



Saratoga PLAN

preserving land and nature



conserving farmland in saratoga county



Saratoga PLAN's farmland conservation services are supported by donations from individuals, local businesses, the PCLB and Nordlys foundations, and the Hudson Valley Farmlink Network, which is coordinated by the American Farmland Trust and has received primary funding from the Doris Duke Charitable Foundation.



There are so many reasons to conserve farmland...



Our lives depend on it!

Food, fiber and fuel are essential commodities. Local 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.



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

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

Farmland and forestland:

- **provides wildlife habitat**
- **pest control**
- **recharges groundwater reserves**
- **cleanses surface waters**
- **purifies air**
- **pollination**
- **moderates winter and summer climates**
- **reduces stormwater runoff and flooding**
- **sequesters carbon and reduce greenhouse gases (66x more than developed land)**
- **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 extract some equity from the land for retirement years.



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

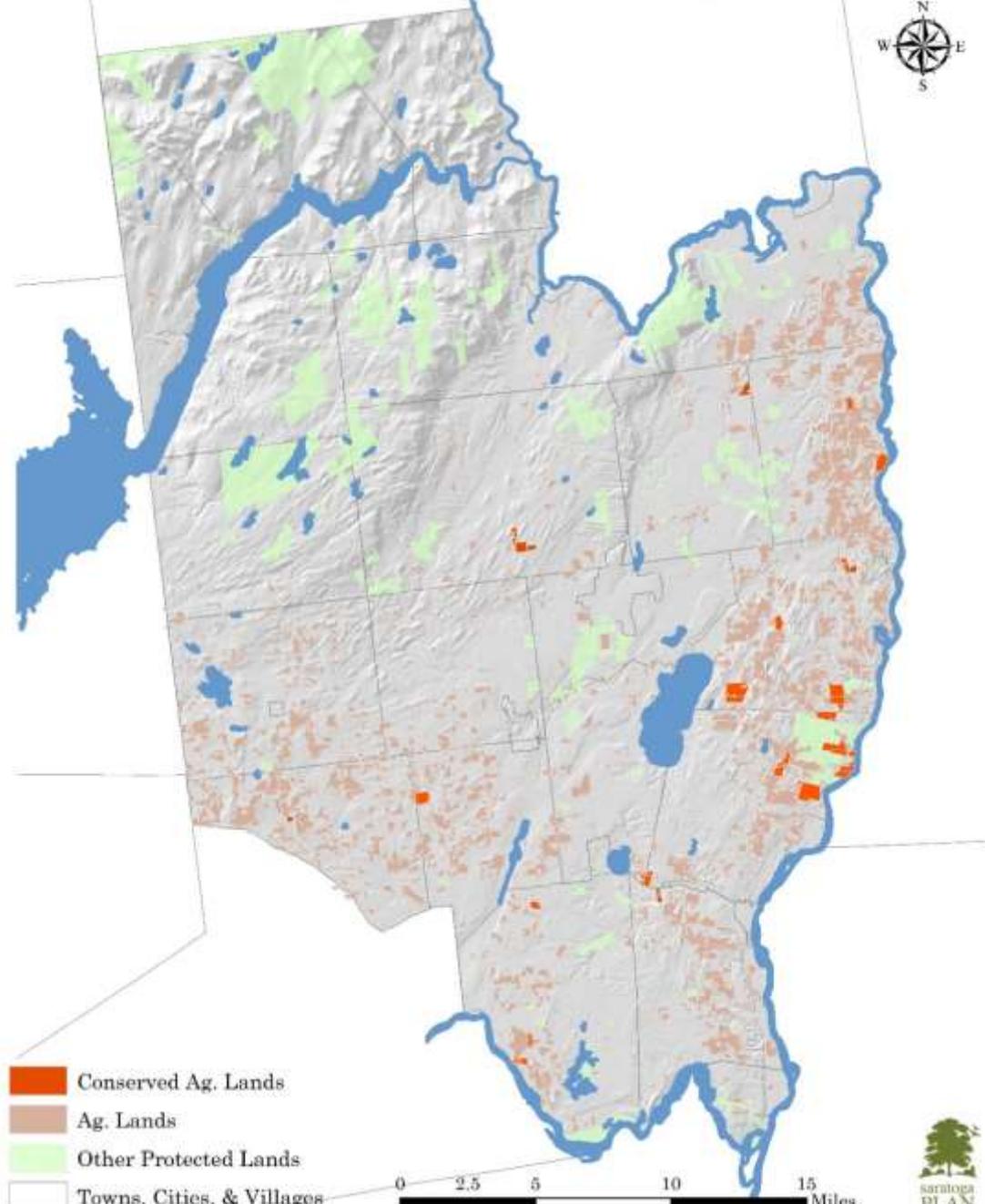


To plan your estate and to assist with transfer to the next generation, perhaps leaving the land to one child and equity extracted through conservation to others.

To help beginning farmers gain access to affordable farmland.



Conserved Agricultural Lands of Saratoga County



Farmland Conserved
in Saratoga County
as of March 2018:

~3,451 acres (6%)

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.**

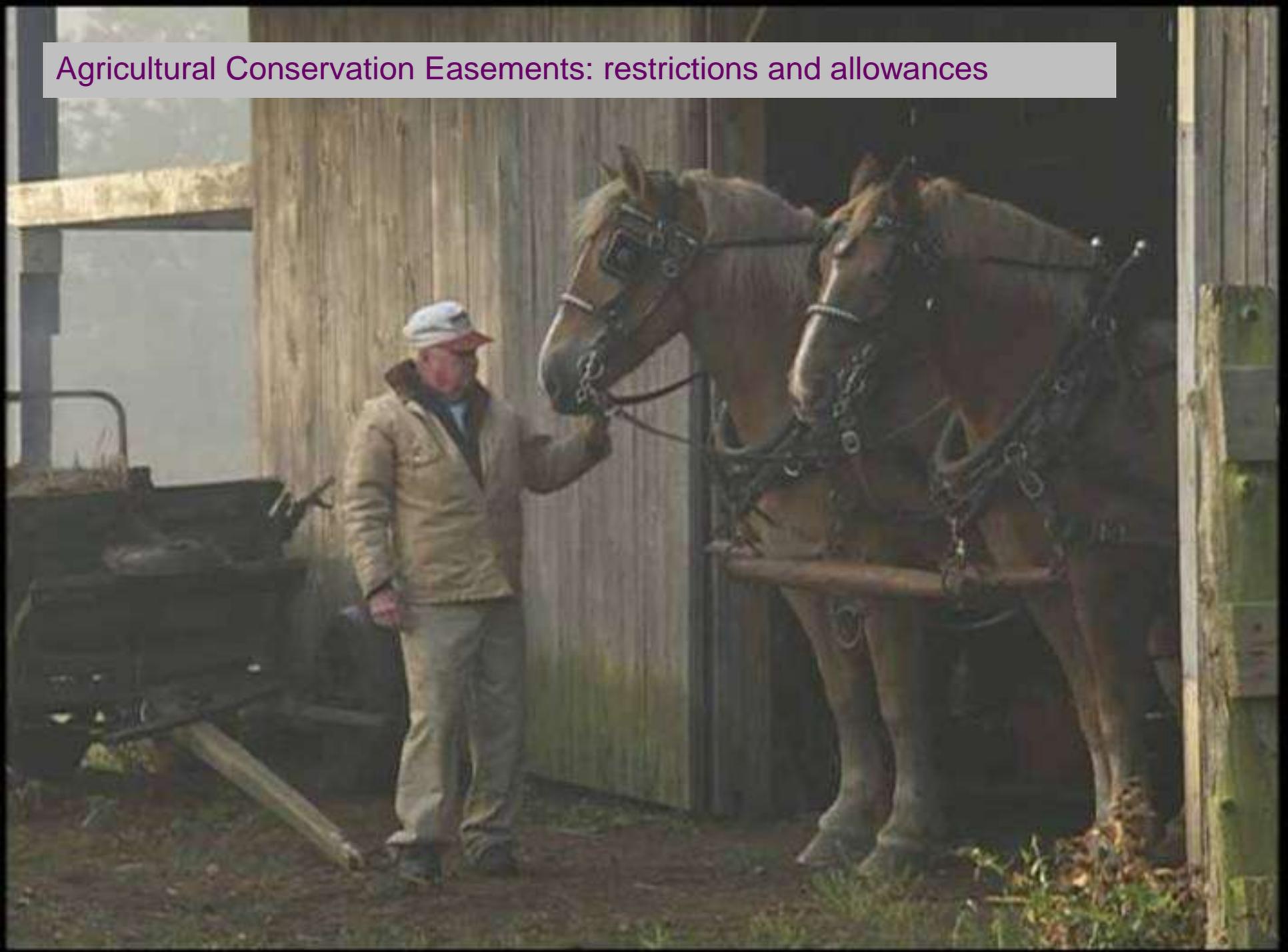
A conservation easement is a legal agreement between a landowner and a nonprofit land trust or a government entity. The easement specifies permanent restrictions on uses and development. It runs with the land.

