



Saratoga PLAN

preserving land and nature



conserving farmland in saratoga county

There are so many reasons to conserve farmland...



Our lives depend on it. Food, fiber and fuel are essential commodities. Having sources of fresh, abundant, safe food gives us security. New York State, with the current level of farmland in production, can only feed 30% of its population and we are losing farms at the rate of 2 per week. Increasingly, people want to get their food from a local farm and contribute to a robust regional economy.



Farming is a \$100M a year industry in Saratoga County, contributing to the local economy through agricultural products, agricultural support services, and 1,500 jobs.



Farmland pays more in taxes than it uses in services, thereby lowering property taxes for everyone.

Conserved farmland is protected but stays in private hands and on the tax rolls.

Farmland, forestland, and other open spaces:

- **provide wildlife habitat**
- **recharge groundwater reserves**
- **cleanse surface waters**
- **purify air**
- **moderate winter and summer climates**
- **reduce stormwater runoff and flooding**
- **sequester carbon and reduce greenhouse gases**
- **It would be very costly to society to have to replace the environmental services that open lands provide.**



Continuing a traditional way of life, and for all the economic and environmental reasons that we've mentioned...



...creates *PUBLIC BENEFITS*, which is why there are programs which allow, and sometimes compensate, landowners for conserving their farmland, if they wish to.

Conserving your land is a voluntary action that might benefit you personally:

To pay down debt so that your operation is more profitable.



To use the proceeds to buy more land or to make infrastructure improvements. By buying more land with any compensation that you receive , you may be able to secure rental land that is in jeopardy as neighbors age or land changes hands.

To give a gift to your community, enabling future generations to enjoy a rural way of life, produce essential food and timber, protect air and water and climate, preserve a beautiful world-class landscape, provide wildlife habitat, and keep taxes low.

To honor ancestors who worked the land and kept it fertile and productive.

