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Bridging the Urban – Rural Divide with Conservation Easements: Success Stories from New Mexico



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New Mexico Land Conservancy



Conserving New Mexico's precious land heritage by protecting productive agricultural lands, significant wildlife habitat and scenic open space for future generations

The Changing Rocky Mountain West

- 50% of the land in the Rocky Mountain West is private.
- The Rocky Mountain West is currently undergoing one of the largest turnovers of private land in history.
- This turnover will have tremendous implications for agriculture, the environment, and both urban and rural communities.



Keeping New Mexico the Land of Enchantment

- New Mexico is one of the top ten fastest growing states in the nation.
- Population projected to increase 35% over the next 25 years.
- This growth is resulting in the conversion of over 40,000 acres of rural land each year of which approximately 10% is prime agricultural land.



What is a Land Trust?

- A private, non-governmental organization that preserves undeveloped land through various voluntary, land protection methods.
- A grassroots expression of people's dedication to the protection of agricultural lands, wildlife habitat and scenic open space.



What is a Conservation Easement?

- Property ownership consists of a bundle of rights (including rights to subdivide, develop, graze, log, mine, use water, permit public access, etc.).
- Conservation Easements restrict some or all of these rights – however, the overarching purpose of conservation easements is to restrict development.



What are the Benefits of a Conservation Easement to a Landowner?

- Preserving the land you worked so hard to protect.
- Tax benefits from conservation easement donations.
- Revenue from sale of development rights.



What are the Benefits of Conservation Easements to the Public?

Conservation Easements provide and protect:

- Wildlife and their habitat
- Water, natural resources and ecosystem services
- Productive farm, ranch and forest land
- Open space for scenic enjoyment
- Public recreation or education opportunities
- Historically or culturally important land or structures



There are Two Givens in Life: Death and Taxes.

**Tax benefits for all
Conservation Easements:**

- Estate
- Property

**Tax benefits for donations
of Conservation Easements:**

- Federal
- State



To Qualify for Federal and State Tax Benefits...

Conservation Easement must meet IRS eligibility requirements:

- Must fulfill at least one of following conservation purposes or public benefits:
 - Protection of natural habitat
 - Preservation of open space (including farm, ranch and forest land) for scenic enjoyment or land pursuant to a clearly delineated government policy
 - Preservation of land that provides public recreation or education opportunities
 - Preservation of historically important land or structures
- Must be granted to a qualified conservation organization:
 - Land trust or governmental agency

Conservation Easements that Do Not Qualify for Federal and State Tax Benefits...

- Conservation Easement that does not meet any of IRS criteria.
- Conservation Easement where subject land has no development potential.
- Conservation Easement granted in return for something or when there is already a set requirement for open space dedication.

How is the Value of a Conservation Easement Determined?

- The value is determined through a “before and after” appraisal process.
- The value of a conservation easement is directly related to the development or economic potential of the subject land.