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.





Logging for firewood or on-site construction is permitted. Commercial timber harvests (sales of timber 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 will make themselves available to discuss the easement's terms with potential new owners.



Easements take time. 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 or 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 range from \$2,000 per acre to \$4,500 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 a partial 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:

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

We are here to help or to point out things that might apply to your situation, but 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.

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 less than fair market value (bargain sale);
- \$ county or town awards matching funds to the project;
- \$ private grants or donations;
- \$ another landowner (land rented by farm operator) 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

Income Tax Considerations



For your charitable donation, you can “write off” up to 50% 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 15 years.

If you are a “qualified farmer” earning more than 50% of your income from farming, then you can write off 100% of your income for 15 years, or until easement donation value is used up.

Property Tax Considerations:

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 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 (maximum \$5,000). This tax credit applies to the land only, not to improvements. If you are already getting a tax credit for school taxes, you can't claim it twice.



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 in federal and state capital gains taxes on the compensation you receive. 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: \$45,000-\$75,000

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



In addition, you will have legal fees for your own attorney. If you are planning to claim a charitable deduction for a donation, then an independent appraisal is required 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 2018: \$20M statewide from the Environmental Protection Fund this year + \$20M from the EPF last fiscal year = \$30+M awards???
(announcement expected May 2018, applications due summer)

Saratoga County 2018: \$100,000 for farmland and open space. Great for matching state grants or for transaction costs for donated easements. Application due May 1?

NRCS: Agricultural Conservation Enhancement Program \$? for NYS farmland

What makes a good PDR application?

A close-up photograph of a black cow's head in a metal stall. The cow has two yellow ear tags, both with the number 176 written on them in blue. The cow's nose is white and has some yellow residue on it. The background shows the metal bars of the stall and another cow's head partially visible to the left.

