

*Editor's Note:* This work is a section excerpted from a complete dissertation written by Dr. Deborah Anne Gaddis entitled "An Analysis of Wetlands Regulation and Conservation Easements on Private Nonindustrial Forest Lands in North Carolina. (Under the direction of Frederick W. Cabbage.)" Thus this section in the conclusion is noted as Chapter 2 and the numbering of tables begins with Table 3.

# **Conservation Easements in North Carolina**

**Deborah Anne Gaddis**

## ABSTRACT

**GADDIS, DEBORAH ANNE.** *An Analysis of Conservation Easements on Private Nonindustrial Forest Lands in North Carolina.* (Under the direction of Frederick W. Cabbage.)

### **Conservation Easements in North Carolina**

Conservation easements are a popular way to protect private land from development, maintain current uses, and reduce estate, income, and property taxes. Conservation easements were first used to protect scenic vistas on the Blue Ridge and Natchez Trace Parkways during the 1930s (Cabbage 1997). The Nature Conservancy lists four reasons why people give easements:

1. To permanently protect land
2. To continue private ownership
3. To allow compatible uses
4. To gain tax benefits (Green 1997)

By tailoring an easement to his or her particular desires, forest landowners may find conservation easements an option that enables them to maintain their land as a forest and reduce their income tax and potential estate tax liability.

Conservation easements, while growing in popularity, are not without their detractors. In 1977 proposed farmland protection legislation was opposed by many who perceived it as a piecemeal approach to federal land use planning. Natural resource economists questioned the perceived scarcity of farmland, given their years of experience when far too many acres were

being farmed (Lehman 1995). Conservation easements restrict the power of local authorities to zone land for desired development. In essence, the landowner usurps the rights of local zoning boards. Planned growth may be disrupted. Nearby properties may be affected and come under increased development pressure as a result of the conservation easement. The use of conservation easements may in fact be counterproductive to overall goals of balancing development pressures with environmental protection. Protection of open space with developing areas can increase urban sprawl as the reach of development must expand past protected lands in order to obtain needed land area for development. In 1974 Levin et al. reported that the National Park Service had stopped acquiring scenic easements citing misunderstanding with landowners, administrative difficulties, enforcement difficulties, and costs almost as high as obtaining fee simple rights.

Roe (1994) lists several conditions that are important factors that influence the granting conservation easements:

1. The landowner is motivated by the concern to conserve and preserve the land
2. The land does not require intensive management
3. Current and future use of the land by the owner are compatible with preservation of its natural features
4. The owner can use the benefit of an income tax deduction and /or a reduction in the value of his or her potential estate.

## **CONSERVATION EASEMENTS: DESIGN AND USE**

A conservation easement or a conservation restriction is a recorded deed restriction on all or part of a parcel of land, where specified legal property rights are voluntarily given up by the landowner. According to a 1994 survey by the Land Trust Alliance, there were 1095 land trusts

in the United States protecting a total of 4,029,202 acres (Watson 1997). The landowner maintains ownership rights, including selling the property or designating heirs. When conservation easements lower the assessed value of the property, estate taxes are lowered. There may also be income tax and state property tax benefits. Conservation easements are tailored to meet the needs of the landowner and the recipient agency (government agency, land trust, or other nonprofit group). The easement is permanent, being attached to the land. Easements may be donated, sold, or willed to a government agency, a conservation nonprofit group, or a land trust. Conservation easements may also be referred to as protective easements, transfer of development rights (TDRs), or purchase of development rights (PDRs) (Conservation Trust 1995, Cubbage 1997).

Landowners may choose to sell or donate a conservation easement and maintain ownership of the property or they may choose to sell or donate land with a conservation easement attached. The process of granting the easement is the same, whether the property is donated or sold with the easement or the property is retained by the owner.

## **Parties to Conservation Easements**

Conservation easements are private, legally binding agreements between two parties—the landowner and the recipient agency. Recipient agencies may include land trusts, governmental agencies, or non-profit conservation agencies. Grantors of easements may include private landowners, corporations, partnerships, clubs, organizations, or joint ownerships. Conservation easements may be transferred to another party, but each successive easement holder is responsible for upholding the easement provisions. Landowners may select a fall-back agency to receive the easement in case the original recipient agency ceases to exist or can no longer fulfill

the obligations of the easement.

### ***Land Trusts***

Land trusts or conservancies are nonprofit organizations formed to protect or conserve land important for natural or historical values and are tax exempt, public interest charities. Land trusts may protect certain types of land, either on a local basis or on a national basis. For example, the American Farmland Trust protects farmland all over the United States, while the Southern Appalachian Highlands Conservancy (SAHC), protects lands along the Appalachian Trail in the Highlands of North Carolina and Tennessee. Land trusts may purchase or accept donations of land, conservation easements, or land with conservation easements. Some land trusts will work with landowners to acquire property rights through instruments such as bargain sales, trusts, life estates, or right of first refusal on the sale of the land. Most land trusts are very flexible in drafting easements, scheduling agreed upon payments, and handling long-term management decisions so that both landowner and the land trust achieve their goals.

Private organizations sometimes buy unique or special tracts, but most prefer to work with donated easements due to the difficulties inherent in fund raising. One organization, the Pacific Forest Trust, has a unique program that pays for conservation easements to create permanent carbon storage areas or 'sinks' to counter the threat of global warming. Funding for this project comes from private companies who are contributing carbon dioxide to the atmosphere through their production processes (Best and Wayburn 1996).

Land trusts may have other functions besides holding land and conservation easements. The land trust is responsible for enforcing easements to make sure the land is protected as land ownership changes. Some trusts also organize group recreational activities for members, publish

newsletters or publications, maintain trails, perform management activities on land holdings, and provide landowner education (Conservation Trust 1996).

Trusts are necessarily selective in accepting conservation easements. Generally, they have a specific focus on a type of land or on land within a constrained area. The strategies they use to solicit and choose easements can be quite sophisticated. For example, the Southern Appalachians Highlands Conservancy has a protection strategy which is based on a ranking system for all privately owned tracts of more than 50 acres that lie within the designated area. Each tract is ranked according to its uniqueness, community type, size, and location. Higher-ranking sites are targeted for purchase or very restrictive conservation easements. Lower ranked sites are considered for less restricted conservation easements so that monies are spent most effectively (Conservation Trust 1996).

### ***Governments***

Federal, state, and local governments may be interested in receiving conservation easements that meet public welfare goals. National or State Forests, Wildlife Refuges, or Parks can accept donations of land or conservation easements if the property is adjacent or nearby. Landowners should contact the agency to see if their property is suitable for a donation and if the agency is interested. Land trusts sometimes purchase easements or lands with easements near government properties in order to donate the purchase to the government which may be unable to buy the property in a timely manner.

Conservation easements are generally donated and the monetary benefit to the landowner is from tax benefits. However, there are some government programs that will pay for conservation easements, such as the Forest Legacy Program, the Wetland Reserve Program,

New Hampshire Land Conservation Investment Program, or Maine's Land for the Future.

Funding is limited for these programs and fluctuates over time with changes in political priorities and budgetary constraints.

Quite often, cities and towns accept donations of easements or acreage from private landowners. These properties may be used for parks, wildlife sanctuaries, greenways, open space or any purpose agreed upon between the two parties.

Conservation easements will not protect property from being taken by the government. Property can still be condemned and used by the government for its purposes. Conservation easements, however, may make it more unattractive for the government to take the property and increase public scrutiny of the process.

## **Public Scrutiny**

Landowners need not fear that granting a conservation easement to a nonprofit organization will per se open their land management to public scrutiny. Conservation easements are contracts between two private entities. The public is not party to the contract and has no oversight authority, unless it is specifically stated within the agreement. If the landowner desires for his or her property to be used by the public, it should be specified in the easement document along with specifics on liability in case of public harm (Roe 1997a).

The lack of accountability to the public can be a positive or a negative. Landowners maintain their privacy, which is important to many individuals. However, if successive landowners do not comply with the provisions and the recipient agency fails to enforce them, the public cannot sue over enforcement as is possible under the citizen's suit provisions of the Clean Water Act. The public's benefit from the easement provision is protection of open or natural areas. If the

easement is not enforced, the public pays for the tax benefit to the original landowner but loses the benefits of open space or natural habitat protection.

## **Common Easement Provisions**

Baldwin (1997) lists common provisions that may be included in an easement:

1. Preliminary information including document identification, date, parties, and property, time period of easement, and language ensuring tax-deductibility.
2. Easement provisions: purpose of document (i.e. retention of property as natural area, scenic area, farmland, forestry, etc.), affirmative rights conveyed to the grantor from the grantee, restrictions on grantee's use of the property, and reserved rights
3. Provisions of general applicability including enforcement provisions, terminations of rights and obligations, and successors, addresses for formal notification, and real estate tax responsibility
4. Provisions for amending, extinguishing, assigning, and recording the easement
5. Signatures and acknowledgements
6. Exhibits including legal description of property subject to the easement, maps, mortgages, and other supporting documents.

## **Affirmative Rights**

The landowner may grant certain property rights to the grantee or recipient agency as affirmative rights. Examples include the right to enter the property to check for compliance with the easement, for scientific or nature study, the right to construct and maintain trails, or the right to restore the property to its condition at the time of the easement. Such affirmative actions are not often required other than the right of entry for monitoring or inspection (Roe 1997b). Seldom do easements contain provisions compelling the recipient agency to perform actions other than inspections and enforcement. For example, a land trust would not agree to maintain farmland as a

working farm. They would, however, agree to see that the land is not developed. It would be up to the current landowner to manage the property in accord with the terms of the agreement and his or her economic realities (Bland 1997). See Table 3 for selected affirmative rights that have been used in North Carolina conservation easements.

**Table 3. Selected affirmative rights in North Carolina conservation easements**

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1. Right to quiet enjoyment of the property
  2. Right to construct footpaths
  3. Right to recreate and allow others to recreate, including fee-based recreation
  4. Right to construct residential dwellings on specific lots
  5. Right to set aside special natural areas
  6. Right to grow, harvest, cut or thin timber in accordance with forest stewardship plan
  7. Right to selectively harvest trees
  8. Right to maintain, improve, or alter permitted golf course
  9. Right to hunt and build or erect tree stands
  10. Right to lease property for hunting
  11. Right to fish from property
  12. Right to graze livestock, mow hay, and maintain open pastures
  13. Right to construct, maintain, and repair fences for livestock or boundary marking
  14. Right to control and limit access to the land and post it against trespassing
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***Restrictions***

A conservation easement contains restrictions that prohibit the landowner from performing certain actions on the protected property. Restrictions are mutually agreed upon between the grantor and grantee and are determined through negotiation. The recipient of the

conservation easement plays a pivotal role in establishing the conservation easement restrictions and landowners obtained much of their information from these professionals (Bick et al. 1997).

Bick (1996) in a study of conservation easements in New York State identified 155 variables in forestland easements--including waste disposal, mobile homes, chemical use, and timber harvests. Conservation easements in North Carolina contain similar restrictions as seen in Table 4. The earlier North Carolina easement deeds tend to have fewer restrictions and less baseline documentation. Even in the latest years of the NC CTCP, some conservation easements do not spell out restrictions clearly.

**Table 4. Selected restriction provisions in North Carolina conservation easements**

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1. Prohibit further development
  2. Prohibit disturbance of natural features
  3. Prohibit commercial, industrial, and agricultural use
  4. Prohibit timber harvesting except for dead tree removal to control or prevent disease or fire
  5. Prohibit signs except for no trespassing, interpretive trail signs, and signs identifying grantor, grantee, and conservation area
  6. Prohibit dumping
  7. Prohibit mineral use, excavation, and dredging
  8. Prohibit disruption of natural drainage patterns
  9. Prohibit right of passage for commercial, industrial, or residential activity
  10. Prohibit change in topography except to repair and replace utility lines
  11. Prohibit road building except to replace current road
  12. Prohibit livestock grazing
  13. Prohibit introduction of non-native plant or animal species
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The Society for the Protection of New Hampshire Forests studied conservation easements on forestlands in Maine, New Hampshire, and Vermont. An examination of the deeds showed that values protected were scenic views, water frontage, recreation, and special habitat. The most common goal was for protection of forest health, with significant numbers naming wood production, wildlife habitat protection, and aesthetics as important goals. Forest management provisions were handled in a number of ways. Some lands required forest management plans approved by the easement holder; some required a written forest management plan; some required management to be in accord with the soils and sites of the property but without a required written plan; some did not require any management plan; some required compliance with Best Management Practices (BMPs); some had specific harvesting restrictions; and some had management plan approval required by some other agency. Many simply required forest management principles to be in accord with "scientifically based principles." Some of the timber harvesting provisions included restrictions on clearcutting, road-building standards, canopy closure requirements, and selective cutting requirements (Boelhower and Van Ryn 1996).

### ***Reserved Rights***

The landowner can enumerate reserved rights to make certain that these property rights are not abridged by the conservation easement. Like easement provisions and affirmative rights, each reserved right is negotiated between the parties, and is individualized for each conservation easement. Such rights may include the right to sell, transfer, lease, or mortgage the land within the terms of the easement, the right to build a residence or other buildings, the right to have a borrow pit to maintain roads on site, or the right to manage for timber production. For example, a conservation easement on 100 acres of riverine swamp and adjacent uplands might allow the

landowner to continue timber management activities, maintain game food plots, or lease hunting rights. Another forest landowner might reserve the right to build a home on the property or maintain an existing road. Whether the land is sold or passed on to heirs, the agreement continues in effect. Current landowners must abide by the restrictions on the property and the recipient agency enforces the easement.

