

# Conservation Easements 102

## *Bringing Funders Together*



Evan Davis

Farmland Preservation Director

NC Department of Agriculture and Consumer Services

# “Will I receive money for placing my farmland under a conservation easement?”

- Yes. If awarded a grant in which the application requests funds for the easement purchase value, you will be compensated for the purchase of the development rights.
- Any amount of money you may receive for your easement purchase value (i.e., selling the development rights of your farmland) will be determined by appraised values of the property and funds in the contract budget.

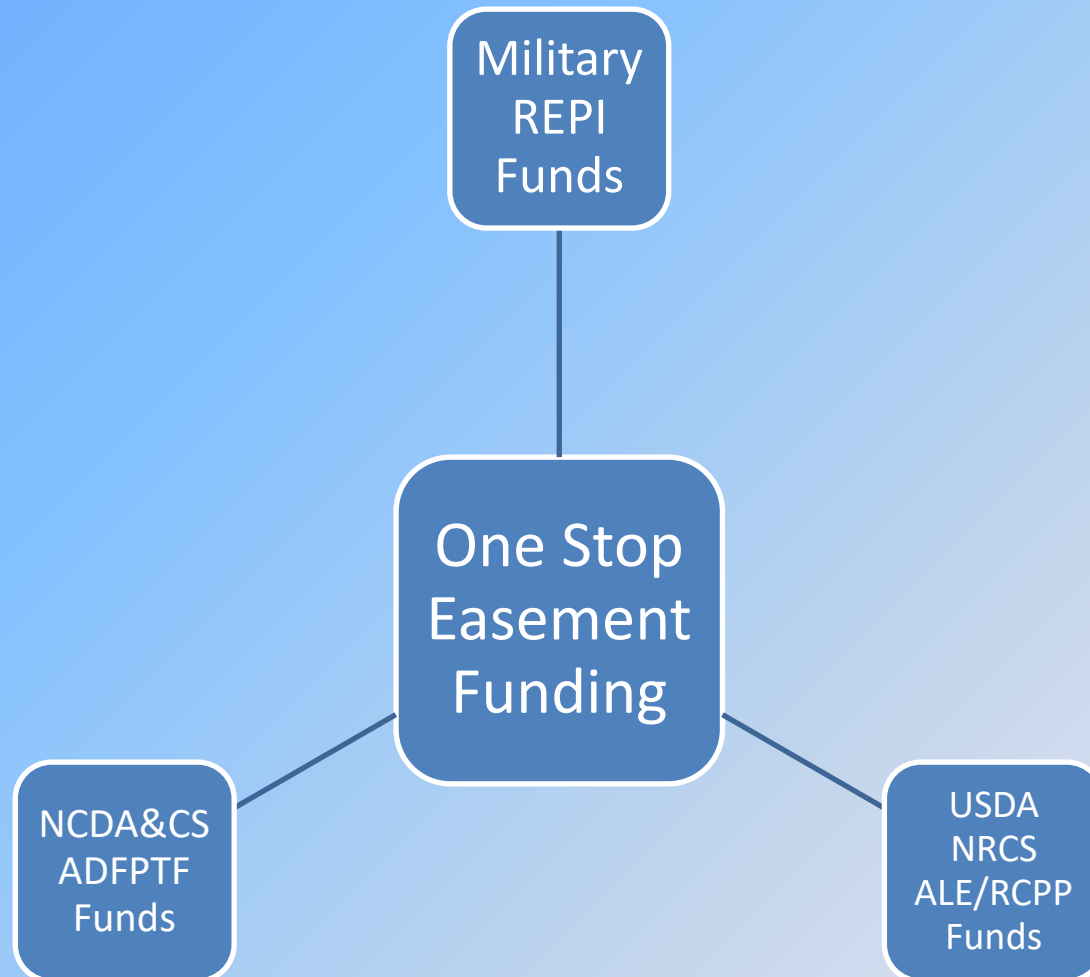
# How is an agricultural easement on farmland valued?

- Based on an appraisal.
  - The appraisal is a Before and After.
  - The appraisal provides the market value of the easement property before the easement is placed and the market value of the easement parcel after the easement is placed.
  - The difference of the two values is the effect of the easement on the offered (easement) property. This the value of the easement.