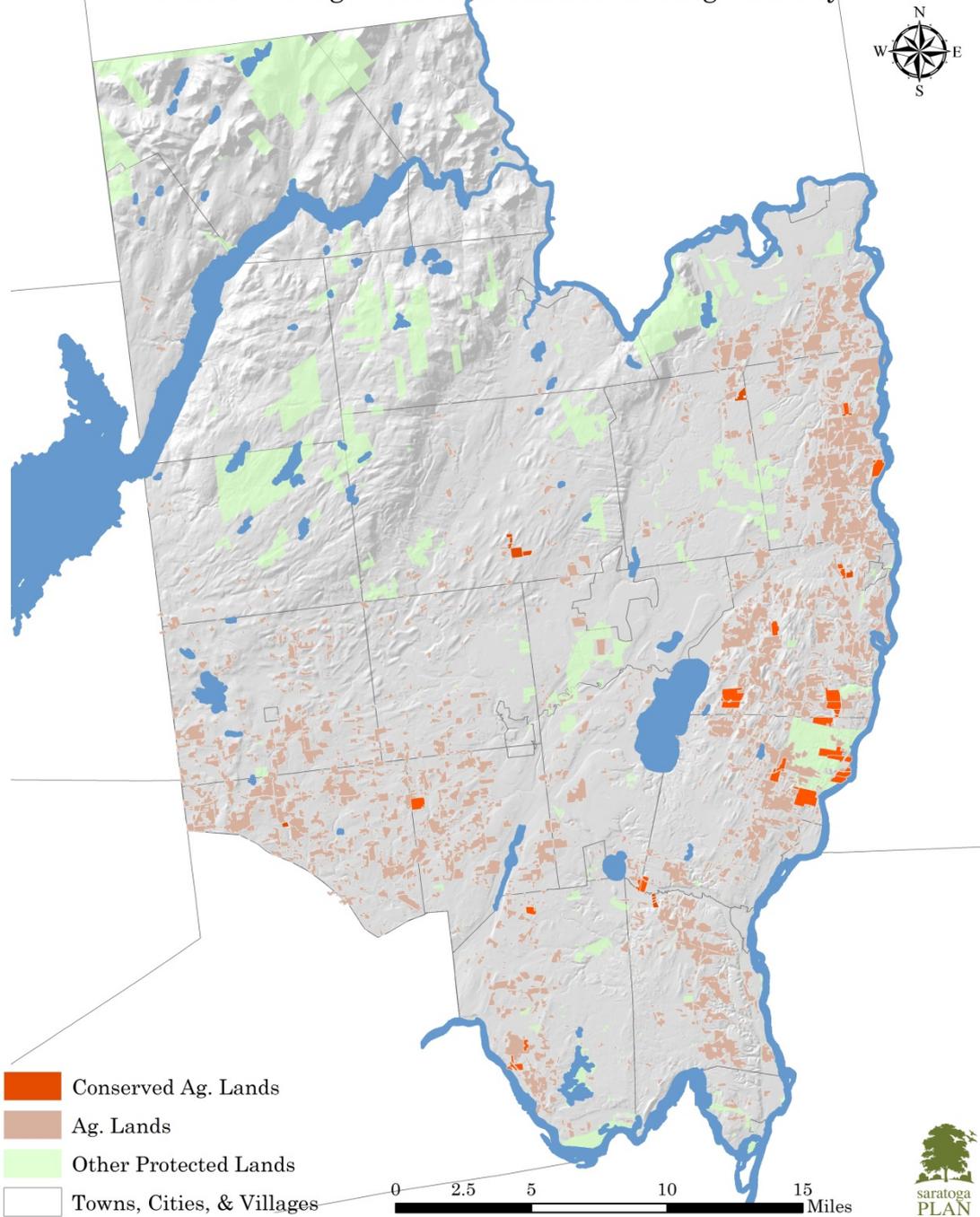


To extract some equity from the land for retirement years.



To plan your estate and to assist with transfer to the next generation, perhaps leaving the land to one child and equity extracted through conservation to others.

Conserved Agricultural Lands of Saratoga County



Farmland Conserved in Saratoga County as of March 2015:

~25 farms

~2,900 acres

We need to pick up the pace if we want to have a viable agricultural industry. Saratoga County is the fastest growing county in NYS, so competition for farmland between farmers and between farmers and developers is intense.



**The tool used to conserve farmland is called a
conservation easement.**

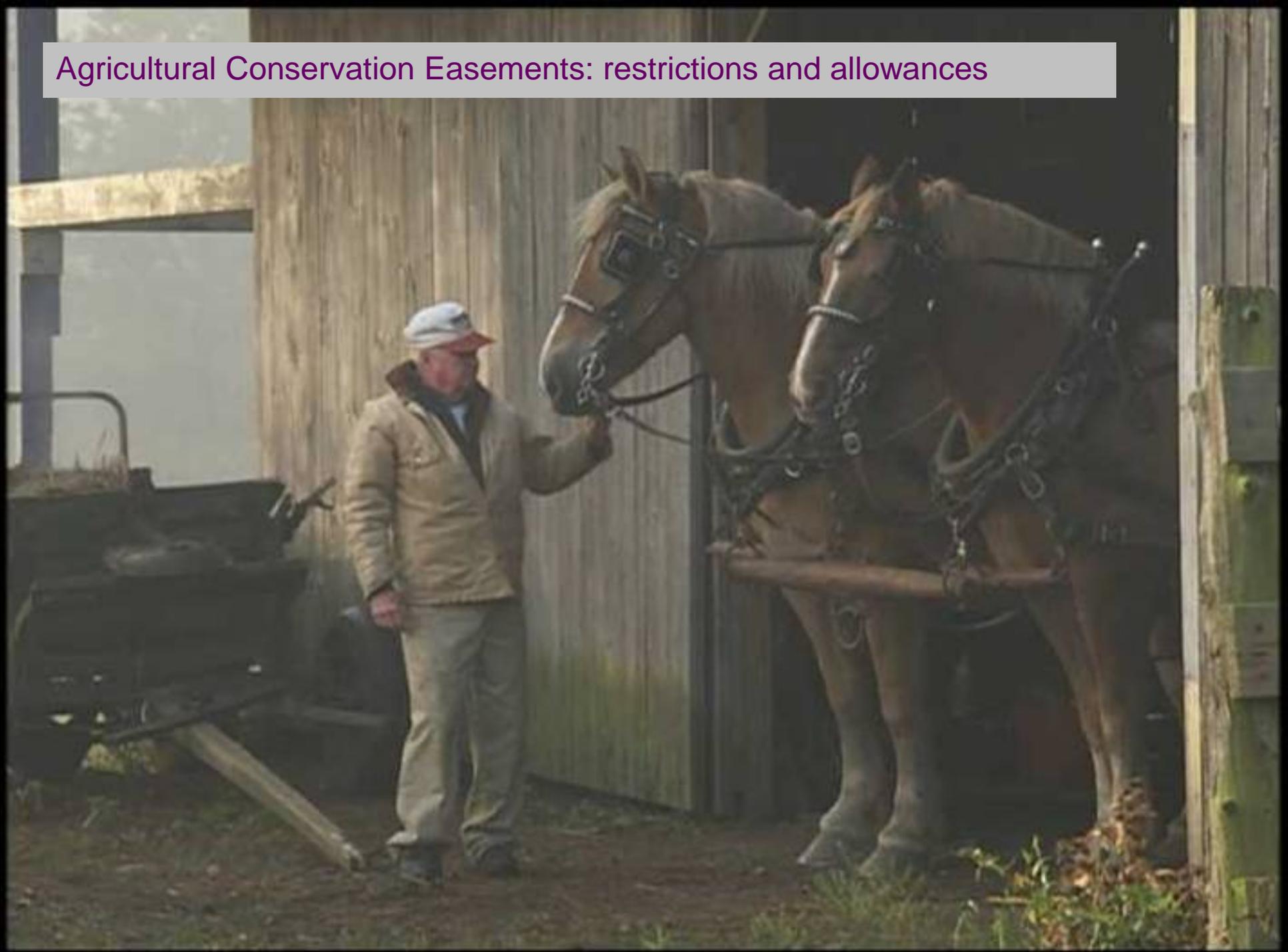
A conservation easement is a legal agreement between a landowner and a nonprofit land trust or a government entity. The easement specifies permanent restrictions on uses and development. It runs with the land.