### ***Enforcement***

Ensuring enforcement of the easement is the responsibility of the land trust, nonprofit group or government organization that is party to the easement. Usually the property is inspected at least yearly and the recipient agency discusses the landowner's plans for the future use of the tract. If the easement is violated, the agency may act to enforce the easement, including court action. Landowners must understand a conservation easement's restrictions are permanently attached to the land unless there are specific clauses for revision. If there are such clauses, the easement will not be eligible for tax benefits. An easement is a donation of property rights and like any charitable donation, once given cannot be taken back (Roe 1997a). It may, however, be challenged in the courts if circumstances change significantly. One North Carolina conservation easement made provision for this circumstance:

That proportionate value of Grantee's property rights shall remain constant. If a change in conditions occurs, which makes impossible or impractical any continued protection of the Property for conservation purposes, the restrictions contained herein may only be extinguished by judicial proceeding. Upon such proceedings, Grantee, upon a subsequent sale, exchange, or involuntary conversion of the Property, shall be entitled to a portion of the proceeds at least equal to that proportionate value of the Conservation Easement. Grantee shall use its share of the proceeds in a manner consistent with the

conservation purposes set forth in the Recitals herein.<sup>1</sup>

### ***Miscellaneous Conditions***

Grantors can also include other terms or conditions within the easement. The grantee may desire a clause that states the grantor is liable for property taxes. There may be a clause that makes it clear public access is not granted by the easement. Another clause could hold the grantor harmless from liabilities. In case there are disputes between the grantor and grantee, a clause requiring mediation or arbitration may prove valuable. A lawyer familiar with conservation easements and the recipient agency can provide information on what miscellaneous clauses should be included in the conservation easement document.

## **The Process of Granting a Conservation Easement**

Granting a conservation easement may entail a significant amount of time and money. The process begins with defining one's goals and finding a recipient agency whose purpose supports those goals. Easements are drafted using a variety of professionals such as farm planners, foresters, wildlife biologists, etc. Legal and economic concerns may require the services of lawyers, financial planners, accountants, and appraisers. At the end of this section, Table 5 outlines the process step-by-step.

### ***Defining goals***

Landowners should carefully consider what the ultimate goal for their property can and should be. Goals should be realistic and based on inherent land capabilities. Goals should be clearly defined and unambiguous. For example, a goal of land protection is overly simplistic and

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<sup>1</sup> Taken from a Deed of Conservation Easement granted in North Carolina.

not easily defined. A better goal would be to keep the property undeveloped, as a mixed pine-hardwood, uneven-aged forest with habitat for forest songbirds and wild turkey. A goal for farmland might be to keep the property undeveloped except for the existing farmhouse, barns, and outbuildings, and maintained as open pasture, agricultural fields, or pine forest in accordance with an approved farm plan. Only by having clearly defined goals, is a landowner able to develop easement provisions that allow the goals to be met. Landowners may seek technical assistance on setting land management goals from a forest consultant, a wildlife or conservation biologist or one of the many natural resource professionals in federal and state government (Megalos 1997, Stanton and Hamilton 1996).

### ***Finding an easement holder***

Landowners may not always be able to find an organization interested in executing a conservation easement. The best chance for successful completion of an easement will be for the landowner who has large acreage within an organization's focus area or whose acreage is critical for the organization's goal. In North Carolina, there are around 20 local land trusts that may be interested in accepting conservation easements. Local land trusts focus on limited areas such as a river basin, swamp, wetland, or urban area. Local governments often accept conservation easements to protect green space or wetlands within their jurisdictional boundaries. Governmental agencies may be interested in conservation easements that enhance their ability to meet their mission. For example, landowners with acreage near a park may give a conservation easement to the agency that manages the park or forest. Universities, colleges, and schools will often accept donations of land or easements, and may use these donations as learning laboratories for students or to generate income from agricultural or forest production. The North Carolina Wildlife

Resources Commission has accepted several donations of land for the State Gamelands Program. The State of North Carolina has acquired Educational State Forests through donations by private individuals.

North Carolina has several laws that allow conservation easements to be held by N.C. agencies. The North Carolina Historic Preservation and Conservation Agreements Act of 1979<sup>2</sup> allows state agencies, counties, local municipalities, districts, public corporations, or conservation trusts to acquire and hold easements. The North Carolina Nature Preserves Act allows acceptance of property donations of property certified by the North Carolina Natural Heritage Program.<sup>3</sup> Under this act, land donated to the State cannot be damaged or used for any purpose other than preservation of its ecologically significant resources without specific authorization by the Governor and Council of State. The Natural And Scenic Rivers Act authorizes acquisition of easements along Scenic Rivers as designated by the legislature.<sup>4</sup> The North Carolina Trails System Act allows the state to hold scenic easements from lands adjoining the state trail systems.<sup>5</sup> Agricultural easements may be purchased by counties or private nonprofit conservation organizations under the North Carolina Preservation of Farmland Act, using funds from the North Carolina Farmland Preservation Trust Fund (Roe 1994).<sup>6</sup>

If a landowner wants to donate or sell a conservation easement to a nonprofit organization, he or she should also choose a back-up agency to hold the easement in case the original agency ceases to exist. This agency should be specified in the easement document. If a

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<sup>2</sup> North Carolina Historic Preservation and Conservation Agreements Act of 1979, N.C. Gen. Stat. 121-34 et seq.

<sup>3</sup> North Carolina Nature Preserves Act, N.C. Gen. Stat. 113A-164.1 et seq.

<sup>4</sup> North Carolina Natural and Scenic Rivers Act, N.C. Gen. Stat. 113A-30 et seq.

<sup>5</sup> North Carolina Trails Systems Act, N.C. Gen. Stat. 113A-85 et seq.

<sup>6</sup> North Carolina Preservation of Farmland Act, N.C. Gen. Stat. 106-744 et seq.

landowner chooses to donate his/her easement to a nonprofit agency, he or she should request a copy of the IRS certificate of its tax exempt charity and property holding status. Landowners should also make sure that any land trust abides by the national Land Trust Alliance's standards and practices for land trusts (Roe 1994)

Nonprofit agencies may turn down easements when they do not have funds to cover the costs of implementing the easement and supervision of the property. This is especially true for small easements that are not critical to the agency's purpose. Landowners should shop around to find the organization that is interested in receiving an easement and is able to fulfill the obligations involved in the easement. The names of local land trusts in North Carolina can be obtained from the Conservation Trust for North Carolina, an umbrella organization that provides services for local land trusts and educational materials and outreach to the public (Roe 1997a).

### ***Endowing Easements***

Most nonprofit organizations ask that donations of conservation easements be accompanied by a monetary donation or stewardship endowment to cover the costs of implementing the easement. One rule of thumb is for an endowment to be about 20% of the value of the easement (the reduction in fair market value due to easement restrictions). These funds enable the recipient agency to fulfill its obligations for inspection and enforcement (Bland 1997).

### ***Drafting an Easement***

To develop an effective conservation easement and to be able to claim tax benefits, the landowner must have the proper documentation. The landowner is responsible for obtaining all documentation for an easement, his or her legal fees, and costs of gathering information for obtaining any tax breaks. In some cases, the recipient organization may agree to pay for the costs

of preparing the easement. When the landowner finds an appropriate land trust, the two parties work together to determine what conservation values provide public benefit and should be protected. Through joint research and analysis, a conservation plan is drawn up that reflects the landowner's management and conservation goals. Using the conservation plan, a proposed legal document will be drawn up, generally by the land trust. When agreement on terms is reached, the easement is signed by both parties and recorded in the local deed registry. A 'baseline report' should be prepared to determine the property's characteristics at the time of the easement and its initial value without encumbrances. The process takes from six to twelve months or longer according to the particular tract and situation (Best and Wayburn 1996).

### ***Obtaining Expert Advice***

To prepare a satisfactory easement, the landowner needs to make sure that his or her interests are fully protected. Because conservation easements are not yet commonplace, landowners need to make sure that they consult with lawyers, accountants, appraisers, and consultant foresters who are familiar with easements or who are willing to invest the time to learn about them. It may be possible to get referrals for lawyers, accountants, appraisers, etc., from local land trusts or state officials familiar with the N.C. Conservation Easements Program.

### ***Forestry Considerations***

The importance of creating easement provisions that allow the landowner's goals to be met cannot be emphasized enough. Forest landowners should consult with a qualified forester professional in order to make sure their goals can be met under the easement provisions. Even if the landowner does not intend to use his/her property for timber production, it may be necessary to include provisions for various management provisions in order to maintain a forest in its current

state. For example, a landowner who wishes to protect a longleaf pine stand in perpetuity needs to have provisions for prescribed burning in order to keep the underbrush low and allow for natural regeneration. Provisions for some type of thinning may be necessary to maintain forest health, particularly in loblolly pine stands susceptible to infestation with Southern Pine Beetle.

Landowners may want to include provisions for site preparation and replanting in case of a natural catastrophic event such as wildfire or hurricane. The Boelhower and Van Ryn study (1996) gave some recommendations for forestry provisions in conservation easements.

1. Easements should require ecologically sound forest management techniques to meet broad goals
2. Easements should require forest management plans prepared by forestry professionals prior to any forest management activity
3. Forest management should be performed according to BMPs

Choose forest consultants who are graduates of a forestry school accredited by the Society of American Foresters; who are registered by the state, who have experience in the geographic area of interest; and who have demonstrated their commitment to professionalism.

Foresters should have a commitment to continuing education, and should be members of a professional organization such as the Society of American Foresters or the Association of Consulting Foresters of America, Inc. North Carolina State University Extension Forestry has an excellent publication available to help in finding the right consultant forester -- *Woodland Owner*

*Notes: A Consumer's Guide to Consultant Foresters* (Hamilton 1996).

### ***Property Appraisal***

In order to obtain tax benefits from a conservation easement, a property appraisal must be performed to determine the value of the easement. Appraisers are licensed by the North Carolina

Board of Appraisal. Landowners should hire independent appraisers who are members in professional organizations such as the North Carolina Society for Farm Managers and Rural Appraisers or the American Society of Farm Managers and Rural Appraisers (ASFMRA). The ASFMRA has an accreditation program for their members to be certified as Accredited Rural Appraisers or Real Property Review Appraisers. Information on the ASFMRA is available on the Internet at <http://www.agri-associations.org/asfmra/about/index.html>. Landowners should hire an appraiser who has experience in appraising the type of property in question. In North Carolina, landowners can call upon Dr. Chuck Moore, Department Extension Leader, Agricultural Economics at North Carolina State University for information on professional appraisal society memberships (Moore 1998).

### ***Financial Planning and Portfolio Management***

Landowners need to consult their accountant or investment planner in order to determine what impact the donation of an easement will have on their taxes and investment portfolio. Sale of an easement may allow the landowner to acquire additional investments and diversify his or her portfolio. Placing a conservation easement on property to protect natural areas and scenic views may increase the value of surrounding land, particularly if the surrounding area is already developed. Granting of conservation easements on a single tract may be sequenced to maximize tax benefits and credits. A good accountant or financial planner can help the landowner decide the most financially advantageous strategy (Conservation Trust 1996). Accountants need to be familiar with the specific tax regulations relating to forestry and agriculture. Before hiring an accountant, be sure he or she is knowledgeable about farming and forestry tax treatment-- including the reforestation tax credit, timber basis determinations, requirement for material

participation, tax treatment for any incentives payments, and provisions for special use valuation for real property taxes. The North Carolina Cooperative Extension Service provides periodic training in forest taxation and estate planning to the public, usually for a nominal fee.

## **Tax Considerations**

Conservation easements can have a significant impact on local property taxes, state and federal income taxes, and estate taxes. Local property taxes (ad valorem taxes) may be reduced by the reduction in market value due to easement restrictions. North Carolina has a special Conservation Tax Credit Program that can reduce state income taxes dollar for dollar. Federal income taxes may be reduced by using a conservation easement as a donation. The U.S. Government has special estate tax provisions for conservation easements that are quite attractive to landowners. A wise landowner will consider these impacts when planning a conservation easement.

### ***Property Taxes***

Conservation easements provide a way to reduce local property taxes when land has development potential and is assessed for taxes at market value. In North Carolina, land subject to conservation easements or historic preservation easements must be assessed at the property's fair market value as subject to the easements. If a conservation easement is applied to property, the county tax assessor should be notified so that the property may be reassessed at its new value (Conservation Trust 1993). There will be no change in the tax assessor's valuation of the property if the easement does not change the existing value. A conservation easement restricting the land's use to forestry may not lower property taxes if the land is currently assessed at the special use

value for forestry. In North Carolina, forestland is only eligible for the special forest use assessment if it is managed for commercial forestry. Landowners who want to manage their forestland as parks or nature preserves may use a conservation easement to lower their property taxes if a conservation easement reduces the value of the property (Roe 1997a).

### ***Income Taxes***

Federal income taxes can be reduced by gifts of land or land values that meet at least one of certain criteria.<sup>7</sup> This applies only to permanent easements donated to a government agency or to a qualified charitable entity with sufficient resources to enforce the regulations. The criteria for meeting the tax reduction standard are as follows:

1. The easement must grant real property interest to a qualified organization for conservation purposes (Tr. Reg. § 1.170A-14(a))
2. The easement must be granted in perpetuity. (Tr. Reg. § 1.170A-14(a))
3. Existing mortgages must be subordinated to the easement (Tr. Reg. § 1.170A-14(g)(2)).
4. The easement must be granted to a qualified organization, such as local state, and federal governmental agencies and charitable organizations qualified under section 501(c)(3) of the Internal Revenue Code
5. Donor cannot retain rights which are inconsistent with rights protected by the easement (Tr. Reg. § 1.170A-14(d)(4)(v))
6. Donor cannot retain right to surface mine retained mineral interests except where the possibility of mining is negligible (Tr. Reg. § 1.170A-14(g)(4))
7. The easement must meet at least one of these public policy goals:
8. Preservation of open lands to provide outdoor recreation or education for the public (Tr. Reg. § 1.170A-14(d)(1))

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<sup>7</sup> Tax Deductions for Conservation Easements, Sec. 6, PL 96-541, 94 Stat. 3204, 26 U.S.C. 170 (1994).

9. Protection of relatively natural fish, wildlife, or plant habitats or ecosystems (Tr. Reg. § 1.170A-14(d)(1))
10. Preservation of open space for significant public benefit for either scenic enjoyment by the general public, or to achieve clear governmental conservation policy (Tr. Reg. § 1.170A-14(d)(4)(iii))
11. Preservation of important historical lands or structures (Tr. Reg. § 1.170A-14(d)(1))(Lindstrom 1998).