# Present-Use Value Conservation Easement Program

- New funding option from the ADFP Trust Fund
- Whole parcels enrolled in PUV
- All deliverables remain the same except for no appraisal is required
- Easement purchase payment is determined by the values on the tax card and NCDOR Sales Assessment Ratio Study
- Perpetual or 50-year easements

# Collaborative Partnership Funding



## ADFPTF Funds



Project Selected For Funding  
Through The Statewide Process



Funds Placed Into Contact With  
Entity To Secure Placement of  
Conservation Easement



Landowner Donation  
and Other Partnership  
Funds



## USDA Funds



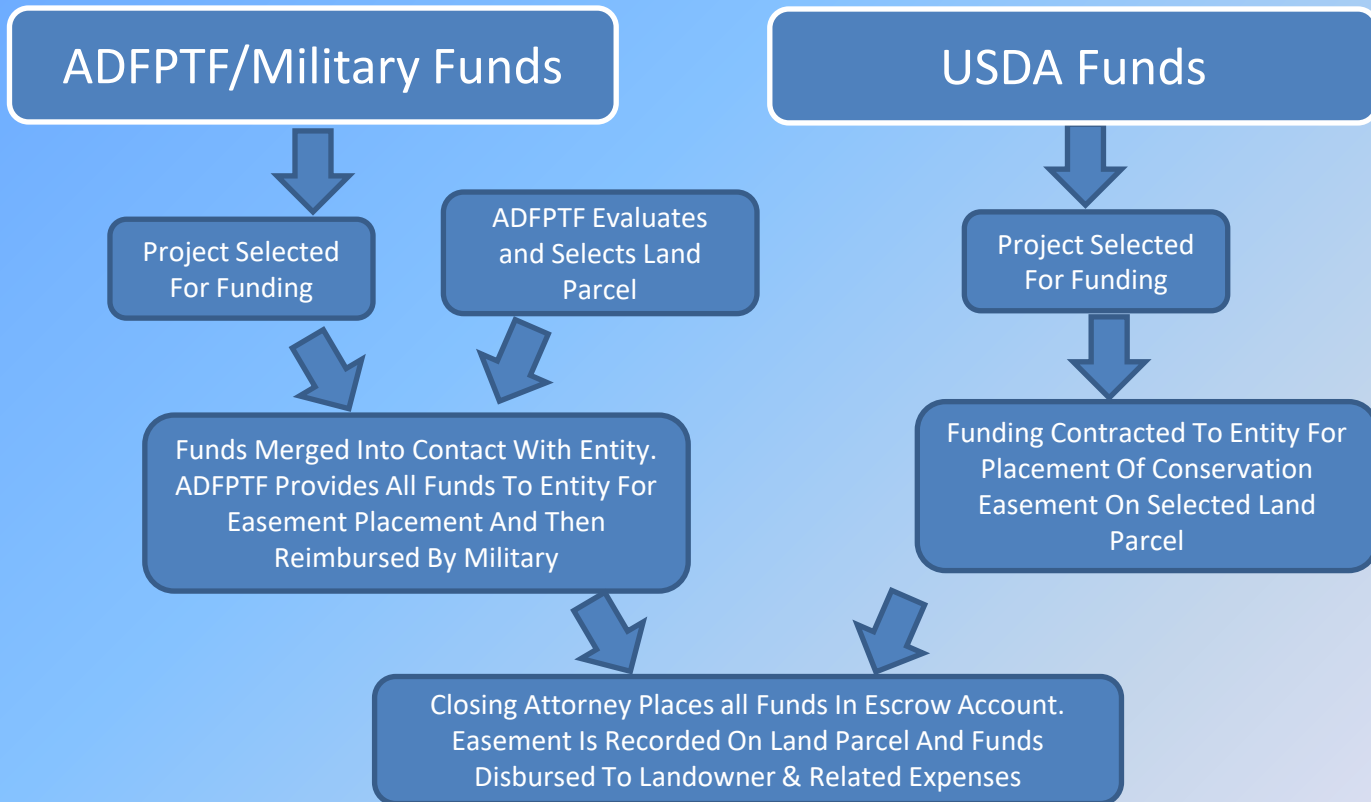
Project Selected  
For Funding



Funding Contracted To Entity For  
Placement Of Conservation  
Easement On Selected Land Parcel



Closing Attorney Places all Funds In Escrow Account.  
Easement Is Recorded On Land Parcel And Funds  
Disbursed To Landowner & Related Expenses