Ag viability, versatility

Development pressure

Buffer to natural habitat

Context – surrounding farms, support services

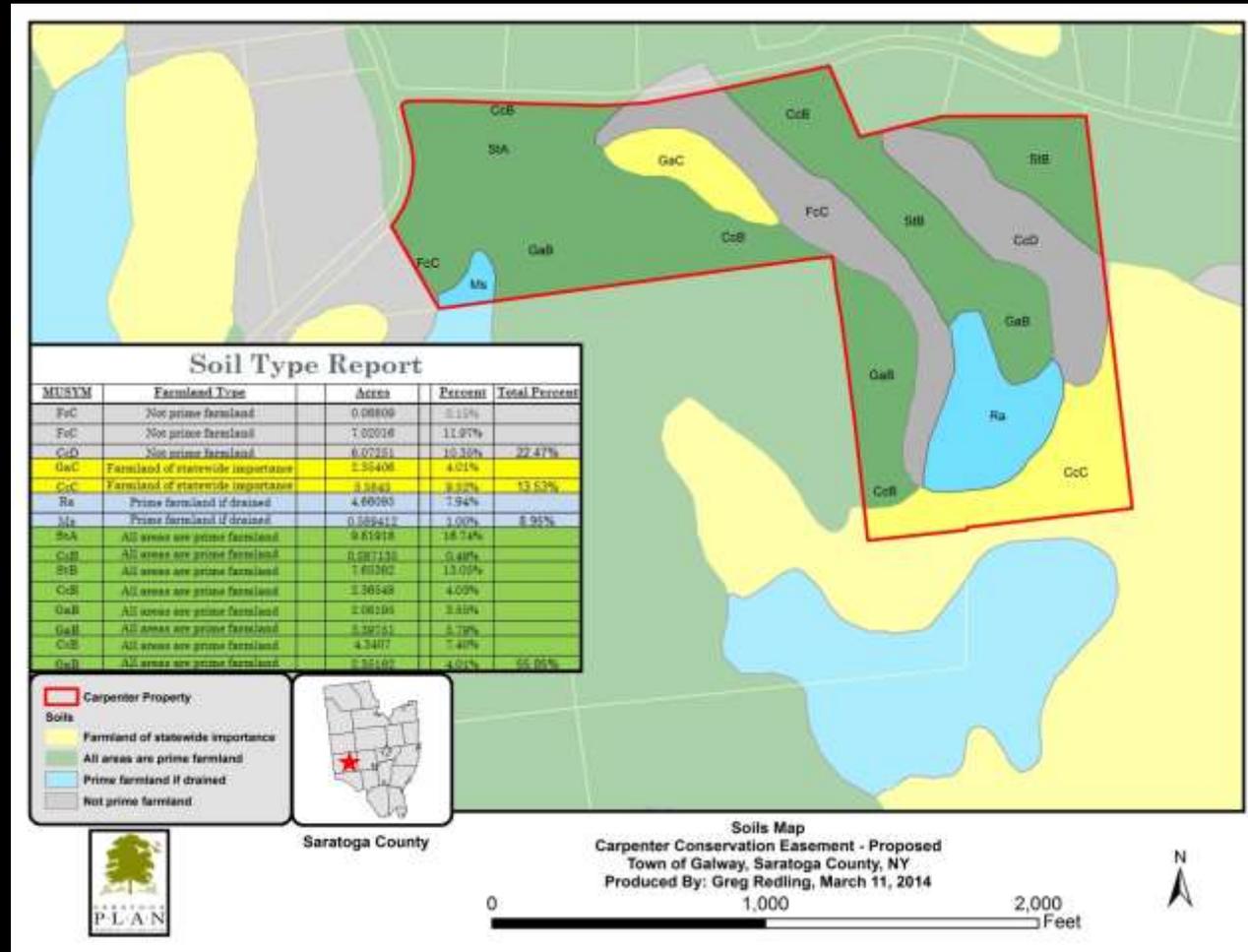
Number of acres, cost

Landowner commitment