Once you make the decision and complete an easement, there is no turning back. Your development rights are extinguished. They can't be bought back.

The choice is *yours*.
Either way, it's there to stay.



Agricultural Conservation Easements: restrictions and allowances



The primary purpose of *agricultural* conservation easements is to ensure that the land is used in a way that permits its ongoing use for farming and forestry.





Agricultural conservation easements permit landowners to manage their lands as they see fit, permitting change with market cycles, popular products, and farming technologies over time.



Land with a conservation easement remains in private hands and can be transferred to heirs or sold. The easement stays tied to the land. The land can be used as collateral for loans but its value will usually be lowered once development rights and other uses are restricted by the easement.



Agricultural conservation easements allow structures for agriculture and forestry to be built. Structures and improvements for residential use and small-scale rural enterprises are confined to one or more defined areas of the property. Agricultural structures may be built outside these areas. The total amount of impervious surfacing on the property will be limited by the easement.

Areas within the property can be designated for farmstands or for processing crops.

Give careful thought to site planning *before* you apply to sell your development rights.

And give consideration to how future generations may want to use the land when you plan your site.

A conservation professional can consult with you as you plan your site and easement project.





Timber for firewood or on-site construction is permitted. Commercial timber harvests (sales off-site) must be conducted under the supervision of a qualified forester.



Farms are fun and educational!

Hunting, hiking, snowmobiling, educational programs can continue.

Public access, though, is controlled by the landowner.



No mining.

Subdivision for agricultural purposes only.

If there is a mortgage on the property, the mortgage holder must agree to subordinate the mortgage to the easement.





Easements are visited on a regular basis by the easement holder, either a land trust such as Saratoga PLAN or a government agency, usually a town building inspector, to record changes made on the land over time.

The easement holder discusses plans with landowners to make sure their plans align with the easement. Violations must be corrected or, if necessary, legally enforced.

If the landowner is planning to sell or transfer the property, the easement holder must be notified and makes themselves available to discuss the easement's terms with potential new owners.



Easements take time. Years, sometimes. There are many requirements for completing a permanent legal restriction on land.



Easements cost money. Some landowners are able to cover the costs of their conservation projects. Other projects require fundraising and grantwriting. Funding is awarded on a competitive basis and different funding programs have different criteria for evaluating proposals.

The value of a conservation easement must be determined by a qualified appraiser.



Easements values are the difference in fair market value for the land as is and the land if restricted by an easement. Typical appraised easement values in our area have ranged from \$2,000 per acre to \$6,000 per acre, usually \$3,000 to \$4,000.

Easements can be donated or sold. When easements are sold, they are sometimes called PDR transactions, which stands for “Purchase of Development Rights.”



Even if sold, it is usually the case that there is some donation on the part of the landowner, resulting in a “bargain sale.”

A full or partial donation is a charitable donation and can be used as a charitable deduction for income tax purposes.

DISCLAIMER:

We are not financial experts nor can we give financial, tax, or legal advice.