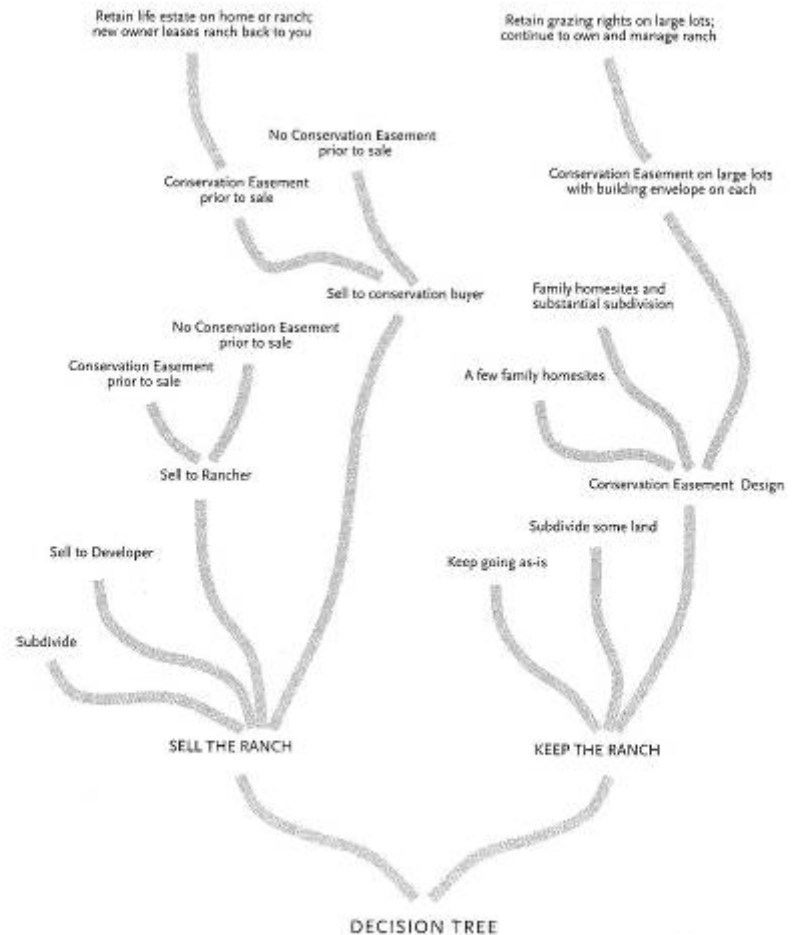


Basic Steps for Completing a Conservation Easement

- Initial discussion/agreement between landowner and Land Trust
- Title documentation and other due diligence
- Baseline documentation report
- Negotiation and drafting
- Appraisal
- Land Trust Board review and approval
- Signing and recording
- Signing and filing of IRS Form 8283 (for donations)
- Monitoring and legal defense
- Other issues: Amendment, transfer and condemnation

Considering the Options...

It's tempting for landowners to say they don't want to make decisions that might restrict what their children can do in years to come. But, in fact, if they don't make some tough decisions now, their heirs may have even fewer choices.



Types of Conservation Easements

- Traditional Conservation Easement
- Limited Conservation Development Easement
- Conservation Easement Combined with Development
- Sale of Conservation Easements through Purchase of Development Rights programs.

Dethlefsen Easement

- Traditional Conservation Easement
- Purpose: wildlife habitat and scenic open space
- Size of property and easement: 320 acres
- Adjacent to Gila National Forest and near Aldo Leopold Wilderness
- One existing homesite
- One reserved homesite
- Additional restrictions on land use



Limited Conservation Development

A landowner's financial needs and profit motivation do not have to be incompatible with land conservation

- Income generating tool
- If properly planned, can be an agriculturally and environmentally friendly option
- Private sector approach – no government money is involved



Jacona Farm Trust

- Size of property: 3.5 acres
- Size of Conservation Easement: 2 acres
- Property donated to Santa Fe Community Housing Trust
- 3 affordable housing units
- Farmer lives on-site
- Landowner retained life estate



Montosa Ranch



“Billie and I love this ranch. We want it to always be a cattle ranch, not have it carved into 40-acre ranchettes that are becoming so common. A handful of homesites and the conservation easement make that possible.”