Succession plan

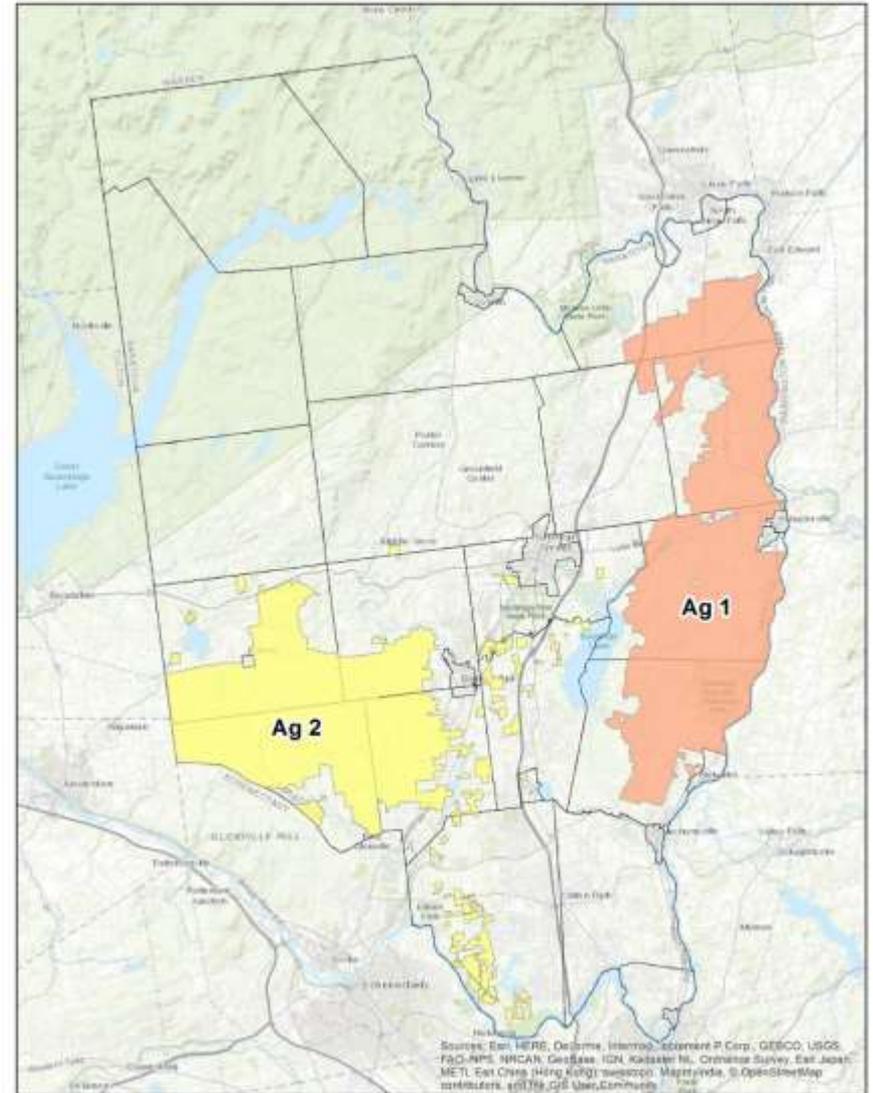
Of all the criteria used to evaluate farms, soils is by far the most important.

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.