The information that we offer is intended to help you become aware of some of the fiscal implications of placing a conservation easement on your land.

We make no claims to its accuracy or its applicability to your situation.

The actual numbers of any conservation project can vary widely. We are using figures for examples only.

All property owners contemplating a conservation project need to consult with their own legal and financial advisors.



Income Taxes:

You can “write off” up to 30% of your adjusted gross income in the year that you make the donation and, if you don’t use your entire donation in one year, carry it over as an income tax deduction for up to an additional 5 years.

Congress is very close to enhancing the tax incentive for easement donations, allowing landowners to write off 50% of their AGI and carry out deductions for 15 additional years. If you are a “qualified farmer” earning more than 50% of income from farming, then donors can write off 100% of their income for 15 years, or until easement donation value is used up.

Property Taxes: You can ask your assessor for a reduction in assessed value of your land after you've reduced its value with an easement.

If you already have an agricultural exemption, a further reduction in your assessment is very unlikely.

Through an income tax credit, NYS reimburses easement donors (and partial donors) for 25% of the school, county and town property taxes paid each year on the land only (maximum \$5,000 per landowner). You cannot get the school tax credit twice, though.



Estate Taxes: The value of your estate is lowered, potentially saving estate taxes if your estate is high enough to be taxed. An additional exclusion of up to 40% of the value of the property can be calculated into the value of estates, if the easement was donated.



Capital Gains Taxes:

Expect to pay 15% (max) in federal and 5% in state capital gains taxes on the money you receive for PDR. You can subtract out any basis in the property from the sale proceeds before calculating the capital gains liability.

If you invest the money by buying more land, you can defer capital gains tax until that land is sold.





Transfer Tax: Expect to pay \$4 per \$1,000 received.

Project Costs: \$35,000-\$75,000

For legal, survey, appraisal, title insurance, environmental inspection, baseline documentation report, project management, stewardship defense fund.



In addition, if landowner is claiming a charitable deduction for a donation, then will need own independent appraisal for IRS.

If protecting land enhances the value of nearby land that is owned by the same person, a close relative or a business partner, then the enhanced value must be subtracted from the donation when claiming a charitable deduction.



Federal, State and County Funding Programs for Farmland Conservation



NYS 2015-2016: \$15M from the \$177M Environmental Protection Fund
\$20M from a \$5B settlement with Wall Street banks (HV farms)

Saratoga County 2015: \$250,000 for farmland and open space. Great for matching state grants.

NRCS: Agricultural Conservation Enhancement Program \$? for NYS farmland – due May 15

What makes a good PDR application?