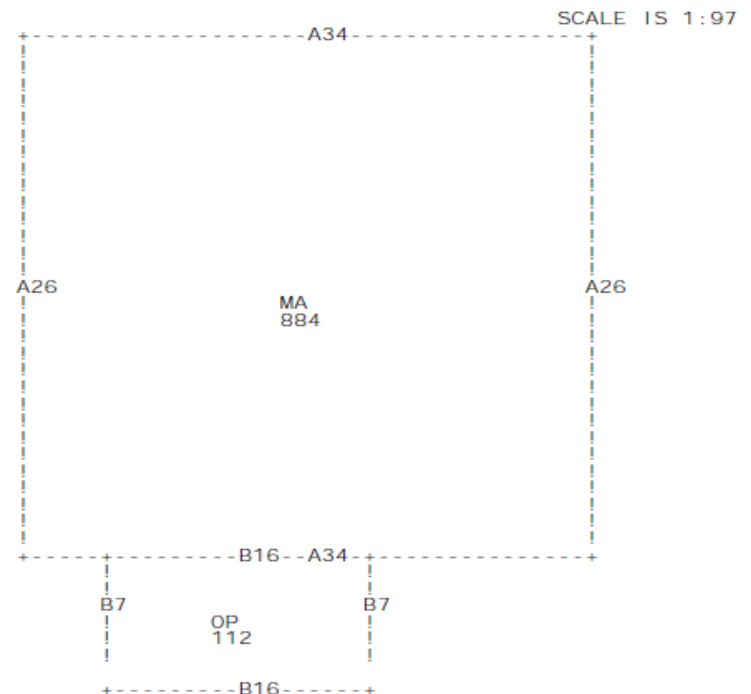


# Application Budget

- Determining values
  - County Tax Card
    - Fair market value less the agricultural (present-use or deferred) value
  - State certified appraisal, Uniform Standards of Professional Appraisal Practice (USPAP), Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA or “Yellow Book”)
  - Hybrid
    - A state certified appraisal that determines the highest and best use value or a minimum of two (2) comparable property sales as determined by a state-certified appraiser less the county PUV to determine the estimated development rights value.



|                |     |           |        |              |           |   |          |                |     |          |          |                        |               |             |  |         |  |             |  |                 |  |
|----------------|-----|-----------|--------|--------------|-----------|---|----------|----------------|-----|----------|----------|------------------------|---------------|-------------|--|---------|--|-------------|--|-----------------|--|
| ACCOUNT NUMBER |     | TOWNSHIP  |        | MAP SHEET    |           | PIN NUMBER                              |          | ROUTE          |     | ZONE     |          | SPECIAL DISTRICTS CITY |               |             |  |         |  |             |  |                 |  |
| OWNER NAME     |     |           |        |              |           | PROPERTY DESCRIPTION / PROPERTY ADDRESS |          |                |     |          |          |                        |               |             |  |         |  |             |  |                 |  |
| DATE TRANS.    |     | STAMPS    |        | QUAL         |           | DEED REFERENCE                          |          | PLAT REFERENCE |     | SOIL MAP |          | ASCS TRACT NO.         |               | DATE APPRD  |  | BY      |  | INFO        |  | PREVIOUS VALUES |  |
| OWNER ADDRESS  |     |           |        |              |           | CENSUS NUMBER                           |          | AMENITIES      |     | LOTS     |          | ACRES                  |               | E O R T     |  | LAND    |  | BUILDINGS   |  | 124,599         |  |
| LAND USE       |     | UTILITIES |        | NEIGHBORHOOD |           | LANDSCAPE QUALITY                       |          | TOPOGRAPHY     |     | ROAD     |          | EXEMPT                 |               | N           |  | 109,694 |  | 14,905      |  |                 |  |
| U              |     | EWS       |        | A            |           | A                                       |          | FS             |     | P        |          | N                      |               | CRP: 160.86 |  | 1611    |  | WDS: 220.57 |  | 167             |  |
|                |     |           |        | LOCATION FM  |           |   |          |                |     |          |          |                        |               | APA: 776    |  | 0       |  | DIF: 0      |  |                 |  |
| #              | MTD | TYP       | ACRES  | ACT-FRNTG    | EFF-FRNTG | AVE-DEPTH                               | DPTH-FAC | UNIT \$        | GRD | CLS      | SOIL-TYP | %ADJ                   | APPRAISED VAL | USE VALUE   |  |         |  |             |  |                 |  |
| 1              | A1  |           | 1.00   |              |           |   |          |                |     | 30       | CNB      |                        | \$7,700       | \$7,700     |  |         |  |             |  |                 |  |
| 2              | A2  |           | 12.71  |              |           |   |          | 3000X          |     | 30       | CNB      |                        | \$38,130      | \$7,499     |  |         |  |             |  |                 |  |
| 3              | A2  |           | 0.93   |              |           |   |          | 3000X          |     | 30       | WKB      |                        | \$2,790       | \$730       |  |         |  |             |  |                 |  |
| 4              | A2  |           | 2.16   |              |           |   |          | 720            |     | *4       | 4DK      |                        | \$1,555       | \$86        |  |         |  |             |  |                 |  |
| 5              | A2  |           | 18.54  |              |           |   |          | 720            |     | *4       | 4SE      |                        | \$13,349      | \$742       |  |         |  |             |  |                 |  |
| 6              | A2  |           | 6.17   |              |           |   |          | 720            |     | *4       | 4TAB     |                        | \$4,442       | \$247       |  |         |  |             |  |                 |  |
| 7              | A2  |           | 16.54  |              |           |   |          | 2125           |     | *2       | 2WKC     |                        | \$35,148      | \$12,984    |  |         |  |             |  |                 |  |
| 8              | A2  |           | 2.57   |              |           |   |          | 720            |     | *4       | 4BB      |                        | \$1,850       | \$103       |  |         |  |             |  |                 |  |
| 9              | A2  |           | 83.43  |              |           |   |          | 1487           |     | *3       | 3CNB     |                        | \$124,060     | \$49,224    |  |         |  |             |  |                 |  |
| 10             | A2  |           | 17.81  |              |           |   |          | 2125           |     | *2       | 2WKB     |                        | \$37,846      | \$13,981    |  |         |  |             |  |                 |  |
| 11             | A4  |           | 170.12 |              |           |   |          | 153            |     | *5       | 5DK      | D-40                   | \$15,617      | \$7,655     |  |         |  |             |  |                 |  |
| 12             | A4  |           | 19.17  |              |           |   |          | 153            |     | *5       | 5DK      |                        | \$2,933       | \$863       |  |         |  |             |  |                 |  |
| 13             | A4  |           | 0.40   |              |           |   |          | 3000X          |     | 30       | BB       |                        | \$1,200       | \$78        |  |         |  |             |  |                 |  |