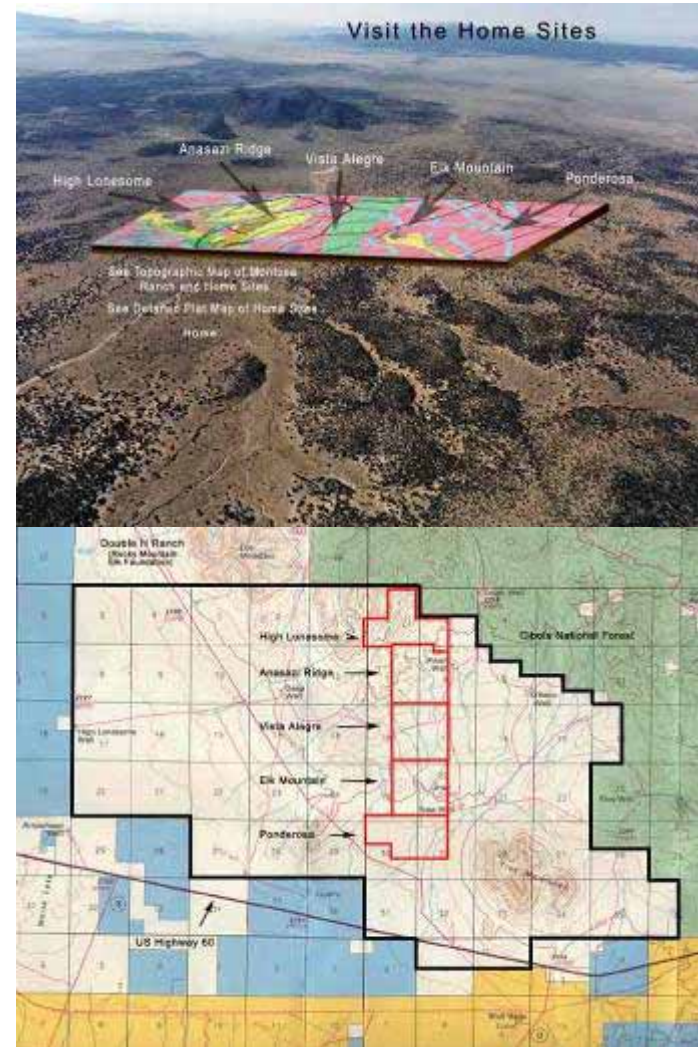


***B.W. Cox,
landowner***



Montosa Ranch

- Size of Property: 32,000 acres plus grazing leases
- Size of Conservation Easement: 30,800 acres
- 5 development lots and 2 homesites
- Covenants
- Recreational use by homeowners
- Grazing rights retained by landowner



Heritage Preserve Ranches



Deer Canyon Preserve



An innovative approach to conserving working ranches through sustainable grazing, habitat restoration, wildlife management and conservation development.



Berrenda Creek Ranch

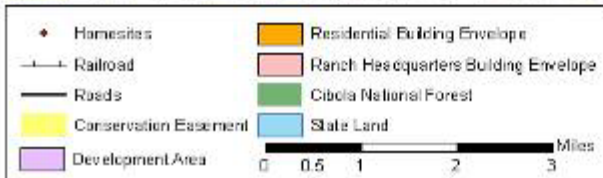
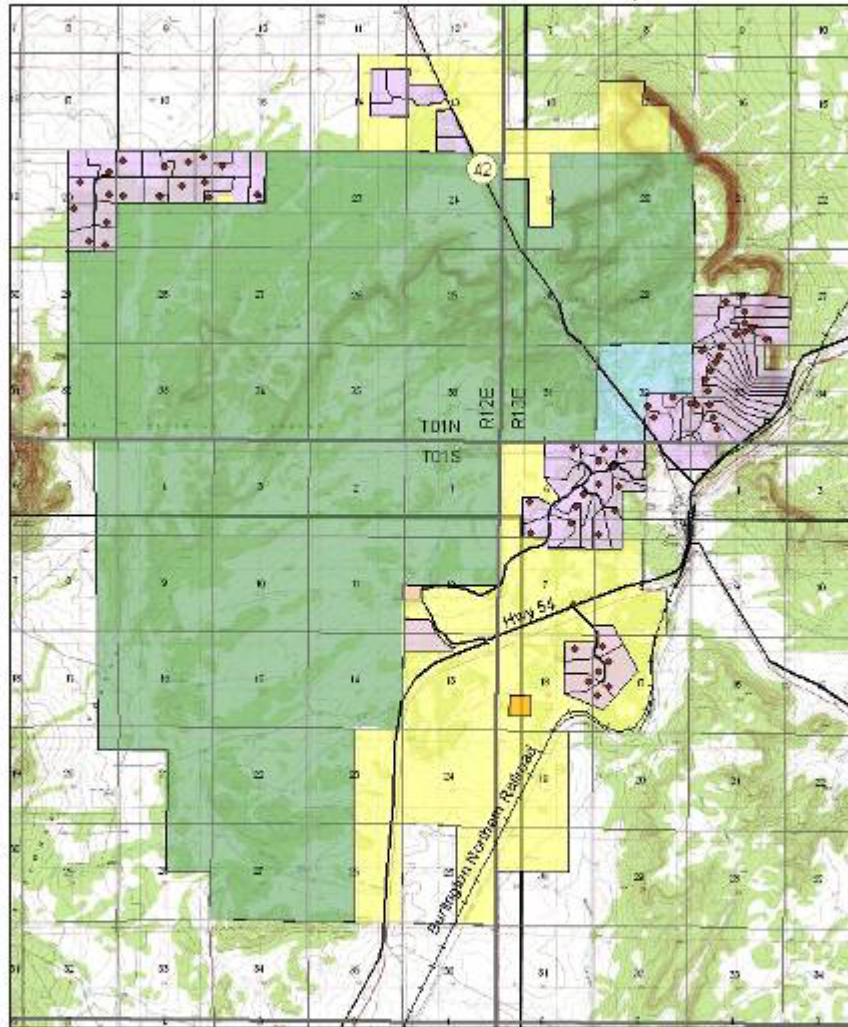