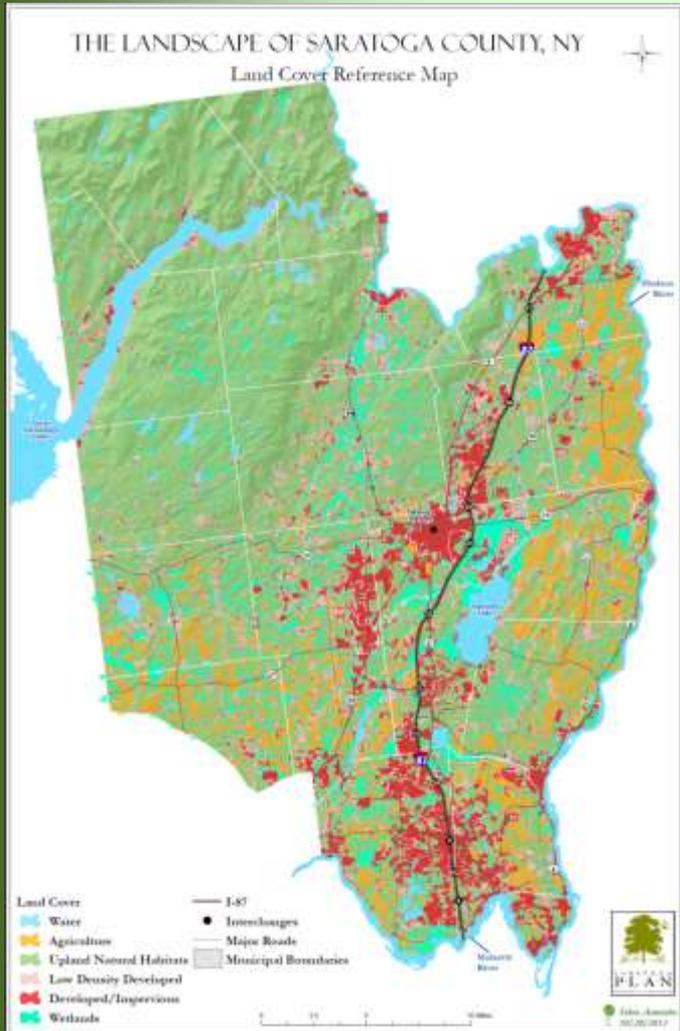


AGRICULTURAL DISTRICTS

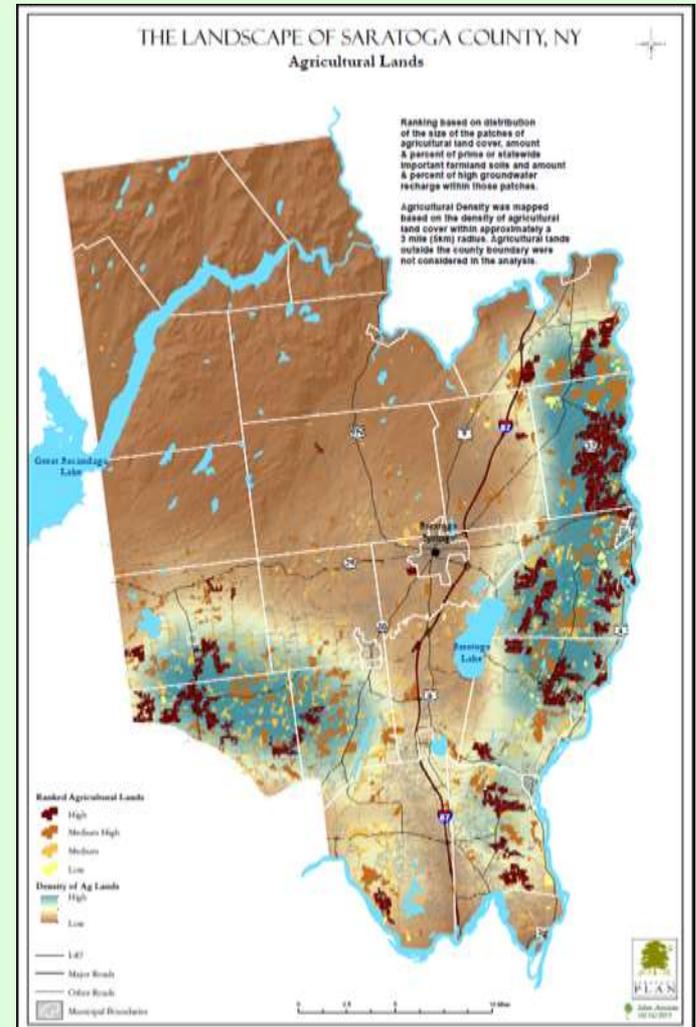
- Two (2) districts in Saratoga County
- 22% of the County's land area
- Requires disclosure notices for potential homebuyers
- Right to Farm laws provide some protection from private nuisance claims
- Enrolled farms receive select protections. Enroll in October.
- Local planning and land use decisions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