|           |   |              |          |                       |    |             |            |           |                |                    |
|-----------|---|--------------|----------|-----------------------|----|-------------|------------|-----------|----------------|--------------------|
| METHOD:   | R | DESCRIPTION: | DWELLING | BUILDING DEPRECIATION |    |             | % COMPLETE | USE       | BUILDING CLASS | BUILDING TAX VALUE |
| SECTIONS: | 2 | REMARKS:     |          | PHYSICAL:             | 56 | FUNCTIONAL: |            | ECONOMIC: | E 20           |                    |
|           |   |              |          |                       |    |             |            |           |                | \$13,857           |
| LA 884    |   |              |          |                       |    |             |            |           |                | \$39,366           |

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| APPRAISED VALUE SUMMARY          |           | USE VALUE SUMMARY          |           | TOTAL TAX VALUE |
|----------------------------------|-----------|----------------------------|-----------|-----------------|
| LAND                             | BUILDINGS | LAND                       | BUILDINGS |                 |
| \$303,639                        | \$14,905  | \$109,694                  | \$14,905  |                 |
| TOTAL APPRAISED VALUE: \$318,544 |           | TOTAL USE VALUE: \$124,599 |           | \$124,599       |

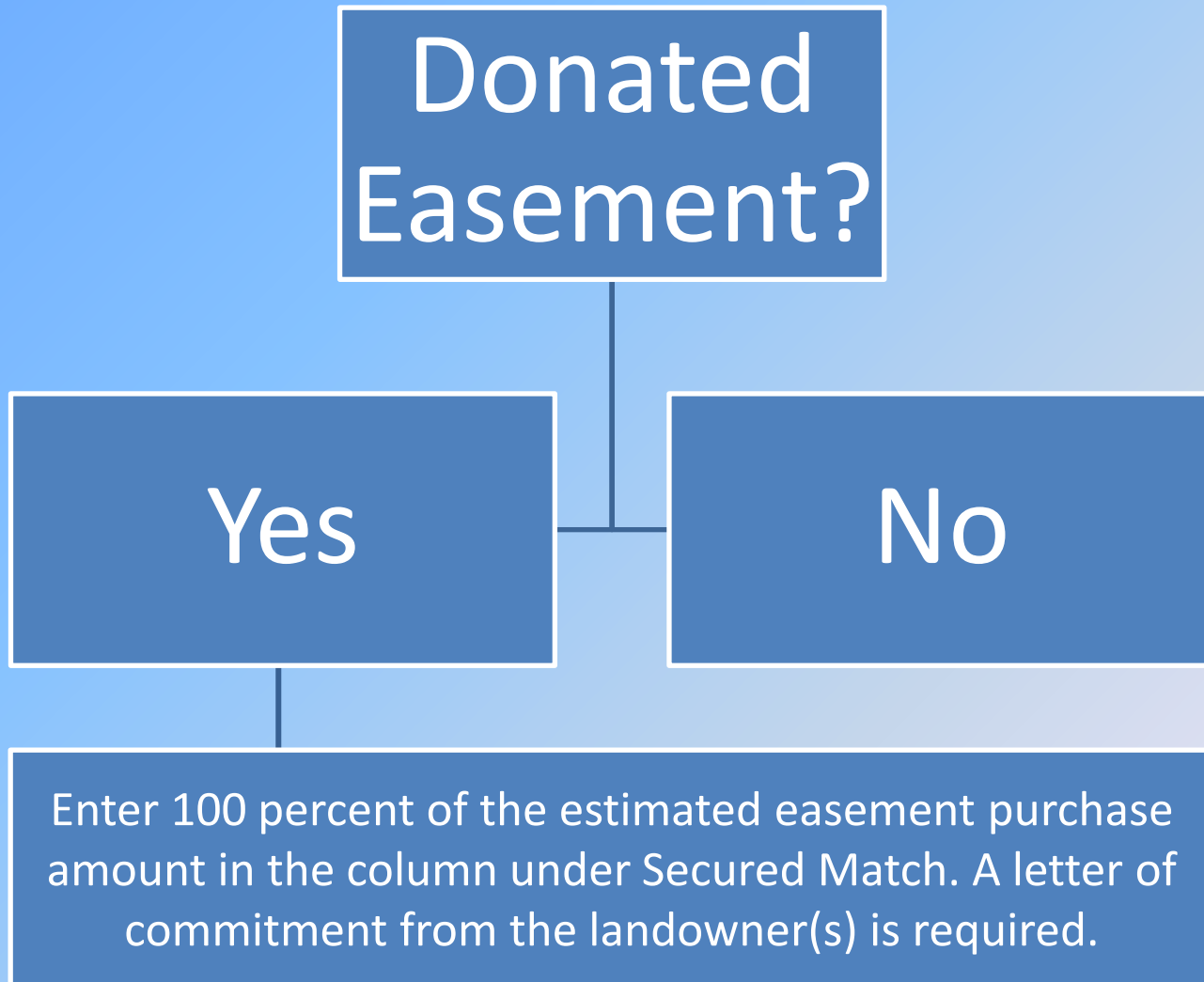
| APPRAISED VALUE SUMMARY |           | USE VALUE SUMMARY |           | TOTAL TAX VALUE |
|-------------------------|-----------|-------------------|-----------|-----------------|
| LAND                    | BUILDINGS | LAND              | BUILDINGS |                 |
| \$303,639               | \$14,905  | \$109,694         | \$14,905  |                 |
| TOTAL APPRAISED VALUE:  |           | TOTAL USE VALUE:  |           | \$124,599       |
|                         | \$318,544 |                   | \$124,599 |                 |