The value of the easement for calculating income taxes is the difference between the unencumbered value of the property and its value after the easement is granted. The landowner must have an appraisal of the property made by a qualified appraiser in order for the easement to qualify as a charitable gift or donation eligible as a tax deduction.

For federal income taxes, landowners can deduct the full fair market value of the donation for up to 30% of his or her gross adjusted annual income. Any amount over the 30% can be carried over and used for up to six years with no year's deduction exceeding the 30% limit. North Carolina also allows the same deduction for a donation for state income taxes (Roe 1994).

### ***Federal Estate Taxes***

Landowners often wish to reduce the potential estate tax liability for their heirs. Before assets of an estate can be passed onto heirs, the federal estate taxes must be paid from the estate holdings. Taxes are assessed on the fair market value of the asset. States such as North Carolina also assess inheritance taxes on the beneficiaries of an estate (Dobyns 1997).

Conservation easements can reduce the fair market value of an estate and thus reduce the tax liability for estate and gift taxes and inheritance taxes. The Taxpayer Relief Act of 1997<sup>8</sup>

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<sup>8</sup> Taxpayer Relief Act of 1997, Pub. L. No. 105-35, 111 Stat. 788, § 508 (formerly known as the American farm and Ranch Protection Act). See IRC 170(h), 2031(c), Treas. Reg. 1.170A-14.

contains a tax incentive for land conservation using conservation easements. Land that is subject to certain conservation easements is valued at the market value of the property as encumbered with easement restrictions. In addition, 40% of the value of the conservation easement can be excluded from the taxable estate.<sup>9</sup> A conservation easement can significantly reduce the taxable fair market value of the land and may enable heirs to maintain ownership of the property without having to sell estate assets to pay inheritance taxes. If the landowner chooses to grant the easement by will, then the estate may take a charitable deduction for the value of the easement, thereby reducing estate taxes (Coastal Land Trust 1993).

### **Effects on Heirs or Buyers**

Since the easement is attached to the land, the responsibility for complying with its provisions rests with the current landowner. Heirs and purchasers must comply with the provisions and cannot elect to abandon the easement. Provisions for amendment may be included in the easement to give future landowners a little more flexibility, but this may affect tax benefits.

Elconin and Luzadis (1997) examined the satisfaction of landowners and their heirs with conservation easements in the Northeast. This survey found that landowners were motivated to grant conservation easements because of their strong personal attachment to their land and a deeply felt responsibility for good stewardship. Successive landowners were aware of the easement restrictions on the properties, with 75% learning of the easement very early in the land acquisition process. Eighty-one percent read the easement document prior to land acquisition. Successive landowners were positive about having a property with the restrictions because it made the property more affordable and they agreed with the need for land protection. Almost

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<sup>9</sup> Internal Revenue Code §2031(c).

60% of the successive landowners would place restrictions on the property if property use were currently unrestricted. Only 19% of original landowners would change the easement restrictions in some way if it were possible. Thirty-seven percent of successive landowners would change the easement restrictions if possible. Most of these changes would allow more building or subdivision (26% and 10% respectively for both groups). Eleven percent of successors would like to allow some timber harvesting.

Original and successive landowners were less pleased with the tax results. Some landowners reported difficulties in getting tax assessors to use the restricted value of the property. The Internal Revenue Service challenged some landowners over the value of the easement. The lack of understanding of easements by bureaucrats was disconcerting and ended up costing landowners time and money to explain the use of conservation easements and force bureaucrats to abide by the law. Overall, however, both original and successive landowners were pleased that their land was protected from development.

#### **Table 5. Steps in Creating a Conservation Easement**

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1. Determine what rights you are willing to relinquish. Forested landowners may be willing to give up development rights, agricultural rights, or some or all timber harvesting rights. Have a management plan drawn up by a forester or other professional so you will have a basis for establishing easement provisions.
  2. Find a lawyer experienced in conservation easements to handle the procedure by asking for references from reputable land trusts or conservation organizations.
-

3. Find a land trust or public agency that is interested in receiving your easement. Local land trusts are more likely to be interested in smaller tracts or strategic tracts in the path of development. Tracts with endangered species or unique landforms may be attractive to national trusts as well. Landowners should shop around to find the trust whose purpose is compatible with the landowner's goals.
  4. Landowner and recipient agency must agree on goals for management and the terms of the agreement. If an endowment is to be made, this should also be determined. A rule of thumb is that endowments are about 20% of the value of the easement.
  5. The recipient agency draws up an initial agreement and presents it to the landowner. Usually governmental agencies or land trusts have standard forms to work from that can expedite processing the easement.
  6. The landowner and the agency negotiate an acceptable agreement. Both parties need to be represented by a lawyer experienced with land trusts or at least experienced in real property law.
  7. The landowner or his agent should consult with North Carolina Department of Environment and Natural Resources about the proposed agreement to determine if the donation serves a public benefit. If the easement qualifies, then state tax credits may be obtained.
  8. An appraiser is hired by the landowner to make an appraisal of the value of the easement. The appraiser must be experienced in making appraisals on the type of property that is being donated and he or she must be an independent party. The value of the easement is determined by subtracting the value of the land encumbered by the terms of the conservation easement from the value of the land unencumbered by the easement. The appraisal cannot be made more than 6 weeks before the granting of the easement.
  9. The conservation easement is signed and recorded in the local register of deeds office. A copy of the easement should be attached to the deed. It is recommended that a copy of the easement be filed with the landowner's will for use by the executor of his/her estate.
  10. When filing federal taxes, use the value of the easement as the value of a charitable deduction. Fill out form 8283, signed by the landowner, the appraiser, and the land trust and attach it to your return along with a copy of the appraisal.
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11. Obtain official certification from DENR for any easement that meets the public benefit standard. To take a tax credit of 25% of the fair market value of donated property interest you must attach the certification from to your state tax return. The maximum credit is \$100,000 for individuals and \$250,000 for corporations. If you cannot use the entire credit in one year, unused portions may be carried forward for five succeeding years (DENR 1997).
  12. Copies of the easement and all supporting documentation should be given to the lawyer expected to handle the estate of the landowner. The landowner may wish to discuss the easement with potential heirs to make sure they are aware of easement provisions and willing to abide by them (Bland 1997).
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## **NORTH CAROLINA'S CONSERVATION TAX CREDIT PROGRAM**

North Carolina has a unique program that gives landowners or corporations tax credits for making conservation donations to approved organizations. Donations may be bargain sales, conservation easements, gifts, or fee simple donations. The North Carolina Conservation Tax Credit Program (NC CTCP) uses the following criteria to determine if gifts of land or property value are eligible for tax credits. The gift must provide one of these three public benefits:

- Public access to beaches, public waters, trails
- Fish and wildlife conservation
- Similar land conservation reasons

The land or easement must be held by a government agency or suitable nonprofit organization. An easement for land required to be dedicated by local regulations, or that is made to increase building densities is not eligible for the credit (Conservation Trust 1993).

The credit cannot exceed the amount of income tax owed. The North Carolina

Conservation Tax Credit can be used against state income taxes over six years or until it is exhausted, whichever is less. Several of the conservation easements and donations granted in North Carolina have spread their donation over a period of years in order to maximize their tax benefit. When the easement donation or land transfer is spread over a period of years, the deed typically describes a part interest in the total property, rather than having a separate land description for each donation. This reduces the costs of surveys to establish land descriptions. For a donation in excess of the tax credit maximum, the remainder can be used as a regular charitable deduction. Proponents of the program reason that tax credits for this type of donation are beneficial to the state because it encourages private conservation efforts, and it allows the state to obtain lands for conservation purposes at much lower prices by encouraging bargain sales.

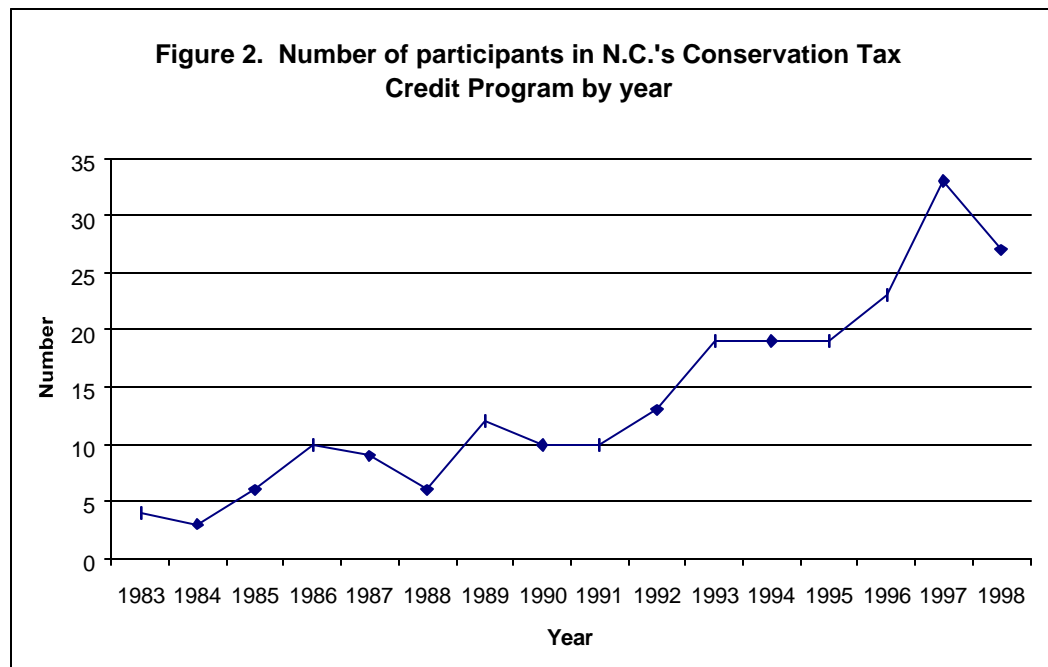
As part of the bill increasing the tax credits for conservation purposes, the Conservation Tax Credit Program (NC CTCP) was created within the Department of Environment and Natural Resources (DENR). The bill also authorized the creation of a Conservation Grant Fund (DENR 1997). As yet, neither the NC CTCP nor the Conservation Grant Fund has been funded by the General Assembly. The NC CTCP is being managed by William Flournoy in the NC DENR office.

Landowners considering making a conservation easement are strongly encouraged to seek a pre-donation interview with DENR to make sure that the proposed conservation donation meets the criteria for the North Carolina Conservation Tax Credit Program. After an easement is signed and recorded, a simple, one-page form is filled out and sent to DENR for approval. If approved, the grantor gets a certificate that can be attached to his or her state income tax return enabling the recipient to claim a tax credit. Landowners who claim credits without proper

documentation may be audited and denied the credit (Flournoy 1997).

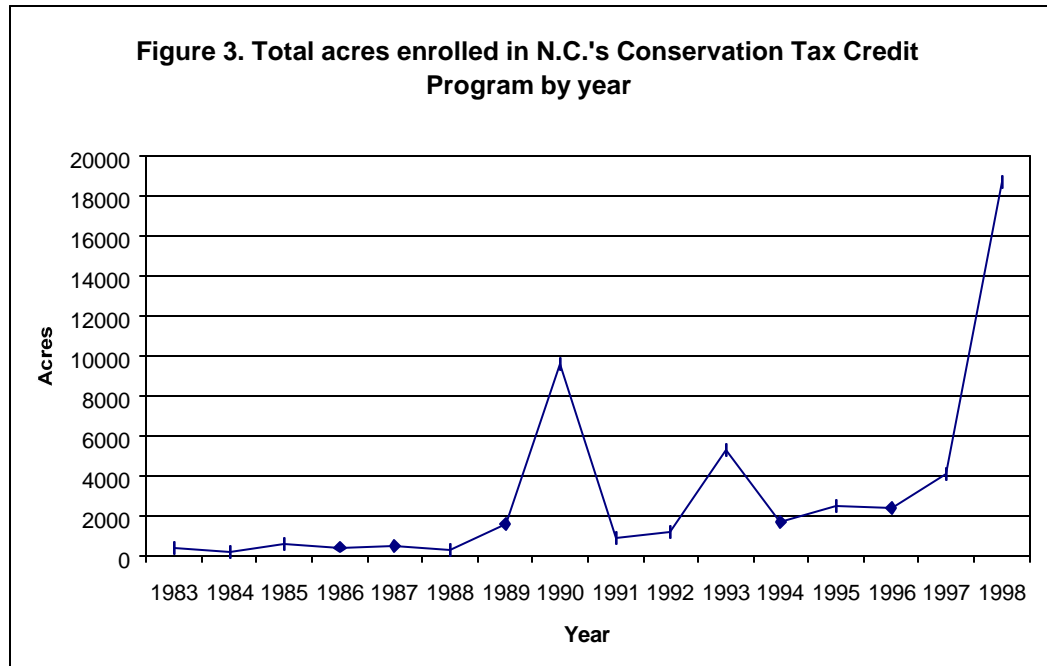
## Analysis of North Carolina's Conservation Tax Credit Program

North Carolina is the only state with a Conservation Tax Credit Program (NC CTCP) to give tax credits to landowners for conservation donations such as easements, bargain sales, gifts, or land donations. The basic mechanisms of the program were set up in 1983, with legislation that allowed a tax credit of up to \$5000. Landowners have participated in the program since its inception (Figure 2).



The amount of the available tax credit was raised to \$25,000 in 1989. In 1997 the upper limits were raised to \$100,000 for individual donations and \$250,000 for corporate donations. Both increases in the tax credit were accompanied by an increased participation in the program in the year after the increase (Figure 3). The following year, the number participating fell slightly. It is unclear what effect, if any, the increase in the tax credit had on participation in the program.

Anecdotal evidence suggests that the tax credit increase had a positive effect on participation (Flournoy 1997). The impact of the tax credit increase is beyond the scope of this investigation.