Agricultural viability

Development pressure

Buffer to natural habitat

Context

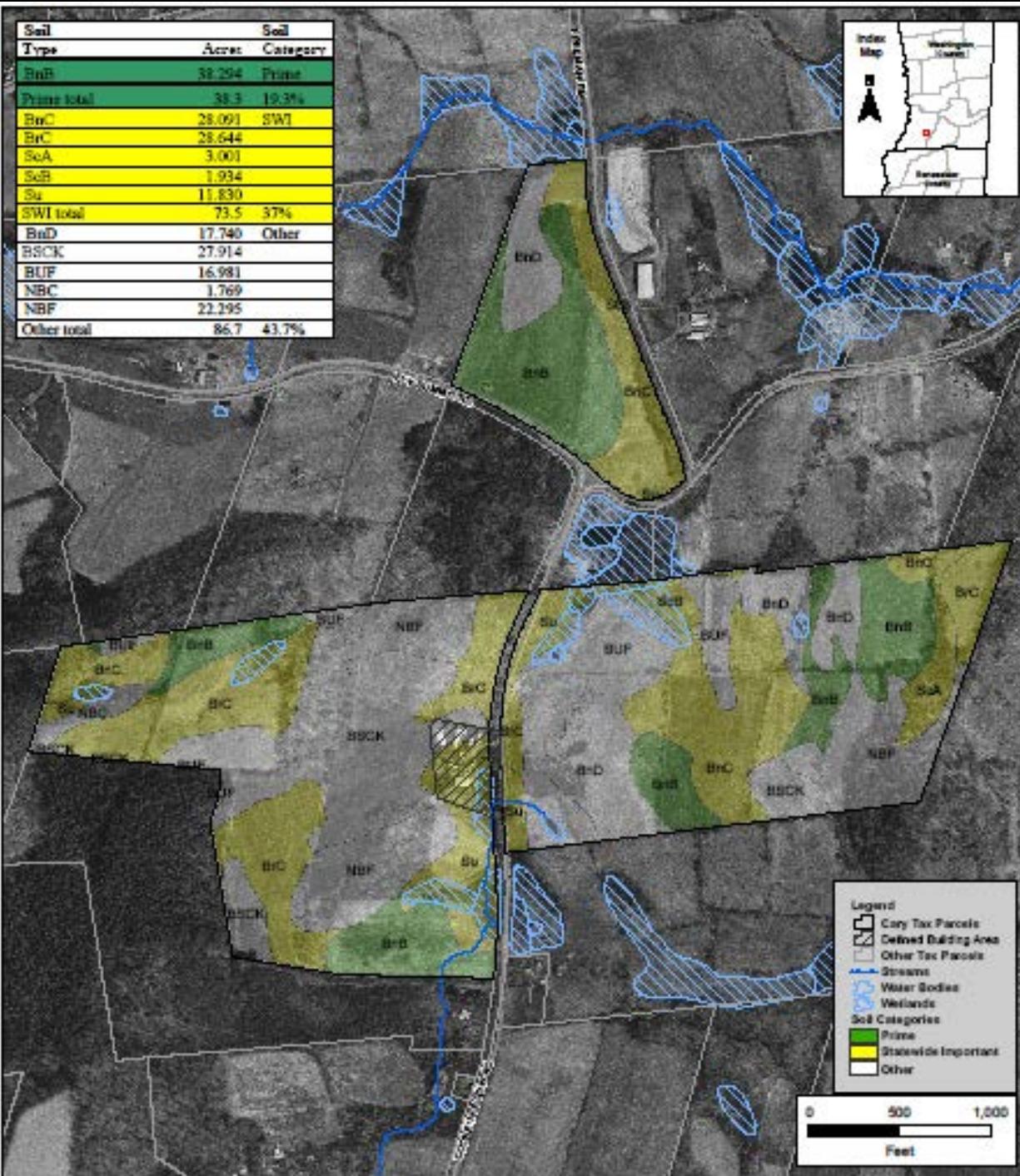
Number of acres, cost

Landowner commitment

Succession plan

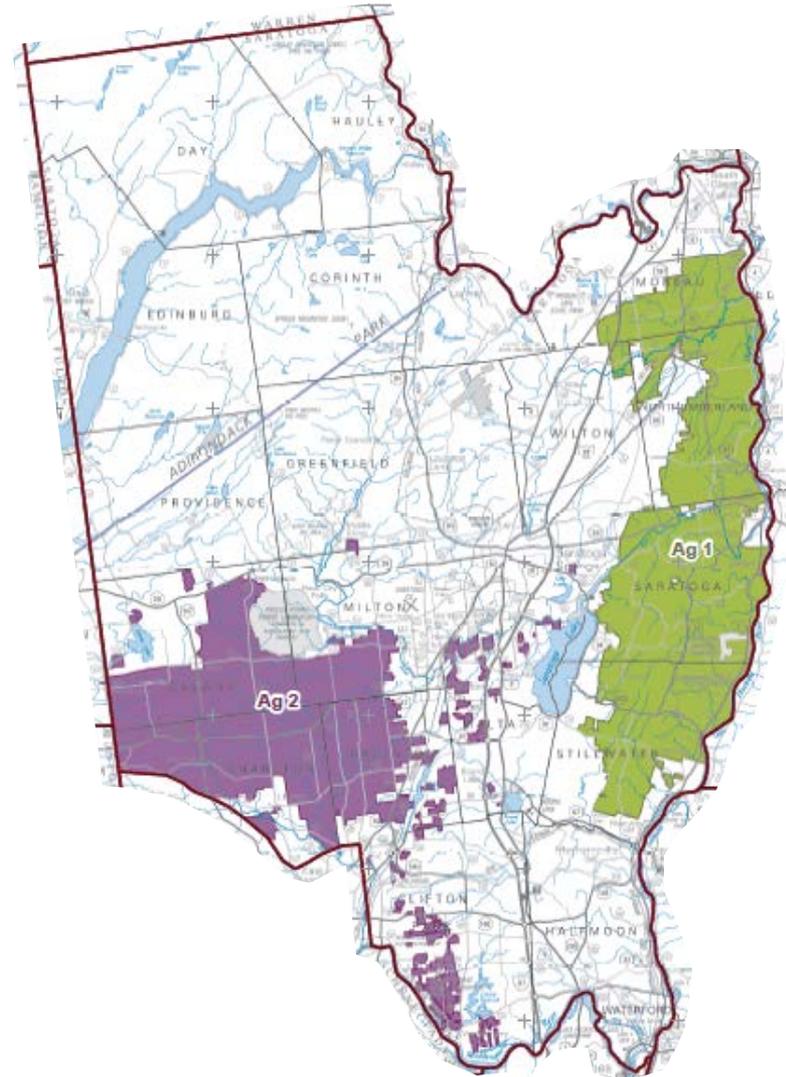
Of all the criteria used to evaluate farms, soils is by far the most important.

