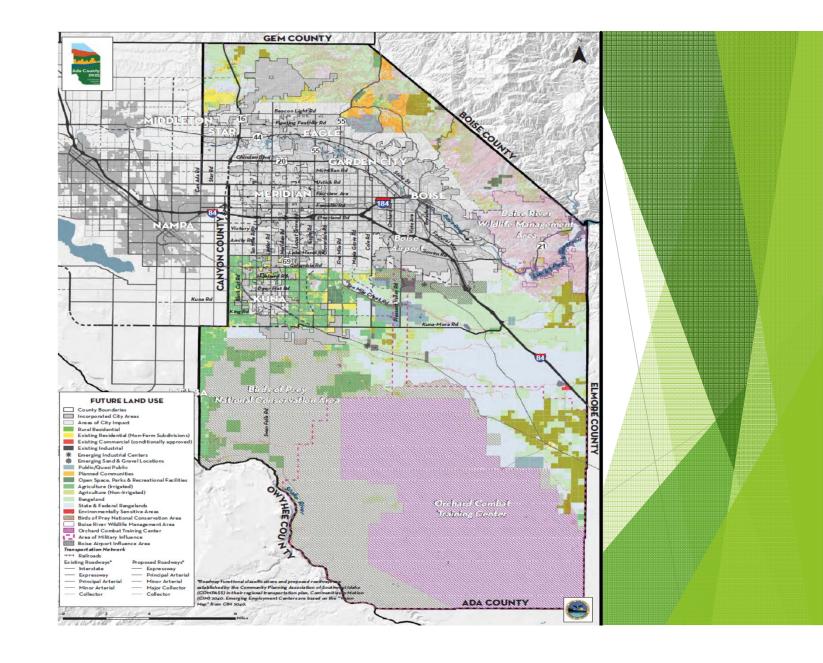
have note. The Vision May reflects the perfected grants connecting present by the COMPASS found, It is not a plan and has no regulatory authority.

	2010			2040			Buildout		
City Area of Impact	Population	Households	Jobs	Population	Households	Jobs	Population	Households	Jobs
Boise	237,241	96,654	141,628	317,192	140,848	234,520	439,462	174,365	696,293
Eagle	23,122	8,197	5,507	52,246	18,823	15,498	106,603	37,876	47,085
Garden City	11,101	4.949	7,049	18,311	8,911	13.794	41,516	18,747	57,839
Kuna	13,319	4,283	1,806	25,991	10,270	4,950	344.795	124,426	119,170
Meridian	83,786	28,296	30,772	154,780	57,501	65,642	355,201	125,516	199,477
Star	6,472	2,177	564	35,644	12,035	3.114	79,234	28,615	10,079
Ada County (outside areas of impact)	17,426	3.925	7,648	70,153	23,656	13,161	82,941	26,669	21,385
Ada County Total	392,365	148,445	190,324	674,317	272,044	350,679	1,449,662	536,214	1,151,328
Caldwell	50,672	16,540	13,144	109,111	40,098	37,550	271,204	105,252	185,349
Greenleaf	2,748	959	440	5.947	2,145	977	137,984	44,981	31,246
Melba	845	279	205	2,358	801	539	3,009	968	2,956
Middleton	10,348	3.514	1,282	18,475	6,626	1,937	157,666	52,766	25,625
Nampa	96,173	32,829	29,278	160,886	59,886	61,973	412,953	152,131	233,839
Notus	984	332	134	2,452	822	462	12,855	4,340	3,883
Parma	2,568	905	687	6,861	2,456	1,118	50,471	16,971	35,918
Wilder	1,951	612	283	6,760	2,317	729	11,479	3,720	16,160
Canyon County (outside areas of impact)	22,634	7,634	4729	34.833	12,224	5,693	216,485	71,724	50,777
Canyon County Total	188,923	63,604	50,182	347,683	127,375	110,978	1,274,106	452,853	585753
Total Region	581,288	212,049	240,506	1,022,000	399,419	461,657	2,723,768	989,067	1,737,081









Area Location for Canyon County