### **Landowner Rationales for Conservation Easements**

Since its inception, the NC CTCP has been used to protect 49,976 acres of land for various conservation purposes. An analysis of the program shows landowners choose to implement a conservation protection deed for a variety of reasons (Table 6). While some deeds are single purpose--such as public beach access or historical preservation--many protection instruments have multiple conservation goals. The NC CTCP does not have strict categories or definitions for the reasons for land protection and there is some confusion about what is meant by certain often-cited terms. For example, natural area protection and land conservation seemed to have similar goals and meanings. Several of the instruments citing natural area protection could

have been defined as forestland protection as well, since they included provisions for forest management.

The largest numbers of conservation deeds were used for city greenways or greenbelts. These have become very popular in North Carolina cities and towns, often providing protection for streams as well as recreational opportunities for city residents. Most of these greenways were in Raleigh (13) or in Mecklenberg County (12), but many small towns across the state had a single donation of land or a conservation easement for a greenway.

There were several large land donations to a specific state agency. The North Carolina Wildlife Resources Commission had several extremely large donations of land for State Gamelands. North Carolina received donations of 323 acres for an Educational State Forest to be operated by the North Carolina Division of Forest Resources. State and city parks were the recipients of some 20 different land donations containing 167 acres.

**Table 6. Rationales for protecting land in the NC CTCP**

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<b>Purpose of Conservation Deed</b>	<b>Lots</b>	<b>Number of Easements</b>	<b>Acres</b>
Natural area protection		56	12,415
Greenway	1	45	522
Natural and Scenic River Corridor		20	1,035
Public parks	SMZ*	20	167
Submerged lands and/or marsh preservation		10	4,840
N.C. Natural Estuarine Sanctuary		13	603
Land conservation		9	775

Beach access	6	6	4
Farmland and forest preservation		6	696
Historic site preservation		5	40
Buffers		5	504
Misc. (watershed protection, land swaps, undeclared)	5	5	423
Environmental education		4	803
Open space preservation		4	384
Educational State Forest		3	323
Wildlife/fisheries conservation/habitat protection		4	7,433
Wildlife Resources Commission	4	7	19,007
<b>Totals</b>	16 lots, etc.	223	49,976

\*Streamside management zone

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Several different types of instruments were used to protect land in the NC CTCP (Table 7). Fee simple donations were the most common with 157 different applications for tax credits from these donations. Bargain sales had the largest impacts in terms of total acres but only accounted for 16 of the tax credits. Conservation easements were common with 45 tax credits being granted for 14,343 acres. Given the prevalence of donations, it appears that fewer people participating in the NC CTCP are interested in maintaining ownership and control of their property and more are interested in protection of land by some responsible agency.

**Table 7. Types of instruments used in the North Carolina Conservation Tax Credit Program**

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<b>Instrument</b>	<b>Number</b>	<b>Acres</b>
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Bargain Sale	16	19,975
Conservation Easement	45	14,343
Donation of Fee Simple Interest	157	14,818
Donation-Other	3	1,021
Gift	2	19
<b>Totals</b>	<b>223</b>	<b>49,976</b>

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The impact of conservation easements granted in North Carolina is widespread geographically across the state. Fifty-six counties in North Carolina have recorded a conservation protection instrument. Wake County has recorded 30 different land protection deeds, followed by New Hanover County with 18, Robeson with 17 and Mecklenberg with 13. All three physiographic regions have some type of conservation deeds protecting property under the NC CTCP.

A variety of organizations and government agencies obtained conservation deeds under the NC CTCP (Table 8). The Nature Conservancy has been the beneficiary of the most deeds with 43 separate deeds covering 28,779 acres. The state of North Carolina was the single entity that received the next highest number of easements with 36 deeds covering 6563 acres. This included donations to the Wildlife Resources Commission for the State Gamelands Program and donated land for Educational State Forests. The Lumber River Conservancy was quite active in obtaining easements and donations for the Lumber River National and Scenic River Corridor. Many land trusts in North Carolina have only been in existence for a short time. It is expected that as more people become aware of their existence and of the NC CTCP, donations to land trusts will continue to increase.

**Table 8. Recipients of conservation protection Instruments under the North Carolina Conservation Tax Credit Program.**

<b>Grantee</b>	<b>Lots</b>	<b>Acres</b>	<b>Number of easements</b>
American Farmland Trust		7,200	1
Appalachian Trail Conference		6	1
Association for the Preservation of the Eno River Valley, Inc.		3	1
Botanical Garden Foundation, Inc.		95	4
Carolina Mountain Land Conservancy		362	3
Cities, Towns, and Counties	12	841	64
Conservation Trust for North Carolina		525	4
Historic Gold Hill and Mines Foundation, Inc.		16	1
Land Trust for Central North Carolina		195	5
Lumber River Conservancy		863	18
N.C. Agricultural Foundation, Inc.		29	1
Nags Head Leasing Corporation		3	1
National Audubon Society		1,169	4
National Committee for the New River		172	2
Nature Conservancy		28,779	43
North American Land Trust		410	4
North Carolina Coastal Land Trust	4	679	5
Old Salem, Inc.		1	1
Piedmont Land Conservancy		69	3
Riverlink		12	1
Sandhills Area Land Trust		46	1
Smith Island Land Trust	2 Swaps		2
Society for Masonboro Island, Inc.		330	1
Southern Appalachian Highlands Conservancy		810	2
State of North Carolina	SMZ	6,563	36
Triangle Land Conservancy		783	13

Trinity School of Durham and Chapel Hill, Inc.		15	1
<i>Totals</i>	16 lots, SMZ, 2 swaps	49,976	223

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## **Success of the North Carolina Conservation Tax Credit Program**

Whether or not the North Carolina Conservation Tax Credit Program is a success has not been ascertained by this brief study. Determination of success depends on comparing goals for the policy to the results achieved by its implementation. The goals of the NC CTCP were to increase land protection and conservation in North Carolina, an ambiguous goal.

## **The Role of Private Nonindustrial Forestland in Conservation Easements**

According to Birch (1996b), there are approximately 9.9 million private forest ownerships in the United States covering more than 390 million acres. Almost half the acreage (45%) belongs to landowners with more than 500 acres of forest. In the South, there are 4.9 million private ownerships with over 188 million acres of forestland. Approximately 47% of southern forests are owned by landowners with more than 500 acres. Sixty-one percent of southern forestland is owned by individuals (Birch 1996a). Alig and Wear (1992) reported that approximately 21 million acres of private forestland in the United States (7% of the total) changed use from 1952 to 1987. Slightly more than 50% of that change was due to forest industry purchases. The remainder was deforested for agriculture or development. They projected that around 20 million acres would be lost between 1987 to 2040—a slightly lower but still significant rate of loss. Private landowners control most of the forestland in the eastern United States. Thus, environmental protection and

conservation of natural resources must involve private landowners. One of the ways in which landowners are able to permanently protect the environmental values of their property is with conservation easements. Public policy encourages the use of conservation easements to maintain forestland in developing areas with the Forest Legacy Program. Forestland owned by agricultural producers is often eligible for inclusion in the Conservation Reserve Program or the Wetlands Reserve Program. Federal and state tax laws encourage the use of conservation easements on forestland in certain areas.

North Carolina's unique Conservation Tax Credit Program provides an interesting opportunity to evaluate donors of conservation easements on forestland. Most of the existing research on conservation easements has focused on reducing development pressures on farmland or land in a natural state. None has compared the landowners who grant conservation easements to NIPF landowners, a group of individuals who has been studied intensively for years. To compare the two groups, NIPF landowners who retained their land while granting conservation easements were surveyed using the Dillman Total Design method (Dillman 1978, Salant and Dillman 1994). The North Carolina Conservation Easement Grantor Survey (NC CEG survey) had three main objectives:

1. To determine if conservation easement grantors are similar to NIPF landowners in demographics and land ownership motivations.
2. To determine what motivates North Carolina conservation easement grantees to donate easements.
3. To determine which professionals and consultants are used to create a conservation easement and to establish a price range for their services so that landowners may be able to anticipate costs of establishing an easement.

The hypotheses behind these questions were that

1. Conservation easement grantors have higher incomes and are better educated than other NIPF landowners.
2. Conservation easement grantors are less interested in timber production than other NIPF landowners.
3. Conservation easement grantors are motivated by environmental concerns to control land use of their property after their death.
4. The costs of granting a conservation easement are significant.

## **Literature Review**

There are numerous surveys on nonindustrial forest landowners concerning their motivations for owning land. Several of these surveys were selected for comparison to this study based on region, currency, size, and targeted population with this survey. Bliss et al. (1977) compared the general public to nonindustrial private landowners in the South. Birch (1994a, 1994b, and 1995c) studied landowners by state, region, and nation. Megalos (1999) and Franklin (1989) surveyed North Carolina forest landowners. Jacobson (1997) surveyed South Carolina forested landowners in a six county area. The major studies compared with the NC CEG are listed in Table 9. Comparisons of these studies and others will proceed along with the description of the NC CEG results.

**Table 9. Surveys of NIPF landowners**

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<b>Study</b>	<b>Date</b>	<b>Type of Survey</b>	<b>Target Population</b>	<b>Report type</b>	<b>Region</b>	<b>“n”</b>
Bliss	1997	Telephone	Gen. Public vs. NIPF	Journal Article	Mid-South	238
Megalos	1999	Mail, stratified random	Landowners w/> 10 acres	Dissertation	NC	1,134
NC CEG	1999	Mail, census	Conservation easement grantors >10 acres	Dissertation	NC	35
Franklin	1989	Random sample	NC NIPF landowners	Unpublished	NC	1,380
Jacobson	1997	Mail	Landowners with >25 ac.	Dissertation	Six SC counties	424
Birch	1994a	Mail	NIPF landowners	Resource Bulletin	NC	338
Birch	1994b	Mail	NIPF landowners	Resource Bulletin	South US	3,600
Birch	1994c	Mail	NIPF landowners	Resource Bulletin	US	11,745
Broderick et al.	1994	Mail survey	Landowners with 25 acre min. and using forest use value assessment	Journal Article	CT	286
Thrift et al.	1997	Personal, telephone interviews	Stewardship participants	Journal Article	SC	
Young et al.	1985	Telephone	Farmers with forestland	Journal Article	IL	621

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## **METHODS**

A survey instrument was created based on Birch's studies of NIPF landowners (1994a, 1994b, and 1994c). Using the records of the North Carolina Division of Environment and Natural Resources, a list was created of conservation easement grantors who established easements of more than 10 acres. Ten acres were regarded as the minimum acreage for practical forest management. Only landowners who retained ownership of their property were surveyed so that they could be compared to other NIPF landowners. Surveys were sent to all owners of each tract, including spouses, or additional co-owners. There were thirty-one separate conservation easements with seventy-one different landowners. The survey instrument was critiqued by several faculty and graduate students of North Carolina State University College of Forest Resources. Using the Dillman Total Design Method, a pre-survey letter was sent to each potential respondent (Dillman 1978, Salant and Dillman 1994). To obtain the most information, each individual landowner and each individual in a multiple ownership was sent a survey. Telephone calls were made after the first mailing to increase the response rate.

Out of 77 surveys sent, 35 were returned for a response rate of 46%. Follow up phone calls revealed that many of the couples did not want to fill out separate surveys. It became apparent that in several instances, especially for multiple ownerships, one spouse was uninvolved in the granting of the easement. In one case, parents granted the easement and indicated that their children should not be contacted as they knew nothing about the property of which they were part owners. Frequency statistics were calculated using SAS. Means and ranges were also calculated when appropriate. These statistics were calculated two ways—one for all responses and one with only one response for multiple ownership. By calculating the responses both ways,

some distortions due to multiple reporting on the same tract would be eliminated or reduced. Twenty-four of the easements were represented by at least one survey response. The survey findings are discussed in sections, based on the three main objectives of the study: landowner demographics, motivations for ownership, motivations for easements, and costs of granting easements.

## **LANDOWNER STATISTICS**

Table 10 provides frequencies of responses on demographic questions. Conservation easement grantors are extremely well educated, have relatively high incomes, and tend to be older citizens. Place of residence was about evenly split between rural areas and urban/suburban areas. Males usually make the decisions regarding family owned property. However, a significant number of ownerships report males and females having joint decision making responsibility.

**Table 10. Demographics of conservation easement grantors**

<b>Gender of respondent</b>	(n=34)	<b>Primary occupation</b>	(n=34)
Female	23.5%	Agriculture, forestry, fishing	5.9%
Male	76.5%	Mining	0.0%
<b>Gender of decision maker</b>	(n=34)	Construction	2.9%
Female	8.8%	Manufacturing	5.9%
Male	52.9%	Transportation, communication, or utilities	0.0%
Female/male together	38.2%	Wholesale trade	2.9%
<b>Residence:</b>	(n=34)	Retail trade	0.0%
Rural area	52.9%	Finance, insurance, or real estate	5.9%
Town	0.0%	Public administration, education, or government	5.9%
Urban area	29.4%	Managerial or professional	20.6%
Suburb	17.6%	Retired	50.0%
<b>Landowner age</b>	(n=34)	Homemaker	5.9%
Under 25	0.0%	<b>Total household income</b>	(n=31)
25-34	0.0%	Less than \$19,999	0.0%
35-44	17.6%	\$20,000 to \$29,999	0.0%
45-54	17.6%	\$30,000 to \$39,999	3.2%
55-64	17.6%	\$40,000 to \$49,999	9.7%
65 and over	47.1%	\$50,000 to \$59,999	9.7%
<b>Education level</b>	(n=34)	\$60,000 to \$69,999	9.7%
Less than high school	0.0%	\$70,000 to \$100,000	9.7%
High school	8.8%	\$100,000 to \$124,999	19.4%
Associate degree	8.8%	\$125,000 to \$149,999	6.5%
Bachelor's degree	29.4%	\$150,000 to \$174,999	3.2%
Post graduate work	52.9%	\$175,000 to \$199,999	3.2%
		\$200,000 and up	25.8%

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## The Role of Gender in Forest Management

The small number of female respondents to this survey ( $n = 7$ ) makes it unwise to make any assumptions about gender differences from this data. There were several surveys returned by both husbands and wives in joint ownership. Interestingly, there were small differences in motivations noted when comparing the answers of spouses, but there were too few surveys of this type to be able to draw any conclusions from them. Surveys in the future should include questions on which gender owns the land, and if decisions are made by the owner, by joint owners, or by some other party in order to target landowner education efforts effectively.