Size of farm, number of acres being tilled, and % of farm that has Prime Soils or Soils of Statewide Importance are determined and mapped for every application.



AGRICULTURAL DISTRICTS

- Two (2) districts
- Nearly 22% of the County's land area
- Can require local planning and land use decisions coordination with Ag. District Program
- Requires disclosure notices for potential homebuyers
- Right to Farm provides some protection from private nuisance claims
- Enrolled farms receive select protections
- Agricultural Data Statement for special use permits, site plan approval, use variances, subdivisions w/in 500 feet of farm operation

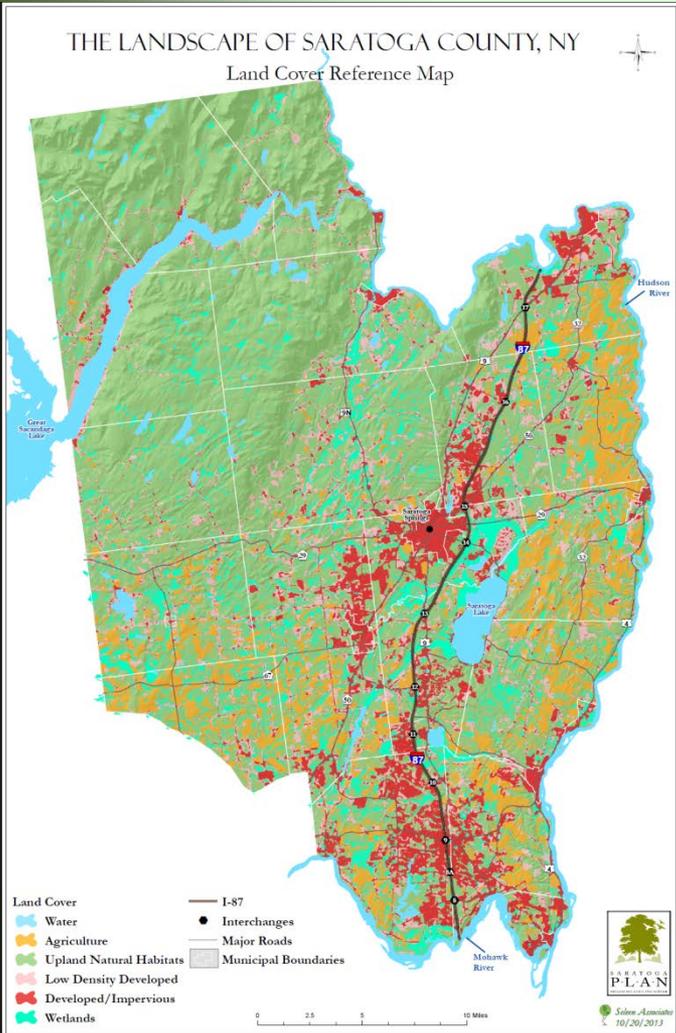




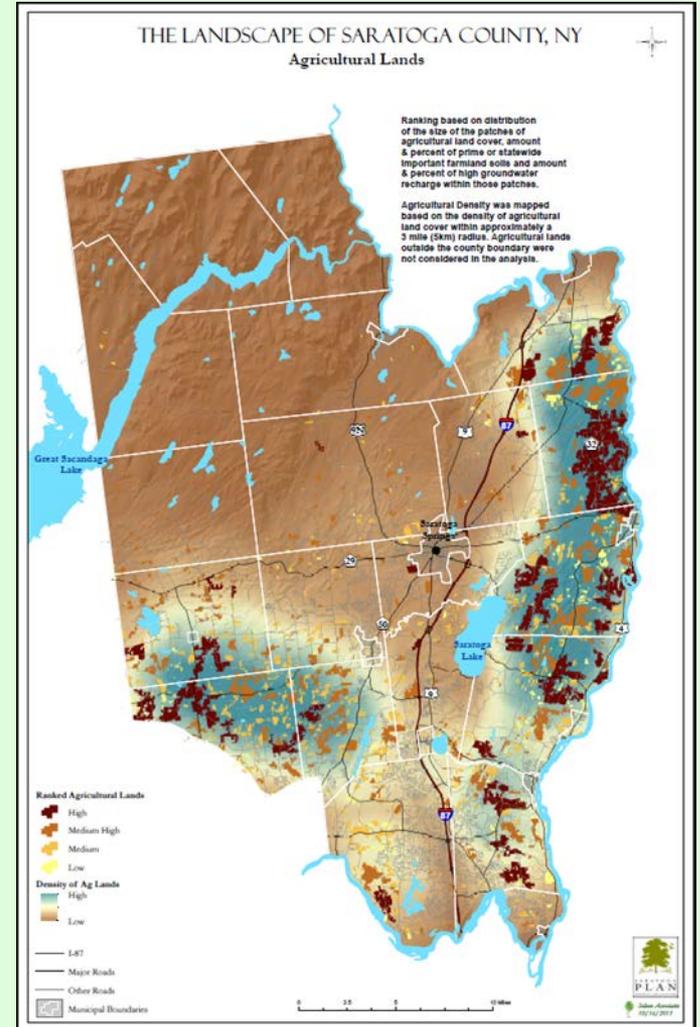
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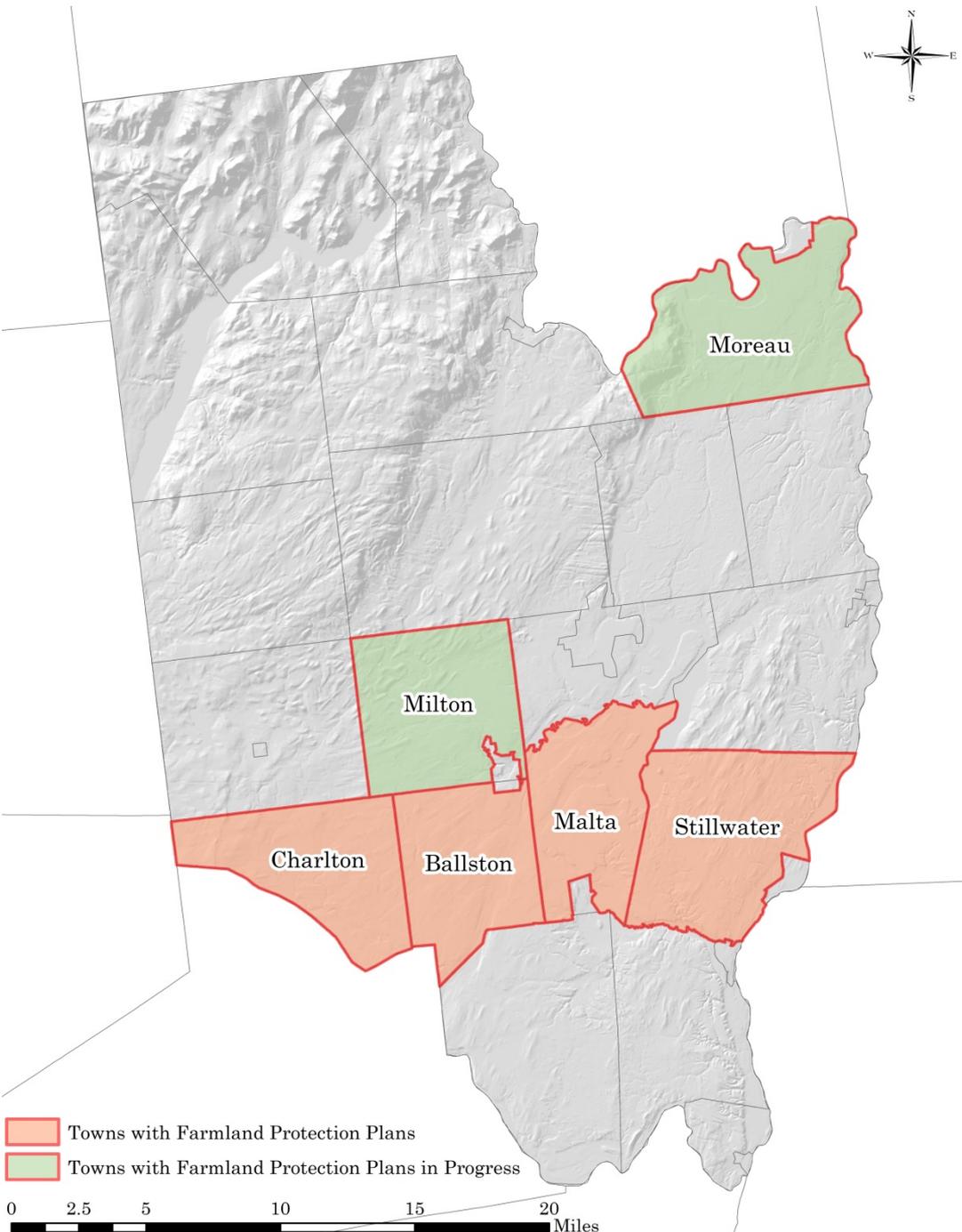
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Saratoga PLAN preserving land and nature