Fair Market Value: \$303,639

Present-Use Value: \$109,694

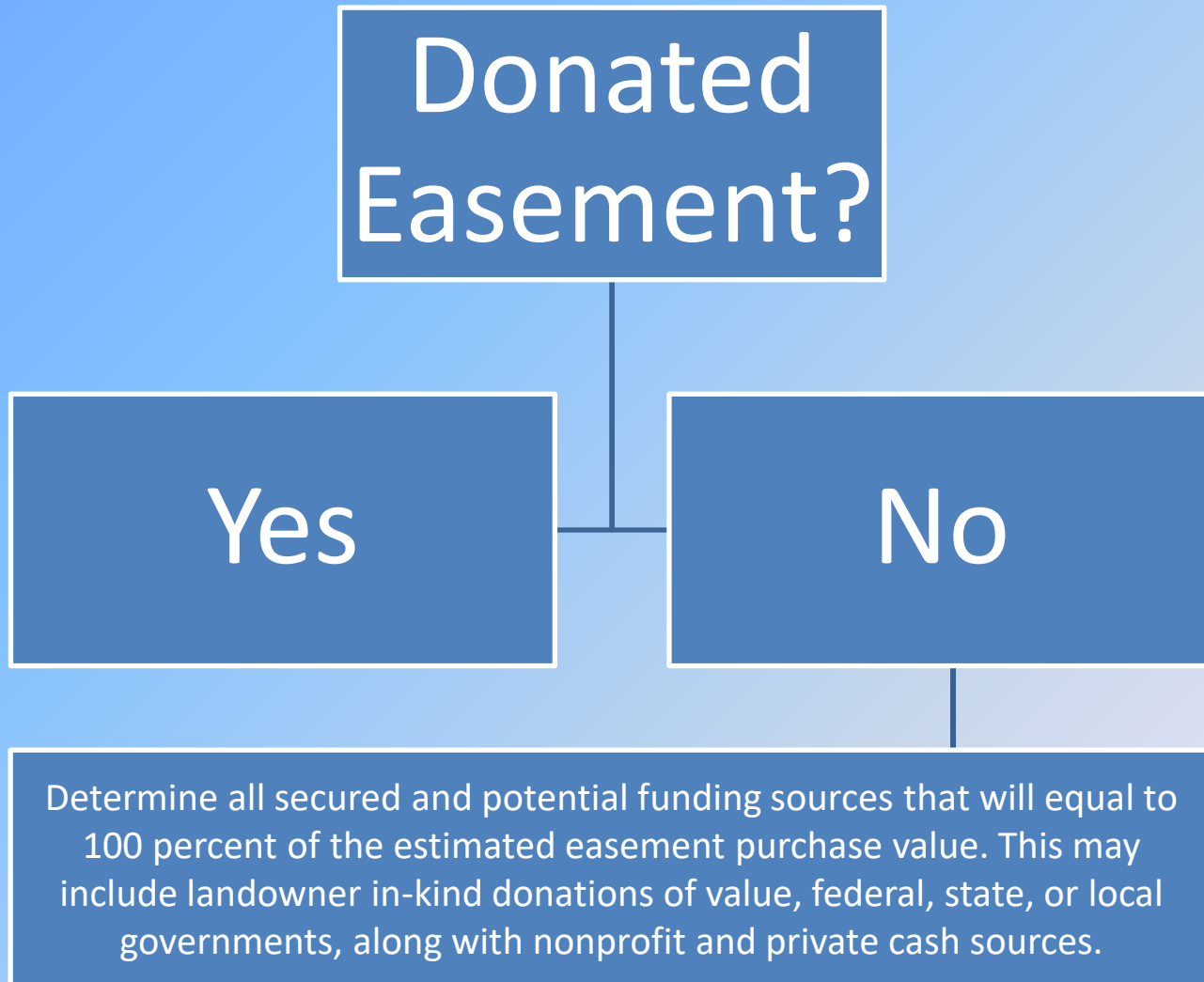
Estimated Easement Purchase Value: \$193,945