The role of gender in forest management has not been studied extensively. Lindestav (1998) reported findings from several studies in Europe. Sennblad (1996) reported that women forest landowners in Sweden harvested less than male landowners, possibly because the women tended to be older. Strupstad (1991) in a Norwegian study found no difference in harvesting behavior but found that if there was a male partner, responsibilities were passed to him. Strupstad's study found that women owned 37% of individual ownerships. Acreages owned by women were smaller. Shared ownership was more common for women. In an American study of women farmland owners, Effland et al. (1993) reported that male landholdings were about one-third larger than the average landholding owned by women. Effland also reported that the incidence of female ownership had increased from 11% in 1946 to 21% in 1988. Unfortunately, the major study of forest landowners in this country (Birch 1994a, 1994b, and 1994c), did not track ownerships by gender due to restrictions on survey length by the Office of Management and Budget. Bliss (1997) found that 56% of NIPF landowners in his sample were male and 44%

were female.

### **Acres Owned per Landowner**

Each study divided acreage into different categories. The NC CEG did not include easements of less than 10 acres. Jacobson (1997) limited his survey to landowners with more than 25 acres. Megalos (1999), Birch, and Bliss et al. (1997) included landowners with less than 10 acres, and the responses were adjusted to exclude those acreages (Table 11). It was necessary to adjust these surveys to have more than one comparison in order to determine if landholding size differed between ordinary NIPF landowners and the conservation easement grantors.

All studies showed very few landowners with large landholdings. Studies which compared holdings per landowner to total forestland acres showed that the large landowners control significantly more of the total forestland. Ninety-three per cent of forest landowners own less than 100 acres of land--30% of the total forestland acreage (Birch 1996a). These results contrast strongly with the North Carolina CEG study. Only 41% of landowners who granted conservation easements owned less than 100 acres of forestland. These landowners are more likely to have land holdings of greater than 100 acres than is the average NIPF landowner.

**Table 11. Comparisons of ownership size**

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<b>Study</b>	<b>10-99 acres</b>	<b>100-499 acres</b>	<b>500+acres</b>	<b>Don't know/ refused to answer</b>
NC CEG	40%	32%	29%	0%
Birch-USA*	85%	14%	2%	0%
Birch-South*	83%	15%	2%	0%
Birch-NC*	90%	10%	1%	0%

Bliss*	63%	22%	5%	10%
Megalos*	73%	22%	5%	0%

\*Surveys which included holding of less than 10 acres were adjusted to exclude these acres.

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## Landowner Education

The North Carolina conservation easement grantors were much better educated than the normal NIPF landowner. Some 92% of the respondents had at least some college education. NIPF surveys showed a lower percentage of college graduates, ranging from 51% to 88% as shown by Table 2.10. One other survey did show similarly high results, although this study, like the North Carolina CEG study, was a subset of the population of NIPF landowners. These landowners were participants in the Stewardship Program in South Carolina (Thrift et al. 1997).

**Table 12. Education attainment of landowner**

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Study	Less than H.S.	High School	Some College	College Grad	Post-Grad Work	Total with College
NC CEG	0%	9%	9%	29%	53%	92%
Bliss	11%	36%	27%	24%	N/A	51%
Franklin	19%	25%	20%	22%	16%	58%
Jacobson	6%	22%	21%	34%	18%	73%
Megalos	12%	24%	21%	22%	16%	58%
Thrift et al.	N/A	12%	14%	49%	25%	88%

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## Landowner Work Status and Age

In the North Carolina CEG survey, landowners tended to be middle aged or over. Almost

half reported being retired. This is consistent with the surveys of Franklin (1989), Jacobson (1997), and Megalos (1999) (Table 13). Birch (1996a) found that the percentage of retired landowners was much smaller and had decreased since surveys in 1978 from around 30% to slightly over 20% for southern forest landowners. Since Birch's statistics reported on any landowner with more than one acre of forestland, the small number of retirees may be due to the large number of landowners surveyed who have holdings, perhaps homesites, which are too small to be practical for commercial forest management. These small-tract landowners comprise 59% of respondents in his United States survey, 64% in his southern survey, and 68% in his North Carolina survey.

**Table 13. Percentage of retired NIPF landowners**

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<b>Study</b>	<b>Retired</b>
NC CEG	47%
Birch-USA	24%
Birch-South	30%
Birch-NC	24%
Franklin	46%
Jacobson	45%
Megalos	47%

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### **Forest Landowner Income**

The North Carolina CEG survey respondents had much higher incomes than those reported in other studies. The NC CEG survey respondents generally had higher incomes as shown by Table 14. Not only were there no incomes reported below \$30,000 to \$39,999, but also 26% reported income greater than \$200,000. There seems no doubt that conservation easement

grantors certainly are from a different socio-economic class than most NIPF landowners.

**Table 14. Comparing landowner incomes across studies**

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Income Ranges	NC CEG	Megalos	Jacobson
Less than \$19,999	0%	17%	11%
\$20,000 to \$29,999	0%	14%	11%
\$30,000 to \$49,999	13%	24%	23%
\$50,000 to \$59,999	10%	11%	9%
\$60,000 and up	78%	35%	46%

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## **LANDOWNERSHIP STATISTICS**

Landowners vary in their methods of land acquisition. It is very common for land to be inherited rather than directly purchased. The reasons for land ownership vary from investment to sentiment. Landowners manage their land for different purposes that may reflect their rationale for ownership.

### **Forestland Acquisition**

Most North Carolina landowners with conservation easements purchased their land (Table 15). Fewer landowners in the other small surveys purchased their lands. More landowners in these studies inherited their lands than did the North Carolina CEG group. The higher incomes of the CEG group and the greater incidence of purchase might indicate these individuals chose to own land not as a significant part of their investment portfolio but as a luxury. This may give them more flexibility in land treatment--they do not have to be able to use their land or timber as a source of income. Thus, they can restrict usage in a way that landowners whose

land is a major part of their net worth cannot.

**Table 15. Land acquisition statistics**

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<b>Study</b>	<b>Purchase</b>	<b>Inheritance</b>	<b>Gift</b>	<b>Other</b>
NC CEG	85%	12%	6%	0%
Franklin	54%	39%	7%	N/A
Jacobson	58%	41%	2%	1%
Megalos	64%	32%	4%	<1%

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### **Demographic Conclusions**

Landowners who grant conservation easements are different from other NIPF landowners. They are much better educated, have higher incomes, have larger landholdings, and are more likely to have purchased their properties. They are similar in age to other NIPF landowners and a high percentage of them are retired.

If, the policy of North Carolina is to encourage the use of conservation easements to protect land, understanding the demographics of potential grantors is extremely important. Land trusts can more efficiently target their potential market by understanding and utilizing the results of the survey. Advertising through media outlets focusing on older, wealthier individuals would probably be more effective than general, mass-market advertising. Some of the national land conservation agencies, such as the Nature Conservancy, already follow this policy, with great success. Similarly, land trusts or government agencies may wish to offer programming to local groups that have similar demographic criteria.

## **Landowner Objectives for Owning Land**

Why landowners chose to own forestland is a question frequently asked by NIPF surveys. When CEG landowners were asked why they owned forestland only 27% chose forest management as a primary or secondary objective for owning land. Seventy-nine percent of landowners responding chose protection of open space as a primary or secondary objective. Recreation and wildlife habitat were chosen as primary or secondary objective by 74% and 76% respectively. Fifty-six percent reported that the easement protected a homesite or farm.

Comparing the various NIPF studies is difficult due to the various management objective categories within the survey questions. Surveyed landowners ranked timber as a primary or secondary goal 8% to 86% of the time (Table 16). Birch's study of North Carolina landowners showed only 8% of landowners were interested in timber management and 55% held forestland as part of their homesite (Birch 1996c). Since Birch's study included landowners with less than 10 acres, this might be the reason that so few indicated timber management as an objective. When Birch correlated landowner objectives by acres, 38% of the forested acres were owned by landowners who listed timber production as primary or secondary reason for owning land. The same correlation for the South found that 45% of forestland was held by owners who listed timber production as the primary or secondary reason for owning land (Birch 1996a). This indicates that landowners with larger acreages are more likely to be interested in timber production.

Melfi et al. (1997) surveyed South Carolina Forest Stewardship Plan participants and found that 69% of the landowners chose timber as their primary management objective and 17% chose timber as their second objective. Stewardship participants often come from the NIPF landowner population who already are highly involved in forest management, so these high

numbers probably do not represent NIPF landowners as a whole.

Numerous other studies have asked landowners why they own land or what their management goals were. Hoops (1987) reported on a Wisconsin survey that found wildlife habitat, scenic enjoyment, and wood production for personal use were the most important factors for owning forestland. Young et al. (1985) found that wildlife habitat, preservation of natural beauty, heritage for future generations, wood products, recreation, hunting, investment, and location of home sites were very important or important ownership objectives for NIPF landowners in Illinois. Income from sale of wood products was an important objective to only 16%

Young et al. (1985) found that one of the factors that encouraged landowners to manage their forestland for forest products was the ability to manage the land themselves. The study's authors concluded that owners feel confident in their own forest management skills and believe this to be an incentive rather than a barrier. In that study, 83% of landowners had never gotten advice on forest management. Perhaps that is one reason so few people seek professional help to manage their woodlands (Young et al. 1985).

Focus group interviews with retired NIPF landowners in West Virginia provide a more complete examination of landowner motivations than do simple mail surveys. Kingsley et al. (1988) found retired landowners own land for a variety of psychic and economic benefits and that few landowners own land for only one purpose. For these landowners, a sense of well being was as important as economic gains to be had from the land. The landowners interviewed indicated that even when timber production was a major reason for land ownership, other reasons were important as well.

**Table 16. Reasons for ownership-percentage of owners checking as important or very important**

Study	Invest.	Rec.	Wildlife	Timber	Domestic and Farm Use	Green Space	Homesite or Part of Farm	Estate	Beauty
NC CEG	12%	74%	76%	27%	33%	79%	56%	41%	N/A
Birch-South	15%	13%	N/A	7%	20%	N/A	57%	25%	20%
Birch-NC	13%	4%	N/A	7%	7%	N/A	55%	33%	36%
Jacobson	18%	40%	N/A <sup>10</sup>	57%	24%	N/A	30%	54%	14%
Melfi et al.	N/A	8%	83%	86%	N/A	N/A	N/A	N/A	7%
Young et al.	N/A	56%	87%	16%	66%	N/A	44%	80%	81%

### Timber Harvesting

Fifty-two percent of North Carolina CEG respondents reported timber harvesting (including firewood and other personal use) in the past, with 34% of that harvesting occurring in the past 10 years. Birch (1996a) reported 45% of NIPF landowners in the South had harvested timber on their property in the past. The North Carolina CEG results indicate that 32% plan to harvest firewood or other domestic products and 38% plan commercial harvests either within 10 years (23%) or sometime in the future (15%). These results indicate that a significant number of conservation easement grantors are not opposed to commercial forestry use of their property.

Birch 's research indicated 29% of all forest landowners in the South plan to harvest some timber in the next ten years and 38% plan to never harvest timber on their property. The same question analyzed by acres indicated that 60% of acres are owned by landowners who plan to

harvest within the next ten years (Birch 1996a).

## Changes in Ownership Priorities

The NC CEG asked conservation easement grantors to examine their priorities before and after they granted the easement to see if there were major changes in how landowners viewed their property. There were some small differences, but it was impossible to tell without further research as to the actual importance of these differences. One individual refused to answer the second set, stating that this was the same question. The largest change being in green or open space protection (Table 17). Fewer landowners felt keeping an estate for heirs was as important a priority after the easement was granted. Recreation, wildlife, and green space protection all increased slightly in importance after the easement was granted. The importance of timber dropped almost by one-half. Domestic use for firewood, fence posts, etc became less important. Interestingly, the number choosing investment as a management priority almost doubled from 8% to 16%. If this program continues to attract participants, future researchers may wish to examine this question in sufficient depth to determine if granting an easement does change ownership priorities.

**Table 17. Ownership priorities before and after conservation easement**

NC CEG	Invest.	Rec	Wildlife	Timber	Domestic Use	Green Space	Home-site	Estate
Before granting easement (n=35)	8%	64%	72%	16%	16%	70%	83%	65%
After granting easement (n=33)	15%	79%	79%	9%	12%	88%	73%	49%

<sup>10</sup> Hunting or fishing (35.4%) reported as recreation

## Landowner Motivations for Granting Easements

Protection from development and protection of green space were the major reasons that conservation easements were granted on forestland in North Carolina (Table 18). Almost 90% of the landowners surveyed felt that these two factors were important or very important reasons for granting the easement. The next most often cited values were protection of wildlife habitat at 77% and recreation at 63%. The only other reason chosen as important by more than 50% of the landowners was income or estate tax advantage. Gaining a tax credit by participating in the NC CTCF was important to 49% of the conservation easement grantors. It seems clear that most of the landowners in the survey report being less motivated as by monetary concerns than by environmental concerns.

There have been several surveys of conservation easement grantors in the past few years. Because of the differences in wording, it was difficult to compare landowner motivations directly from study to study. As is shown in Table 18, it was possible to compare Bick's survey with the NC CEG survey for only two specific reasons for granting easements – income or estate tax advantages and protection from development. The small number of participants on both surveys makes it difficult to compare statistics. The most that can be said is that land protection was relatively more important to landowners than the estate or income tax advantages of granting easements for both surveys.