Cougar Mountain Ranch



Lake Valley Ranch

Cougar Mountain Ranch Conservation Easements and Development Areas



- Size of Property: 8,500 acres
- Size of Conservation Easement: 6,200 acres
- Ranch HQ and residence included in easement
- 2,300 acres developed into 50 development lots – not included in easement
- Covenants
- Recreational use by homeowners
- Grazing rights retained by landowner

Sale of Conservation Easements through Purchase of Development Rights Programs

- The sale of a Conservation Easement or the sale Development Rights is the same thing
- Funding extremely limited and competitive
- Proceeds from sale are treated as capital gains
- Capital gains can be offset by tax deductions from any donations of the Conservation Easement's value



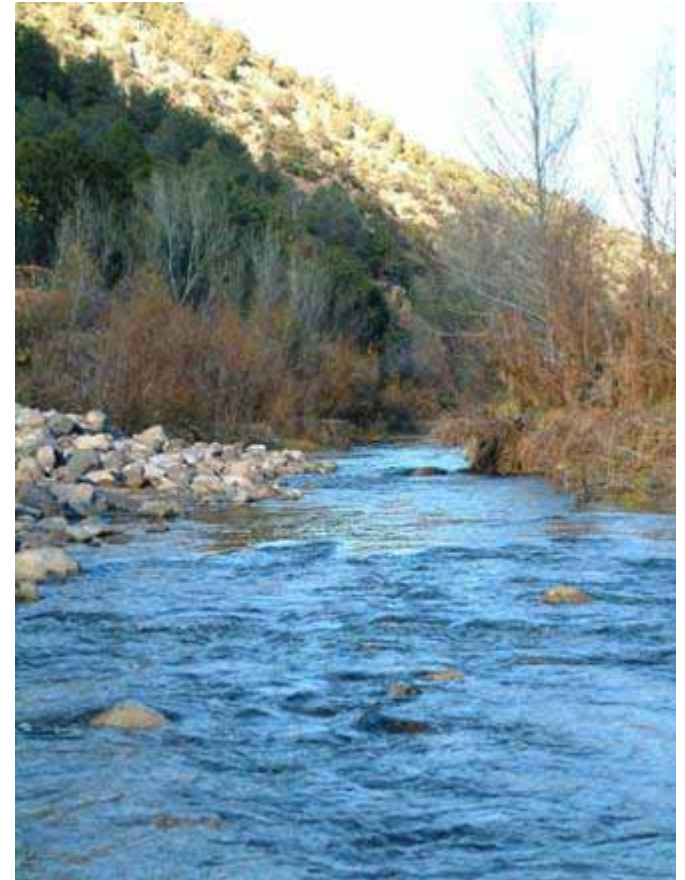
Corrales Farmland Preservation Program

- Corrales Farmland Preservation Program created in 2000
- \$1 million grant from the USDA Farm and Ranchland Protection Program in 2003
- \$5 million voter-approved bond measure passed in 2004
- Purchase of four conservation easement projects, totaling 28 acres, completed in 2005