# Application Budget – Easement Purchase Line Item





# Application Budget – Easement Purchase Line Item



# Application Budget – Easement Purchase Line Item

Applying to  
USDA ALE?

Yes

No

Enter 50 percent of the estimated easement purchase  
amount in the column under Potential USDA ALE  
Funding.

# Application Budget – Easement Purchase Line Item

Applying to  
USDA ALE?

Yes

No

Enter 25 percent of the estimated easement purchase amount in the column under ADFP Trust Fund Grant Funds. Enter remaining 25 percent under secured or unsecured match.





# Application Budget – Easement Purchase Line Item

Applying to  
USDA ALE?

Yes

No

Determine the amount of funds requested from ADFP Trust Fund. May not exceed 50 percent of the estimated easement purchase value. Enter percent (1-50%) of the estimated easement purchase amount in the column under ADFP Trust Fund Grant Funds.

# Application Budget – Easement Purchase Line Item

Applying to  
USDA ALE?



```
graph TD; A[Applying to USDA ALE?] --> B[Yes]; A --> C[No]; C --> D[Enter remaining percent (99-50%) of estimated easement purchase value under secured or unsecured match.];
```

Yes

No

Enter remaining percent (99-50%) of estimated  
easement purchase value under secured or unsecured  
match.



# Application Budget

## – Budget line items

- Are adjusted based on regional averages of actual costs (grants and match)
- Stewardship endowment
  - Funds for future monitoring of the conservation easement property and legal defense
  - ADFP Trust Fund reimbursement limited to 3% of the ADFP Trust Fund grant to the easement purchase and requires a cash match of at least equal value
  - Secured account for that particular conservation easement
  - Donated easements can receive 1.5% with no match requirement

# Application Budget

- Match
  - Cash
    - Stewardship endowment, survey, appraisal, legal fees, closings costs
  - In-kind
    - Travel, personnel and administrative
  - Cash or in-kind
    - Easement purchase, baseline documentation report, environmental assessment/audit
  - Secured
    - Secured is in hand and has a signed letter of commitment
  - Unsecured
    - Unsecured is in the process of applying or awaiting decision

# Application Budget

- Match Requirements
  - 30 Percent
    - Conservation nonprofits or counties without a Farmland Protection Plan
  - 15 Percent
    - NC Department of Commerce Tier 2 or 3 county with a Farmland Protection Plan
  - 0 Percent
    - NC Department of Commerce Tier 1 county with a Farmland Protection Plan



# Application Budget – Required Items

## Conservation Easement Budget Worksheet

[illegible]