**Table 18. Reasons for conservation easements-important or very important, first or second choice reasons**

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<b>Study</b>	<b>NC CEG</b>	<b>Bick</b>
<b>n =</b>	35	21
Protection from Development	89%	76%

Green Space	86%	N/A
Wildlife Habitat	77%	N/A
Recreation	63%	N/A
Income or estate tax advantages	54%	43%
Conservation Tax Credit	49%	N/A
Family Ownership	43%	N/A
Control heirs land use	43%	N/A
Joint Ownership Control	29%	N/A
Farm use	29%	N/A
Commercial Forestry	9%	N/A
Other	6%	16%

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Ochterski (1996) studied motivations for donating real estate and restrictions to land conservancies in Michigan. The three most important factors were a personal commitment to the future of the land, ecological stewardship, and economics. Bick (1996) listed several other reasons for selling a forestland easement: philosophical, connection to sale of another property, for public relations, to ensure proper on-site use of the property, the influence of other nearby neighbors who granted easements, to gain access to other property, required by local government, and to keep down the price in case of a sale. Elconin and Luzadis (1997) looked at grantors' and heirs' satisfaction with conservation restrictions. Their study found that landowners were much more interested in protecting their land and practicing good stewardship than in obtaining tax benefits. Reasons the landowners granted easements, according to Elconin and Luzadis are as follows:

1. Responsible for land health

2. Land is a community asset, affects community environmental quality
3. Cherish land
4. Important ecological resources
5. Livelihood dependent on the land
6. Land is part of a larger ecosystem
7. Personal relationship with the land
8. Wanted to determine land uses, did not trust future owners
9. Keep land in family
10. Legacy of open land
11. Protection from development
12. Wanted tax break, lower property taxes
13. Guarantee natural places
14. Children or friends urged the granting of conservation easement
15. Money received for the easement

Maynard et al. (1998) studied participants in Pennsylvania' Agricultural Conservation Easement Program designed to maintain working farms in developing areas. In this program, the State of Pennsylvania purchases conservation easements from farmers in 42 counties. The first 205 participants in the program were surveyed to determine their reasons for selling easements, how they used the proceeds, and how their management changed after the easement was implemented. Preserving farmland or stopping development was the reason for 51% of the participating farmers. Eleven percent needed money and another 11% were paying debts with the

proceeds. Only 8 % chose keeping the farm in the family as their rationale. Preserving open space and stewardship were pivotal to only 4%.

Broderick et al. (1994) conducted a random sample of NIPF landowners in Connecticut to determine attitudes toward land preservation and estate planning. Sample respondents were older (61 average and median age), well educated (94% high school graduates and 50% college graduates), had an average land tenure of 26 years, and had a median income of \$57,700 compared to the state median of \$49,200. Like many landowner surveys, ownership motivation ranked timber production at the bottom of their list of priorities. Sixty-three percent of respondents indicated that maintenance of their land "as is" for the future generations was their most important concern. The survey also asked landowners to consider a scenario where a land developer and a land trust were both interested in purchasing their property. Thirty percent would not sell their property under any circumstances, 26% would sell to the land trust even if the price was somewhat lower, and 26% would consider selling property to the land trust. Only 18% would not sell to the land trust.

A similar question asked if the landowner's property had been identified by their community as being important open space, would they respond with protection measures. Forty-six percent would not be affected, but 45% indicated they would be more likely to act to keep land undeveloped. Some 38% of respondents stated they were very likely to permanently protect some or all of their property from future development. An additional 12% rated the same intention as likely.

When asked to rate their knowledge of land protection instruments, few indicated very high or high knowledge of restrictive covenants, donations with reserved life estates, conservation

easements, sale or donation of development rights, transfer of development rights or creative development to minimize loss of open space. Only 19% of respondents had very high or high knowledge of conservation easements. Thirty-three percent had no knowledge of easements and 28 percent reported only slight knowledge. The study's authors concluded that landowners are interested in long term protection of their land but most know little or nothing about the instruments available for land protection, unlike the respondents in the CEG survey.

### **Tax Considerations**

The NC CEG results showed 54% of respondents indicated that income or estate tax advantages were important or very important reasons for granting a conservation easement. North Carolina's unique tax credit program was an important or very important factor for 49% of respondents. Bick (1996) reported 43% of Adirondack conservation easement grantors reported income or estate tax advantages as important or very important.

Dennis (1992) in a study of Northeastern NIPF landowners found that landowners with higher incomes were more likely to enroll in voluntary tax reduction programs. This held true even if the programs had management stipulations such as scheduled timber harvests. He concluded that tax incentives could influence landowners to adopt desirable practices such as forest management even if they previously had not been interested.

### **Selecting an Agency**

The North Carolina CEG survey asked landowners what factors were important in choosing a conservation agency to hold the easement (Table 19). The landowner's perception of the agency's reputation was cited most often, with 80% of respondents choosing agency

reputation as important or very important. Having similar goals to the organization was important to 77% of the survey respondents. Sixty-six percent felt that the organization's presence in the area was important. Whether the agency requested an easement was important to only 20% of respondents. Media coverage was important to only 20%. Many of the land trusts in North Carolina have only recently been established. As the new land trusts become established, media coverage and agency requests may increase in importance.

**Table 19. Factors in selecting an agency to hold the conservation easement**

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<b>Factors</b>	<b>NC CEG (n = 35)</b>
Reputation of the organization	80%
Recipient organization and I have similar goals	77%
Organization is active in the same area as my property	66%
The organization requested an easement	20%
Media coverage of organization	20%
Other	20%
Neighbors had donated an easement to this organization	9%

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## **FOREST MANAGEMENT AND THE CEG SURVEY**

Conservation easements are compatible with forest management, including timber harvesting. Landowners must have clear goals for their forestlands so that appropriate easement restrictions may be devised. Professional foresters have the education to enable them to prepare baseline plans and devise effective management prescriptions. Management plans form the basis for creating easement provisions concerning timber management.

### **Professional Advice**

Seventy-four percent of the CTCP participants sought professional advice for managing their land. The same percentage has a management plan for their property under easement. Thirty-nine percent of the plans were prepared by the recipient agency. Thirty-nine percent of plans were prepared by other professionals. Fifteen percent of landowners prepared their own

management plans. In a related question, landowners were asked who they had sought management advice from in the past. Most had obtained help from the North Carolina Division of Forest Resources (46%). Forty-three percent used professional forest consultants or wildlife biologists. The NRCS provided advice to 40% of these landowners. The North Carolina Wildlife Resources Commission provided assistance to 23% and the North Carolina Cooperative Extension Service provided assistance to 26%. Industrial foresters assisted only 3% of these landowners. These figures indicate that the landowners who use the NC CTCP are knowledgeable about the types of government assistance available and are willing to use the free government services. The lack of activity with industrial forestry reflects the ownership motivations of landowners. Since timber production is not a priority for these landowners, there is little interest in working with industrial foresters whose primary motivation is meeting industrial timber supply needs and who would be more likely to encourage intensive forest management. Due to the limited markets for timber in North Carolina, there is less demand for the timber produced. It is more efficient for industrial foresters to work with landowners who have fewer restrictions on their property management. Landowners who are willing to practice intensive forest management, which generates maximum timber production with the minimum of forest management interventions over the life of the stand, would be more likely to receive assistance from industrial foresters.

Birch (1996a) found that only 5% of NIPF landowners in the Southern United States had a written management plan for their acreage. These landowners control 40% of private forest land. This includes forest industry with 48% of the forestland owned by those with a forest plan. Almost 22% of NIPF landowner stated they wrote their own plan. Forest consultants wrote 11% of NIPF plans, industrial foresters wrote 4%, public service foresters and wildlife biologists wrote

37%, and other public agencies, including the NRCS, wrote 27%. Totals exceed 100% because some plans were written by more than one agency or person.

A common theme for foresters is the need for NIPF landowners to seek professional help. Despite many years of outreach to landowners and many public information programs, surveys continue to show that landowners often do not seek professional advice. In their focus group interviews with retired West Virginia forest landowners, Kingsley et al. (1988) found that many landowners were aware of agricultural assistance agencies but unaware of their forestry programs. Others were aware that assistance was available but were unsure of which agency to contact, and which programs applied to forestry. Many felt they were knowledgeable enough to manage their timberlands themselves, without professional assistance.

## **Forest Harvesting Provisions**

Timber harvesting is specifically permitted by many of the conservation easements granted by the NC CEG survey participants (Table 20). Forty-eight percent either have no restrictions on timber harvesting or allow it within the limits of an approved management plan. An additional 11% allow selective harvesting. Thirty-four percent allow no harvesting on the property, even for salvage of diseased or dead trees. This indicates that although timber production is not a high priority for land ownership, many landowners are not adverse to harvesting timber, especially if done in accord with an approved management plan or specific silvicultural system.

**Table 20. North Carolina conservation easements and timber harvesting**

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**Easement Provisions**

**NC CEG**

No timber harvesting permitted	34%
Timber harvesting allowed only within limits of approved management plan	34%
No restrictions on timber harvesting	14%
Only selective harvesting allowed	11%
Only salvage of diseased or dead trees allowed	11%
Other	5%

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Egan et al. (1997) compared the attitudes of forestry consultants with West Virginia tree farmers on timber harvesting. They found that a majority of tree farmers felt that clearcutting should be banned, even among those who had harvested timber on their property. In addition, many landowners felt that cutting timber usually resulted in: destruction of wildlife habitat (32.2%), soil erosion (48.2%), muddy streams (38.6%), loss of recreation space (29.4%) and permanent loss of forest (12.2%). The study's authors recommended that foresters should be educated about landowner's attitudes, preferences, and concerns rather than concentrating on educating landowners about what their attitudes should be.

Bliss et al. (1997) found that 67% of NIPF landowners felt that government should regulate tree cutting on private land in order to protect streams and wetlands. Sixty-five percent felt the same about protecting threatened and endangered species. Fifty-four percent felt cutting should be regulated to preserve forest beauty. However, 70% of the respondents agreed that trees were a crop and should be harvested for consumer products. Less than half felt that clearcutting should be allowed on individually owned land (Bliss et al. 1997). The results of this telephone survey of 987 households selected randomly in the Tennessee Valley Region showed that forest landowners did not differ much from the general population in their views on the

environment and forestry.

Brunson et al. (1996) in an 11-state study of NIPF landowners, reported that wildlife habitat, preserving natural beauty, personal recreation, and satisfaction with owning land were the highest rated reasons. Southern respondents reported timber (42%) and investment income (48%) as less important reasons.

English et al. (1997) found that two-thirds of Forest Stewardship participants in Tennessee selected timber enhancement as their primary goal, with water protection the next most important. Fish and wildlife habitat improvements were important goals for about half of respondents. The model generated by this study indicated that activities that improve landowner's view of program goals might encourage participation more than monetary incentives. A contrary viewpoint was expressed by Porterfield and Moak (1977). They reviewed Southern NIPF landowner's goals of timber and non-timber benefits versus the forestry strategy of increasing production on private lands by encouraging plantation management. They argued that until plantation management can be shown to meet the non-timber goals of NIPF landowners, foresters should consider recommending uneven-aged management.

Non-industrial private forest landowners have been studied for many years. Consistently, these studies show that landowners desire to manage their property for a variety of reasons that are not always compatible with intensive forest management. Foresters should, as a matter of ethics, work with the landowner to determine goals for land management as well as explicitly give the landowner unbiased information about alternatives so they can make educated decisions. Foresters must become experienced and comfortable with methods of forest management other than intensive pine plantation management to meet landowner goals and desires. At times this is a

delicate balancing act—landowners desire continuous forest coverage but also want maximum economic returns and a minimum of management costs. Public service foresters must provide service to many landowners and are limited in the amount of management assistance that can be given to one individual landowner. This combination—desire for maximum economic returns, minimizing management expense, and the limits of technical assistance availability—can influence landowners and foresters to see intensive forest management as the most practical option. In many cases this is appropriate, but foresters and landowners should make sure that other possibilities are not overlooked in their search for efficiency and profit maximization.

## **THE COSTS OF GRANTING A CONSERVATION EASEMENT**

The costs of creating and granting a conservation easement can be quite high, as illustrated by the results of the CEG survey reported in Table 21. Costs for each professional ranged widely. One respondent reported virtually no cost, with all expenses assumed by the recipient agency. It is assumed that an appraisal was performed on each tract in order for the landowner to claim the tax credit applied for, so it is not surprising that appraisers were reported used by 94% of respondents. Lawyers were the next most frequently cited professionals used. Foresters were used by only 34% of the respondents, which reflects the lack of importance most conservation easement grantors gave to forest management as a goal. It also may reflect the wide availability and use of free forestry assistance from various governmental agencies.

Many of the deeds examined did not contain recommended baseline reports or management plans, especially those conservation easements granted in the early years of the NC CTCP. As conservation easements become more common, and lawyers and landowners become

more familiar with the process, it is expected that more easements will contain good baseline information and management plans. This will drive up the costs of the easements, although these costs can be ameliorated, somewhat, by the use of government agency personnel who provide services at no or little cost.

**Table 21. Professionals used to create conservation easements**

<b>Professional</b>	<b>% of owners using this professional</b>	<b>Reported cost (to the nearest \$100) paid by landowner</b>	<b>Average cost of those reporting costs</b>	<b>Recipient agency paid costs</b>
<b>Accountant</b>	51%	\$100-3,000	\$575	3%
<b>Appraiser</b>	94%	\$200-10,000	\$2,624	7%
<b>Conservation biologist</b>	43%	\$500-2,000	\$750	3%
<b>Estate planner</b>	9%	\$4,000-\$10,000	\$7,000	3%
<b>Forester</b>	34%	\$1,800-2,500	\$1,433	7%
<b>Lawyer</b>	89%	\$50-6,000	\$1,588	20%
<b>Surveyor</b>	74%	\$100-5,000	\$1,160	10%
<b>Wildlife biologist</b>	29%	\$300	\$300	3%
<b>Staff of recipient agency</b>	71%	N/A	N/A	N/A
<b>Other</b>	9%			

One of the most interesting findings was that 70% of respondents reported no endowment cost. Conservation agencies encourage endowments of around 20% of the value of the donated easement. Apparently, most conservation easements in North Carolina were not accompanied by an endowment. Those who did report endowments indicated the costs ranged from \$1000 to

\$25,000, with a mean of \$6,500. It seems evident that endowments are optional for most conservation easements.