Sources of Funding for Conservation Easements

- Private fundraising through foundations and other private donors
- Federal funding programs
- State funding programs
- Local funding programs

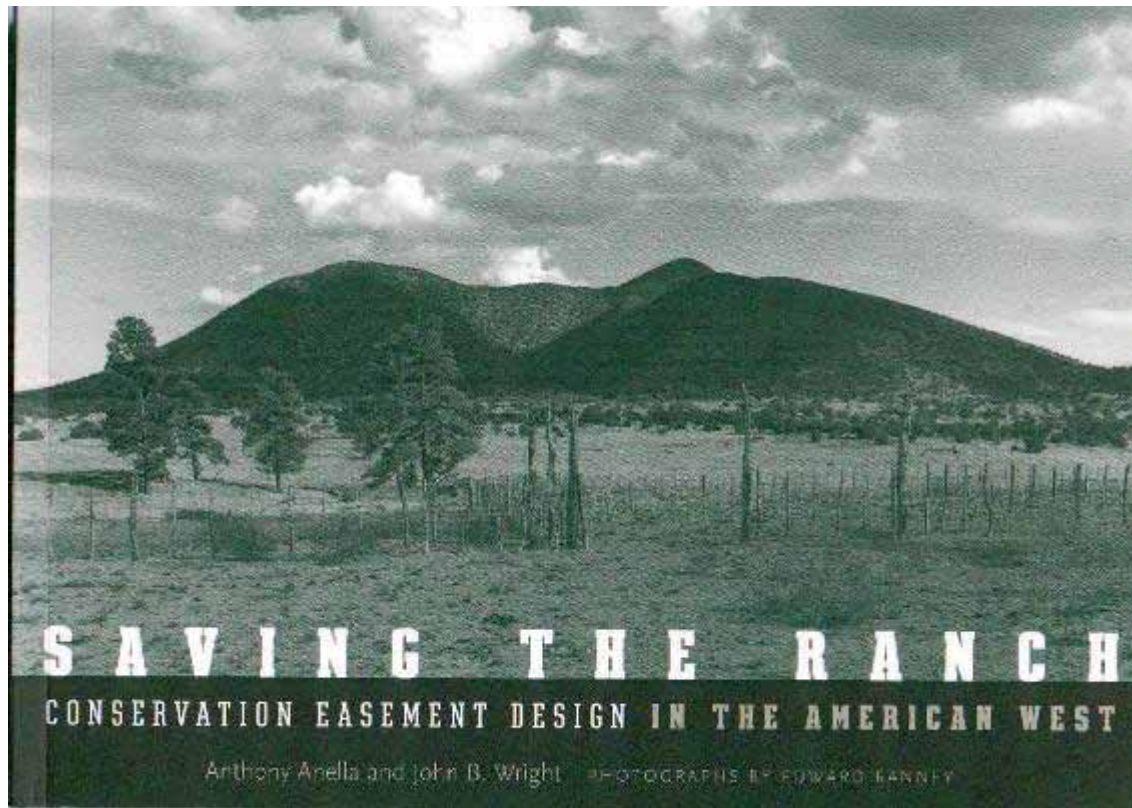


Conclusion

We get one shot at this in the American West. When it's all paved over, the opportunity is gone. This is an obligation of a generation...to make certain that the heritage we receive also becomes the legacy we leave.

Utah Governor, Mike Leavitt





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For More Information...

New Mexico Land Trusts:

- **New Mexico Land Conservancy**
- **Taos Land Trust**
- **Santa Fe Conservation Trust**
- **Rio Grande Agricultural Land Trust**
- **Southern Rockies Agricultural Land Trust**
- **Malpais Borderlands Group**
- **Forest Trust**

National Organizations in New Mexico:

- **The Nature Conservancy**
- **The Trust For Public Land**
- **Rocky Mountain Elk Foundation**

Other Sources of Land Trust Info:

- **Land Trust Alliance**