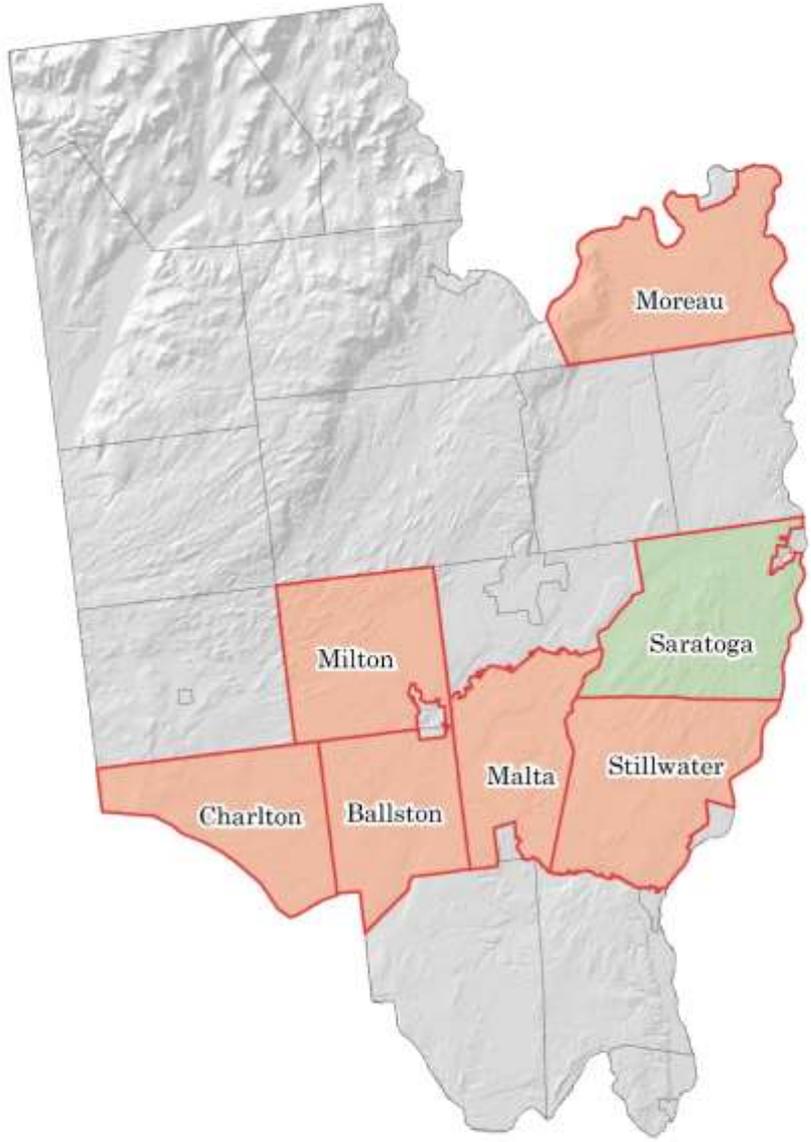


Saratoga PLAN preserving land and nature



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Legend:
Towns with Farmland Protection Plans (light orange)
Towns with Farmland Protection Plans in Progress (light green)



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

Towns eligible to apply directly 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, Saratoga.



Preparing to conserve your land – steps:

- Educate yourself. Consult with Mike and Allison on:
- Map and analysis of soils and actively farmed acreage
- Site planning
- Appraisal, if you need to know \$ before applying for funding
- Prepare budget
- Town endorsement, matching \$, cost share?

For the upcoming round of state funding, landowners must have completed these steps, made a FIRM commitment to proceed, and submitted a pre-application by:

MARCH 30



Easement Application steps continued:

- Mike and Allison (and town planner) prepare application
- County – Ag&Farmland Protection Board ranks applications
- County committees review and recommend applications – Land Preservation, Economic Development, Law & Finance, Board of Supervisors (if County \$ involved)
- Town – Town Board passes resolution endorsing project
- Saratoga PLAN – Board of Directors approval

NOTE:

NYS applications are submitted in the farm operator's name and can include more than one property. More than one operator on a property requires multiple applications. The money still goes to the actual landowner(s).



- **Our #1 Goal: NO Surprises later!!**
- Answer all your questions, as many times as needed, before you commit to proceed
- Once you commit, work diligently on your behalf to complete site plans, maps, budgets, approvals, applications, survey, appraisal, environmental site assessment, conservation plan, and title research in a timely way with high professional quality and integrity





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 rural character, wildlife habitats, and scenic beauty, ensuring that this region remains a wonderful place to live, visit, work, and farm for generations to come.



THANK YOU!

Allison Hargrave

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



Michael Horn

Saratoga PLAN
112 Spring Street, Room 202
Saratoga Springs, NY 12866
518-587-5554
www.saratogaplan.org
michaelh@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
518.587.5554