## **EVALUATING THE HYPOTHESES**

The first hypothesis was that conservation easement grantors have higher incomes and these landowners are better educated than other NIPF landowners. The results of the CEG survey support this hypothesis. Incomes of conservation easement grantors are much higher than other NIPF landowners as found in other NIPF surveys. Likewise, the conservation easement grantors generally are better educated, with 91% reporting some college.

The result from comparing the conservation easement grantors' interest in timber production with other NIPF studies was more difficult to interpret. Those landowners who are likely to grant conservation easements are, like most NIPF landowners, more interested in owning land for values other than timber production. Most forestry education programs are based on the notion that NIPF landowners do or should regard timber production as primary motivation for ownership and management. Surveys have shown that timber production may be one objective, but is rarely the sole or major objective (Jones et al. 1995, Birch 1996a 1996b 1996c, Bliss et al. 1992, Brunson et al. 1996, Dennis 1992, Egan et al. 1997, Hoops 1987, Kingsley et al. 1988, Melfi et al. 1997, Thrift et al. 1997, Young et al. 1985). Preservation of natural beauty, wildlife habitat protection, heritage protection for future generations, and recreation resonate much more strongly with NIPF landowners. Conservation easement grantors hold similar values. .

The second hypothesis that conservation easement grantors are less interested in timber production than other NIPF landowners has not been proven or disproven. A more accurate

description is that like most NIPF landowners, people who grant conservation easements on forestland are more interested in multiple goals for landownership, which may or may not include timber production. Studies of NIPF landowners varied greatly in their determination of landowner interest in timber production. The CEG survey responses indicated that slightly more than one-fourth are interested in timber production. Birch's study of North Carolina (1996c), which reported only 8% of landowners are interested in timber production, may be discounted because of the high percentage of landowners with less than 10 acres. These landowners are assumed to hold land as part of their homesite and probably would not be able to practice serious timber production, even if interested due to the small size of the land holding. Melfi et al. (1997) reported 86% of landowners chose timber production as important or very important. Since his survey was restricted to participants in South Carolina's Forest Stewardship Program, it is likely that his survey respondents do not reflect the average NIPF landowner and should also be dropped from comparison with the CEG survey for this question. The other studies varied from 16% to 57% with the CEG survey in this range.

The third hypothesis--that conservation easement grantors are motivated by environmental concerns to control land use of their property after their death--seems to be true. Some 89% of the conservation easement grantors listed protection of their property from development as an important or very important reason for granting an easement. Green or open space protection was nearly as critical with 85% choosing this goal as important or very important. Only 43% indicated that controlling family ownership or their heir's use of a property as an important or very important reason for granting a conservation easement. Joint ownership control was cited as important by only 29% of respondents. Landowners appear to trust their family or other joint

owners will continue to protect their forestland appropriately but fear that future, unknown owners need to be restrained in order to keep the land from being developed.

In addition, landowners appeared to be motivated more by environmental concerns than by the tax benefits of making a conservation donation. Only 54% chose income or estate tax benefits as being important or very important reasons for granting a conservation easement. Only 49% chose the conservation easement tax credit as being important or very important. This does not mean that the incentive of tax reduction is unimportant, merely that it is less important than environmental reasons. The increase in the number of easements granted after the increase in the tax credit in 1985 and in 1997 indicate that the tax credit does influence some individuals to pursue granting a conservation easement. This is similar to studies that indicate that NIPF landowners are more likely to reforest where incentives programs are available than when they are not available.

The fourth hypothesis, that the costs of granting a conservation easement are significant, is true unless the recipient agency is willing to cover the costs. In order to obtain a tax credit, an appraisal is absolutely necessary. Reported costs for this service range from \$200 to \$10,000. Lawyer fees can be quite high as well, unless the recipient agency agrees to pay for this service. Other professionals are needed to prepare an adequate baseline report and management plan for effective long-term management and land protection. Costs of preparing easements will probably increase as landowners become aware of the need for adequate background information for detailed management plans so that their property is protected in the way they desire.

## **RECOMMENDATIONS**

This analysis of the North Carolina Conservation Tax Credit Program and North Carolina conservation easement grantors of forestland conservation easements is a preliminary effort to define the program and define a sub-population of participants in the program. Because of the small sub-population, extensive statistical analysis was impractical. However, the results do give reasonable data that can be compared with other studies of similar populations.

### **Recommendations for North Carolina's CTCP**

The North Carolina Conservation Tax Credit Program is being used by North Carolinians to protect their land from future development. Some 49% of survey respondents indicated that the NC CTCP was an important or very important factor behind granting the conservation easement on forestland. The concept of widespread use of conservation easements is a fairly recent one, but activity in the NC CTCP has increased slowly in the years since its inception. The increases may have resulted from increased public awareness and knowledge of the program, from increased media coverage of such groups as the Nature Conservancy or other land trusts, or from the increased media attention given to issues such as open space or green space preservation in the rapidly developing metropolitan areas of North Carolina. The effect of tax credit increases is uncertain, but has been reported anecdotally, as being an important factor in the utilization of the program. The CEG survey did not include all participants in the program.

If the effectiveness of increases in the tax credit needs to be determined, additional research including all NC CTCP participants should be undertaken. For this question to be answered, participants should be surveyed on how the tax credit program affected their

participation in the program. Additionally, the amount of tax credit claimed should be determined to determine the overall cost of the program to the state.

Whether or not the NC CTCP is a success has not been answered by this study. There is participation in the program, although overall the number of acres protected is extremely small relative to the total land mass in North Carolina. The value of protecting these lands varies according to designated use and location. Previous research has assumed that conservation easements are desirable public policy. Given the vast range of ultimate uses of conservation easements, it would seem unlikely that all conservation easements are equally desirable or that all fulfill public goals. Whether or not a policy is a success can only be determined if there are appropriate standards by which a program can be measured. Before other states implement a policy similar to North Carolina's, an analysis of the costs and benefits of the program should be completed. As part of that analysis, the value of different types of easements should be estimated, at least on a relative scale of desirability. For example, the value of city greenbelts used as walking trails may be extremely high while the value of protecting forestland in a slowly developing area may be much lower. If costs and benefits can be analyzed, tax credits may be targeted to protect the most valuable or most vulnerable lands as desired by the policymakers and taxpayers of the state. A comparison of the North Carolina Conservation Tax Credit Program to programs that pay for easements, such as the Wetlands Reserve Program, Forest Legacy, and the Conservation Reserve Program should be included to determine which type of program is most effective in terms of cost, goal achievement, landowner satisfaction, and taxpayer benefits.

## **Recommendations for Agency Action**

There are many government incentives and assistance programs that promote the use of

conservation easements on privately owned land. Because such programs may be housed in different agencies such as Agriculture, Natural Resources, Forest Resources, Wildlife Resources, Soil and Water Conservation, Coastal Zone Management, Natural Heritage, or History departments, it is very difficult for land management professionals or landowners to understand and know what programs are available. A statewide committee composed of representatives from the various agencies should be established to set research priorities on conservation efforts, determine areas of overlap and to create effective landowner educational and outreach efforts.

Forestry agencies, such as the North Carolina Division of Forest Resources and North Carolina Forest Extension should consider creating model forestland conservation easements. Such models should include sample restrictions that could be used for even-aged forest management, uneven-aged forest management, salvage, regeneration, chemical use, and prescribed burning. While many landowners may wish their property to remain in a natural state, unforeseen events such as hurricanes, tornadoes, and insect and disease infestations may destroy or damage the timber. Conservation easements should contain provisions that allow for flexibility in restoring a site or timber stand if necessary. Landowners who want to continue to produce timber from their property would benefit from having restrictions that are crafted by forestry professionals who have the education and practical experience that would enable landowners to meet their goals.

Similar models should be developed for managing lands for wildlife. It is often necessary to actively manipulate vegetation in order to provide habitat for desired species. To provide optimum wildlife habitat, timber may need to be thinned to a specified basal area, prescribe burned on a periodic basis, or wildlife plots may need to be established. Wildlife agencies should take a

lead role in creating model easements that contain management provisions that can be modified to meet the landowners' goals and the land's capabilities.

## **Recommendations for NIPF Surveys**

In the process of comparing the results of the CTCP to other NIPF surveys, it became clear that many NIPF surveys landowners with less than 10 acres of forestland (Bliss et al. 1992, Birch 1996a, 1996b, 1996c, Megalos 1999). There simply is no established minimum acreage for practical forest management. Ten acres is the minimum used for this survey. While landowners can certainly practice forest management on small acreages, it is doubtful that many will. A one to five acre tract is more likely to be considered a big yard than to be considered a source for timber income for the owner. The only time timber from such small tracts is likely to enter the timber supply is when it is cleared for development, or thinned to reduce damage from storms or for aesthetic reasons.

Landowners with very small landholdings likely have different motivations and needs than larger landowners. Their opportunities for efficient forest management are different from those with larger tracts that can be economically logged and regenerated. If they chose to try to market their timber, their returns per unit of volume are likely to be much less. In many cases, when these small tracts are logged for development, the timber volume is sometimes burned or given away rather than sold. Landowners often pay to have merchantable timber removed from their homesites. There have been educational efforts to reach this population of landowners. North Carolina Extension Forestry has a publication that is geared toward these landowners, "Woodscaping Your Woodlands" (NCCES 1998). No doubt, other publications will follow and it is hoped that this group of landowners will be the focus of research so that their needs can be met.

Future surveys of NIPF landowners need to be adjusted to deal with this issue. If a survey is done to determine forest cover, it is entirely appropriate to include landowners with small tracts within the population of NIPF landowners. If a survey is to provide information on the amount of timber supply available, landowners who own less than the minimum number of acres needed for efficient timber management should be excluded. What are essentially large lots should be excluded from projections of future timber supply, as they are not likely to provide timber in the future.

### **Practical Applications**

This research gives an indication of the kind of landowners who are more likely to grant conservation easements on forestland. This information can be used to segment the population of nonindustrial private forest landowners for cost effective marketing efforts. Land trusts and public agencies that desire to obtain conservation easements on forestland would be advised to concentrate their marketing efforts on the more affluent and better educated landowners in their target area.

### **CONCLUSION: CHAPTER 2**

Conservation easements are increasingly being touted as an effective instrument for land protection. Both federal and state governments encourage the use of conservation easements through tax policy and by incentives programs. Little is known about the widespread use of conservation easements and their long-term effects. In recent years, many land trusts have become established to solicit and hold easements for various purposes and in various locations. Landowners have begun to use conservation easements as a way to protect desired attributes in

perpetuity. Because of the small number of participants in such programs to date, preliminary research has been limited. The focus of this research has been to compare North Carolina forestland conservation easement grantors with other nonindustrial private forest landowners.

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## **Appendix**

## Pre-survey Letter

Box 8003  
Raleigh, NC 29765-8003  
January 19, 1999

Dear :

Within a few days, you will be receiving a survey on conservation easements granted in North Carolina. As one of the few individuals who have granted conservation easements in North Carolina, we are asking you to help us with this project. As forest policy researchers, we are interested in finding out more about the landowners who grant conservation easements, particularly in comparison to other non-industrial private forest landowners. We also want to know more about the process of granting a conservation easement—finding a recipient organization, hiring professionals to prepare the easement, costs of easement preparation, and the effects of the easement on land management.

You may not consider your property to be forestland. For this survey, any tract over 10 acres which has tree cover is considered forestland. Even if the trees on your property will never be harvested, we still need your input, as you represent landowners who choose not to manage their forestland for timber production.

Because the number of conservation easement grantors is so small, we are surveying each individual who has granted a conservation easement on tracts which might be managed as forestland. If the property under easement is owned jointly with your spouse or with others, we are asking that each individual owner fill out the survey. This will give us as much information as possible, so that we can obtain the largest possible range of experiences and motivations for granting a conservation easement.

You will receive the survey in a few days. Please take the time to complete and return the survey. Your input is vital for this study to provide a clear picture of conservation easement grantors in North Carolina. We expect the findings to be used to evaluate public policy on conservation easements; to help conservation trusts to focus their efforts, and to inform landowners who may be interested in the Conservation Easement Program in North Carolina.

Sincerely yours,

Deborah A. Gaddis  
State Liaison Project Learning Tree

## Survey Letter

Box 8003  
Raleigh, NC 29765-8003  
January 27, 1999

Dear :

You have been asked to fill out this survey because you are a landowner who has granted a conservation easement on property in North Carolina. At North Carolina State University, we are interested in motivations and experiences of individuals who grant conservation easements on forestlands. For this survey, forestlands are defined as tracts of 10 acres or more which have tree cover. The purpose of the study is to compare conservation easement grantors in North Carolina with other non-industrial private forest landowners. We also want to create a general outline of the process of granting a conservation easement.

After the survey is completed, the summarized data and findings will form the basis of a technical article. We expect this article to be useful to forest landowners, professionals working as land managers, governmental conservation agency personnel, and non-profit conservation organizations. It may provide guidance to policy making organizations who are developing or improving their conservation easement programs.

As yet, the number of conservation easements granted on property over 10 acres in North Carolina is fairly small. We are asking that each individual who has granted an easement complete and return our survey. Even if the property is owned by a married couple or jointly owned by a group of people, the motivations and experiences in granting a conservation easement may be different. We want to understand and capture those differences for the broadest possible range of motivations and experiences in granting conservation easements.

You may be assured of complete confidentiality. The survey has an identification number so that we may check your name off the mailing list when it is returned. Your name will never be placed on the survey itself.

If you have any questions about this survey, please write, email ([gaddis@unity.ncsu.edu](mailto:gaddis@unity.ncsu.edu)), or call me at (919)-515-5518.

Thank you so very much for your assistance.