# Application Budget – Required for Easement Purchase Grant Funds

## Conservation Easement Budget Worksheet

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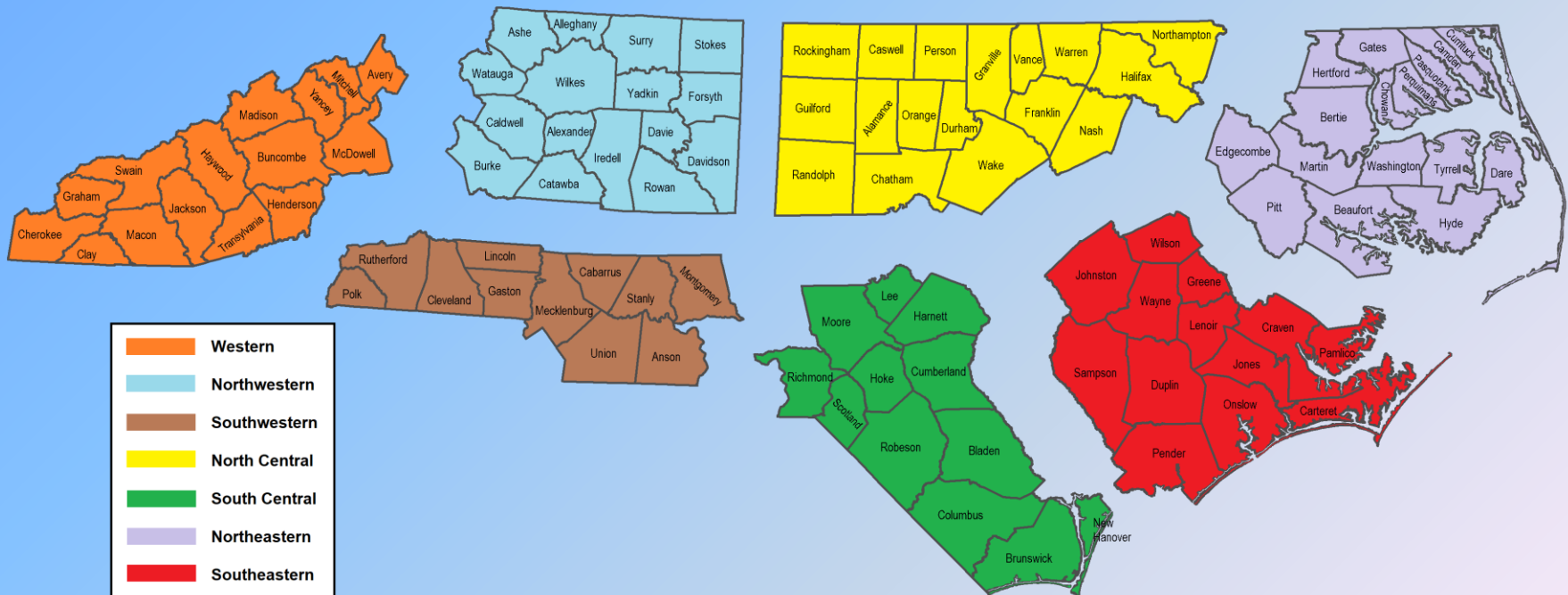
# Application Budget – Optional

## Conservation Easement Budget Worksheet

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# Application Budget – Regional Averages

| Grant Cycle XV<br>Cost Estimates | Appraisal  | Survey      | BDR        | EA         | Legal<br>Fees | Closing<br>Costs |
|----------------------------------|------------|-------------|------------|------------|---------------|------------------|
| 1-Mountains                      | \$7,400.00 | \$15,900.00 | \$3,100.00 | \$2,200.00 | \$4,300.00    | \$1,400.00       |
| 2-Northwest                      | \$4,900.00 | \$10,100.00 | \$2,900.00 | \$2,200.00 | \$4,300.00    | \$1,300.00       |
| 3-Southwest                      | \$4,900.00 | \$10,100.00 | \$2,900.00 | \$2,200.00 | \$5,800.00    | \$1,300.00       |
| 4-North Central                  | \$4,900.00 | \$10,100.00 | \$2,900.00 | \$2,200.00 | \$6,500.00    | \$1,300.00       |
| 5-South Central                  | \$4,900.00 | \$10,100.00 | \$2,900.00 | \$2,200.00 | \$4,300.00    | \$1,300.00       |
| 6-Northeast                      | \$4,900.00 | \$10,100.00 | \$4,300.00 | \$3,600.00 | \$6,200.00    | \$2,300.00       |
| 7-Southeast                      | \$4,900.00 | \$10,100.00 | \$3,400.00 | \$2,200.00 | \$4,300.00    | \$1,600.00       |