LANDSCAPE ANALYSIS





Saratoga County adopted an Agricultural and Farmland Protection Plan in 1997.

These towns are eligible to apply for funding from NYS Department of Agriculture and Markets because they have completed, or are in the process of completing, farmland protection plans: Charlton, Ballston, Malta, Stillwater, Milton, Moreau.



FUNDING EXAMPLE

Land Unrestricted	200 acres x \$6,000/acre	\$1,200,000
Land Restricted (ag value)	200 acres x \$2,500/acre	<u>\$ 500,000</u>
Value of Easement (DR)	200 acres x \$3,500/acre	\$ 700,000

Transaction Costs \$ 52,000

State Award	75% x \$752,000	\$ 564,000
Local/Landowner Match	25% x \$752,000	\$ 188,000

Local Match Options:

- \$ landowner sells easement at 25% less than fair market value (bargain sale);
- \$ county or town or NRCS awards matching funds to the project;
- \$ private grants or donations;
- \$ another landowner (land rented by farmer) donates an easement; or
- \$ combination of the above.

If no local Match:

State Award	87.5% x \$752,000	\$ 658,000
Landowner Match	12.5% x \$752,000	\$ 94,000

Preparing to conserve your land – steps:

- Educate yourself, consultation with Jaime and Maria
- Map and analysis of soils and actively farmed acreage
- Site planning
- Appraisal, if you need to know \$ before applying for funding
- Meet with town and land trust – endorsement, matching \$?, easement holder, municipal resolution



Easement steps continued:

- Prepare application
- County – Ag&Farmland Protection Board ranks state applications
- County committees review and recommend applications – Farmland and Open Space, Economic Development, Law & Finance, Board of Supervisors
- Saratoga PLAN – Board of Directors, if applicable





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Saratoga PLAN is a private, independent not-for-profit organization serving the people and communities of Saratoga County so they can accomplish their goals for preserving the rural character, wildlife habitats, and scenic beauty and this region remains a wonderful place to live, visit, work, and farm for generations to come.

The logo for the Hudson Valley Farmlink Network. It features a blue wavy line at the top, followed by the text "HUDSON VALLEY" in a smaller, green, sans-serif font. Below that, "FARMLINK" is written in a large, bold, dark green, sans-serif font. Underneath "FARMLINK", the word "NETWORK" is written in a medium-sized, green, sans-serif font. A thin brown horizontal line is positioned below the text.

HUDSON VALLEY
FARMLINK
NETWORK

A Project of American Farmland Trust

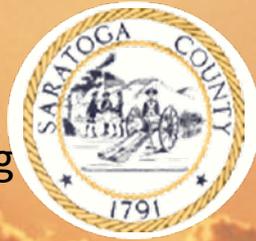
Saratoga PLAN's farmland conservation educational services are partially supported by the Hudson Valley Farmlink Network, which is coordinated by the American Farmland Trust and has received primary funding from the Doris Duke Charitable Foundation.



THANK YOU!

Jaime O'Neill

Saratoga County Planning
Department
50 West High Street
Ballston Spa, NY 12020
518-884-4705
www.saratogacountyny.gov
joneill@saratogacountyny.gov



Maria Trabka

Saratoga PLAN
112 Spring Street, Room 202
Saratoga Springs, NY 12866
518-587-5554
www.saratogaplan.org
maria@saratogaplan.org





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To download maps, view fact sheets on community planning and land conservation tools, find upcoming events and activities, or for more information, visit:
www.saratogaplan.org

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Saratoga Springs, NY 12866
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