Sincerely,

Deborah A. Gaddis

## State Liaison Project Learning Tree

## North Carolina Survey of Conservation Easement Grantors

*We are surveying individuals who have granted conservation easements on forestland in North Carolina. Individual surveys have been sent to each landowner who has granted a conservation easement on his/her property, even for tracts with multiple owners such as husband/wife ownerships. Because the number of conservation easement grantors with forestland is so small, it is vital that each landowner fill out a survey, including husband/wife and other multiple ownerships. Each landowner is asked to fill out a survey based on his or her individual preferences and experiences.*

*Your responses will be used only for statistical purposes and your individual answers will remain strictly confidential. An identification number on the cover of survey lets us remove your name from the mailing list when the questionnaire is returned. The mailing list will be destroyed when the survey is completed.*

*Please answer all questions to the best of your ability. If you need additional space to expand on any of your answers, use the space at the end of the questionnaire. We greatly appreciate your assistance in helping us understand more about conservation easements.*

### **Part 1: Land Ownership**

**1. How much land do you own?**

Total acres \_\_\_\_\_

Forestland acres within the total number of acres, including idle fields with young trees  
\_\_\_\_\_

**(If none of your land is forested, including your land under conservation easement, please stop here and return the survey)**

**2. How many individual tracts or parcels of forestland do you now own, including the property you have placed under a conservation easement?**

Number of tracts \_\_\_\_\_

**3. In what year did you first acquire forestland? (Whether or not you still own the first tract you acquired.)**

Year: \_\_\_\_\_

**4. How did you acquire the majority of your forestland? (Please check all that apply)**

Purchase \_\_\_\_\_ Inheritance \_\_\_\_\_ Gift \_\_\_\_\_

Other—please specify \_\_\_\_\_

**5. How much land have you placed under a conservation easement?**

Acres \_\_\_\_\_

**6. What is the approximate road mileage from your primary residence to your nearest and farthest tract of forestland? (For businesses or organizations consider nearest place of business to nearest and farthest tract of forestland)**

Miles to the nearest tract (zero if you live on the tract): \_\_\_\_\_

Miles to the farthest tract: \_\_\_\_\_

**7. In which of the following ownership categories is the major portion of your forestland? (Please check only one)**

\_\_\_\_\_ Individual (including joint husband/wife and family ownerships other than family corporations) **(If you check this response, please skip to question 9)**

\_\_\_\_\_ Partnership

\_\_\_\_\_ Corporate

\_\_\_\_\_ Club or association

\_\_\_\_\_ Other—please specify \_\_\_\_\_

**8. If your ownership has a business or association with it, what is the nature of the organization? (Please check only one)**

\_\_\_\_\_ Forest Industry (sawmill, pulpmill, etc.)

\_\_\_\_\_ Farm

\_\_\_\_\_ Industrial business (manufacturing, mineral extraction, etc.)

\_\_\_\_\_ Real estate

\_\_\_\_\_ Non-industrial business (retail, sales, service industry, etc.)

\_\_\_\_\_ Sport/recreation club or association

\_\_\_\_\_ Public utility

\_\_\_\_\_ Other, please specify: \_\_\_\_\_

**9. Why do you own forestland? (Please circle the appropriate response for each reason)**

	Unimportant	Somewhat important	Neutral	Important	Extremely Important
Land investment—hope to sell all or most of my forestland at a profit	1	2	3	4	5
Recreation—hunting, camping, fishing, birdwatching, etc.	1	2	3	4	5
Wildlife habitat protection	1	2	3	4	5
Timber production—growing timber or other forest products for sale	1	2	3	4	5
Farm or domestic use—using the woods as a source of timber for my own use, e.g., firewood, fence posts, etc.	1	2	3	4	5
Enjoyment of owning “green or open space”	1	2	3	4	5
Part of the farm (forestland is the untillable part of the farm and serves no useful function in the farm operation)	1	2	3	4	5
Forestland is part of my homesite	1	2	3	4	5
For an estate to pass on to my heirs	1	2	3	4	5
Other—please specify_____	1	2	3	4	5

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**10. Have trees been harvested from your land, either by you personally or by someone else, during the time you have owned your forestland?**

No \_\_\_\_\_ (Please skip to question 11)

Yes \_\_\_\_\_

**What is the year of the most recent harvest?** \_\_\_\_\_

**During the harvest, what products were produced? (Check all that apply)**

- \_\_\_\_\_ Firewood for your own use or for the use of friends
- \_\_\_\_\_ Other products for personal use (fence posts, lumber, etc.)
- \_\_\_\_\_ Firewood for sale
- \_\_\_\_\_ Sawlogs for sale
- \_\_\_\_\_ Pulpwood for sale
- \_\_\_\_\_ Christmas trees for sale
- \_\_\_\_\_ Other products—please specify:
- \_\_\_\_\_ I don't know what products were harvested

**11. Have you ever sought professional advice or assistance in managing your forestland?**

Yes \_\_\_\_\_

No \_\_\_\_\_ (Please go to question 13)

**12. What office, agency, or individual are you most likely to contact for forestry help or advice? (Please check all that apply)**

- \_\_\_\_\_ Private consulting forester or wildlife biologist
- \_\_\_\_\_ Industrial forester
- \_\_\_\_\_ North Carolina Forest Service
- \_\_\_\_\_ North Carolina Wildlife Resource Commission
- \_\_\_\_\_ Cooperative Extension Service (formerly the Ag Extension Service)
- \_\_\_\_\_ Natural Resources Conservation Service (formerly the Soil Conservation Service)
- \_\_\_\_\_ Other—please specify
- \_\_\_\_\_ I don't know

**13. Every landowner has priorities for using their forestland. We are interested in knowing what were your priorities *before* you granted the conservation easement on your forestland. Please circle the numbers corresponding to your management priorities *before* you granted the easement.**

	Lowest priority	Low priority	Moderate priority	High priority	Highest priority
Return on investment	1	2	3	4	5
Recreation (hunting, fishing, hiking, etc.)	1	2	3	4	5
Providing wildlife habitat	1	2	3	4	5
Timber production	1	2	3	4	5
Farm or domestic use—firewood, fence posts, cattle grazing	1	2	3	4	5
Protect green space or open space for the good of society	1	2	3	4	5
Having a home in a natural area	1	2	3	4	5
Keeping the land in family ownership	1	2	3	4	5
Other—please specify _____	1	2	3	4	5

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## Part 2. Conservation Easements

*This section refers contains questions about conservation easements you have granted. If you have granted more than one conservation easement, please answer the questions based on your most recent easement experience.*

**14. People have many different priorities for granting a conservation easement. Why did you place your land under a conservation easement? (Please circle the appropriate response)**

	Lowest priority	Low priority	Moderate priority	High priority	Highest priority
Income or estate tax advantages	1	2	3	4	5
North Carolina's Conservation Tax Credit	1	2	3	4	5
Maintain natural recreation opportunities for myself or for the public	1	2	3	4	5
Maintain farm use in developing area	1	2	3	4	5
Protect wildlife habitat	1	2	3	4	5
Maintain commercial forest use in developing area	1	2	3	4	5
Protect land from development	1	2	3	4	5
Protect "green space" or natural areas	1	2	3	4	5
Protect wildlife habitat	1	2	3	4	5
Keep land in family ownership	1	2	3	4	5
Keep heirs from changing land use	1	2	3	4	5
Land is owned by several people and we want to maintain current land use when individual ownerships change hands	1	2	3	4	5
Other—please specify_____	1	2	3	4	5
_____					
_____					
_____					

**15. What were the important factors in selecting the organization to receive your conservation easement? (Please circle the appropriate response)**

	Unimportant	Somewhat important	Neutral	Important	Extremely Important
The organization requested an easement	1	2	3	4	5
Neighbors had donated an easement to this organization	1	2	3	4	5
Organization is active in the same area as my property	1	2	3	4	5
Media coverage of organization	1	2	3	4	5
Reputation of the organization	1	2	3	4	5
Recipient organization and I have similar goals	1	2	3	4	5
Other—please specify_____	1	2	3	4	5

**16. Which of these professionals were used to create and grant your conservation easement? (Please check all that apply)**

- \_\_\_\_\_ Accountant
- \_\_\_\_\_ Appraiser
- \_\_\_\_\_ Conservation easement planning professional
- \_\_\_\_\_ Estate planner
- \_\_\_\_\_ Forester
- \_\_\_\_\_ Lawyer
- \_\_\_\_\_ Surveyor
- \_\_\_\_\_ Wildlife biologist
- \_\_\_\_\_ Staff of recipient agency
- \_\_\_\_\_ Other—please specify\_\_\_\_\_

**17. Please estimate the costs incurred by you to develop and grant the conservation easement to the nearest \$100. (Please fill in all that apply)**

Type of Service	Estimated Cost to the nearest \$100 which were paid by you	If recipient agency paid these costs, please check this box
Accountant	_____	_____
Appraisal	_____	_____
Conservation biologist	_____	_____
Endowment for land trust	_____	_____
Estate planner	_____	_____
Forester	_____	_____
Lawyer	_____	_____
Surveyor	_____	_____
Wildlife biologist	_____	_____
Other—please specify _____		

**18. Does the conservation easement place any restrictions on timber harvesting? (Please check those that apply)**

- \_\_\_\_\_ No restrictions on timber harvesting
- \_\_\_\_\_ No timber harvesting permitted
- \_\_\_\_\_ Timber harvesting allowed only within limits of approved management plan
- \_\_\_\_\_ Only selective harvesting allowed
- \_\_\_\_\_ Only salvage of diseased or dead trees allowed
- \_\_\_\_\_ Other—please specify \_\_\_\_\_

**19. Do you plan to cut or harvest trees for *personal* use (firewood, fence posts, etc.) from your property which has been placed under a conservation easement?**

No \_\_\_\_\_ (Please go to question 20)

Yes \_\_\_\_\_

**When?**

In the next 10 years \_\_\_\_\_

Possibly at some future date \_\_\_\_\_

**20. Do you plan to cut or harvest trees for *sale* from your forestland which has been placed under a conservation easement?**

No \_\_\_\_\_ (Please go to question 21)

Yes \_\_\_\_\_

**When?**

In the next 10 years \_\_\_\_\_

Possibly at some future date \_\_\_\_\_

**21. Is there a written conservation, forestry, stewardship, or wildlife management plan for your forestland?**

No \_\_\_\_\_ (Please go to question 22)

Yes \_\_\_\_\_

**Who prepared the plan? (Please check one)**

\_\_\_\_\_ I prepared the plan

\_\_\_\_\_ Recipient organization prepared the plan

\_\_\_\_\_ Other—please specify \_\_\_\_\_

**22. The following are potential benefits which you may receive from your land under easement during the next 10 years? (Please circle the appropriate numbers)**

	Lowest priority	Low priority	Moderate priority	High priority	Highest priority
Return on investment	1	2	3	4	5
Recreation (hunting, hiking, etc.)	1	2	3	4	5
Owning and protecting wildlife habitat	1	2	3	4	5
Timber production	1	2	3	4	5
Farm or domestic use—firewood, fence posts, cattle grazing	1	2	3	4	5
Owning and protecting green space or open space	1	2	3	4	5
Having a home in a natural area	1	2	3	4	5
Keeping the land in family ownership	1	2	3	4	5
Other—please specify _____	1	2	3	4	5



### **Part 3. Demographics**

*The following questions are asked to insure proper classification to questions 1 through 24 by categories such as age, occupation, and income. These questions help us to understand what segments of the population are most likely to grant conservation easements. Again, answers are strictly confidential and only statistical tabulations are published. No information that could identify you as an individual is ever published.*

*Please be as accurate as possible.*

**25. What is your gender? (Please check one)**

\_\_\_\_\_ Female

\_\_\_\_\_ Male

**26. Please specify the gender of the landowner(s) primarily responsible for making the management decisions regarding your property**

\_\_\_\_\_ Female

\_\_\_\_\_ Male

\_\_\_\_\_ Female/Male together

**27. Please describe where you live. (Please check one)**

\_\_\_\_\_ Rural Area (Township or unincorporated)

\_\_\_\_\_ Town (Population less than 10,000)

\_\_\_\_\_ Urban (Population greater than 10,000)

\_\_\_\_\_ Suburb (adjacent to an urban area)

**28. What is your age? (Please check one)**

\_\_\_\_\_ Under 25

\_\_\_\_\_ 25-34

\_\_\_\_\_ 35-44

\_\_\_\_\_ 45-54

\_\_\_\_\_ 55-64

\_\_\_\_\_ 65 and over

**29. What is your primary occupation? (Please check one)**

- \_\_\_\_\_ Agriculture, forestry, or fishing
- \_\_\_\_\_ Mining
- \_\_\_\_\_ Construction
- \_\_\_\_\_ Manufacturing
- \_\_\_\_\_ Transportation, communications, or utilities
- \_\_\_\_\_ Wholesale trade
- \_\_\_\_\_ Retail trade
- \_\_\_\_\_ Finance, insurance, or real estate services
- \_\_\_\_\_ Public administration, education, government
- \_\_\_\_\_ Managerial or professional
- \_\_\_\_\_ Retired

**30. What is your education level? (Please check one)**

- \_\_\_\_\_ Less than high school
- \_\_\_\_\_ High school graduate
- \_\_\_\_\_ Associate degree
- \_\_\_\_\_ Bachelor's degree
- \_\_\_\_\_ Post graduate work

**31. What is your best estimate of your total household income, from all sources in 1998, before taxes? (If married, please use your joint income) Please check one.**

- |                            |                              |
|----------------------------|------------------------------|
| _____ Less than \$19,999   | _____ \$70,000 to \$100,000  |
| _____ \$20,000 to \$29,999 | _____ \$100,000 to \$124,999 |
| _____ \$30,000 to \$39,999 | _____ \$125,000 to \$149,999 |
| _____ \$40,000 to \$49,999 | _____ \$150,000 to \$174,999 |
| _____ \$50,000 to \$59,999 | _____ \$175,000 to \$199,999 |
| _____ \$60,000 to \$69,999 | _____ \$200,000 and up       |

*Thank you for taking the time to fill out this questionnaire. If you have any comments on this questionnaire or on the conservation easement process, please write them below. We would welcome your insights about conservation easements and private landowners.*

*If you would like a copy of the summarized results, please fill out the form in the survey. You may return it to us with the completed survey or mail the form to:*

*Deborah Gaddis*

*Campus Box 8003*

*Raleigh, NC 27695-8003.*