## Conservation Easement Budget Worksheet

| Line Item                                      | ADFP Trust Fund  | USDA NRC S/RCPP (If Applicable) | Military (If Applicable) | Entity Match | Landowner Donation  | Other Match | Totals               |
|--|--|---------------------------------|--------------------------|--------------|---------------------|-------------|----------------------|
| Appraisal                                      |  |                                 |                          |              | \$ 4,900.00         |             | \$ 4,900.00          |
| Attorney Fees                                  | \$ 4,300.00  |                                 |                          |              |                     |             | \$ 4,300.00          |
| Baseline Documentation Report                  | \$ 2,900.00  |                                 |                          |              |                     |             | \$ 2,900.00          |
| Closing Costs (Recording Fee, Title Insurance) | \$ 1,300.00  |                                 |                          |              |                     |             | \$ 1,300.00          |
| Easement Purchase                              | \$ 48,486.25   | \$ 96,972.50                    |                          |              | \$ 48,486.25        |             | \$ 193,945.00        |
| Environmental Assessment / Audit               | \$ 2,200.00  |                                 |                          |              |                     |             | \$ 2,200.00          |
| Personnel / Administrative                     |  |                                 |                          |              |                     |             | \$ -                 |
| Stewardship Endowment                          | \$ 1,454.59  |                                 |                          |              | \$ 1,454.59         |             | \$ 2,909.18          |
| Survey   | \$ 10,100.00   |                                 |                          |              |                     |             | \$ 10,100.00         |
| Travel   |  |                                 |                          |              |                     |             | \$ -                 |
| <b>Totals</b>                                  | <b>\$ 70,740.84</b>  | <b>\$ 96,972.50</b>             | <b>\$ -</b>              | <b>\$ -</b>  | <b>\$ 54,840.84</b> | <b>\$ -</b> | <b>\$ 222,554.18</b> |
|  |  |                                 |                          |              |                     |             |                      |
| <b>Easement Size (Acres)</b>                   | 382.430  |                                 |                          |              |                     |             |                      |
|  |  |                                 |                          |              |                     |             |                      |
| <b>Notes</b>                                   | Stewardship Endowment funds require a minimum 1:1 match. Unless no funds are requested from the ADFP Trust Fund for the appraised easement purchase, the maximum Stewardship Endowment request is: |                                 |                          |              |                     |             | \$ 1,454.59          |
|  | Minimum required match at 30 percent:  |                                 |                          |              |                     |             | \$ 21,222.25         |
|  |  |                                 |                          |              |                     |             |                      |
|  |  |                                 |                          |              |                     |             |                      |
|  |  |                                 |                          |              |                     |             |                      |
|  |  |                                 |                          |              |                     |             |                      |
|  |  |                                 |                          |              |                     |             |                      |



Wildflower Farms

123 Farmall Lane  
Calabash, NC 28467



October 15, 2022

Mr. Evan Davis  
ADFP Trust Fund  
NC Department of Agriculture and Consumer Services  
2 W. Edenton St.  
Raleigh, NC 27601

Mr. Davis:

Please accept this letter of commitment as part of my conservation easement application.

As landowner of the property of the proposed conservation easement, I commit to donate \$100,000 or 50 percent of the final appraised conservation easement value.

Additionally, I will pay for an appraisal, estimated at \$5,000.

Thank you for your consideration.

Sincerely,

*Veronica L. Jamison*

Veronica L. Jamison  
Owner  
Wildflower Farms



# NC Farming Land Trust

456 Agribusiness Street  
Raleigh, NC 27601



October 15, 2022

Mr. Evan Davis  
ADFP Trust Fund  
NC Department of Agriculture and Consumer Services  
2 W. Edenton St.  
Raleigh, NC 27601

Mr. Davis:

As the applicant organization for the Wildflower Farms conservation easement application this year, our organization commits the following budget items:

- Stewardship endowment: \$3,500 cash or 3% of the easement purchase grant request
- Baseline documentation report: \$1,500 in-kind
- Environmental audit: \$1,250 in-kind

Thank you for your consideration.

Sincerely,

*Cameron Brookshire*

Cameron Brookshire  
Executive Director  
NC Farming Land Trust



# Requests for Payment Process

- Forms can be found on our website under “Reporting Materials for Grant Recipients”
- Initial Payments may be requested – up to \$25,000 as an initial payment prior to expenses being incurred
  - Prior to grant closeout – a list of how this money was spent will be requested
- Request for Reimbursements (same form) may also be submitted as expenses are incurred
  - MUST INCLUDE: Receipts for the purchases, NOT invoices
  - Once requests are processed, there is a 30 day turn around before payments may be sent out
  - Grantee MUST be up to date on Budget and Progress Reports to be reimbursed

# Budget and Progress Reports

- Can also be found on the found on our website under “Reporting Materials for Grant Recipients”
- For awards less than \$250,000 – reports are due semi-annually
  - Due April 10 and October 10 each year of the contract
- For awards of \$250,000 or more – reports are due quarterly
  - Due January 10, April 10, July 10 and October 10 each year of the contract
- Failure to turn in B&P Reports in a timely manner will result in ADFP being unable to process reimbursements and potential for future projects to not be considered

# Budget Revisions

- Form can also be found on the found on our website under “Reporting Materials for Grant Recipients”
- Funds, up to 10%, can be moved within approved line items without approval.
- Requests for amounts over 10% must be submitted to Budget Officer for approval prior to spending.
- Once a request is approved, a copy will be shared with the grantee and the budget on file will be updated to reflect the change.





# Questions?

