

Upholding Our Commitment to the Land...



A Stewardship Guide for Conservation Easement Landowners

updated Spring, 2004



provided by the
LITTLE TRAVERSE CONSERVANCY

Little Traverse Conservancy, Inc.
3264 Powell Road
Harbor Springs, MI 49740
(231) 347-0991
www.landtrust.org

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The purpose of the Little Traverse Conservancy is to protect the natural diversity and beauty of northern Michigan by preserving significant land and scenic areas, and fostering appreciation and understanding of the environment.

Our work is made possible by donations to both general operations and specific projects. Gifts of cash, stocks, real property, and bequests are all welcome, and are tax-deductible.

Little Traverse Conservancy
3264 Powell Road
Harbor Springs, MI 49740
(231) 347-0991
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Mackinac County

MSU Cooperative Extension
100 S. Marley St.
St. Ignace, MI 49781
(906) 643-7303
mackinac@msue.msu.edu

Natural Resources
Conservation Service
www.nrcs.usda.gov

local offices:

*(serving Charlevoix and
Emmet Counties)*

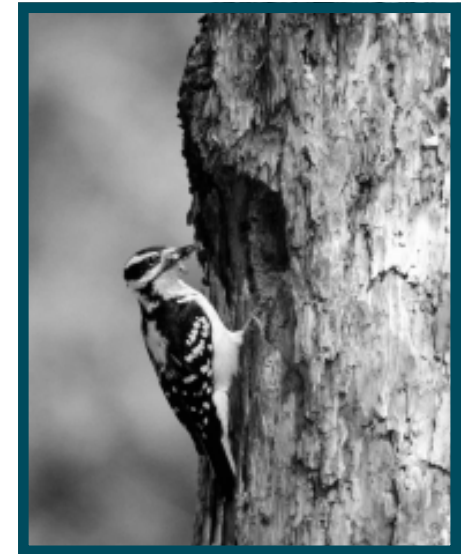
Petoskey Service Center
2235 E. Mitchell Rd.
Petoskey, MI 49770
(231) 347-2133 ext. 3

(serving Cheboygan County)

Onaway Service Center
4050 Michigan Ave.
Onaway, MI 49765
(517) 733-8323

*For information relating
specifically to wetlands and other
aquatic habitats, contact:*

Tip of the Mitt
Watershed Council
426 Bay Street
Petoskey, MI 49770
(231) 347-1181
www.watershedcouncil.org



*For information on creating and
implementing management plans for
properties in ecological corridors within
Charlevoix and Emmet counties, contact:*

Conservation Resource Alliance
attn. Wild-Link Program
Grandview Plaza Building
10850 Traverse Highway
Suite 1111
Traverse City, MI 49684
(231) 946-6817
www.rivercare.org
email: cra@traverse.com

Exercising Reserved Rights

Rights may be reserved by the landowner to allow a certain amount of development or activity on the easement property. In some cases, prior consent by the Conservancy is required **before** the landowner has a structure built or executes other reserved rights. When prior consent is required, it is very important that the landowner notifies the Little Traverse Conservancy and submits plans in advance of the activity. If the activity is in compliance with the conservation easement, then a written approval will be sent to the landowner. If it is not in compliance, the landowner will be notified and alternate plans must be submitted. The Conservancy is more than willing to work with a landowner to ensure the activity is appropriate. All exercised reserved rights are photographed, documented, and kept in a permanent file.

Change in Ownership

As time passes, more and more conservation easement properties will change ownership. In order to provide continuity and ensure the best safeguards for the conservation easement the donors placed on their land, landowners conveying their property should inform the Conservancy that their easement property has been sold and provide the names of the new owners. The baseline documentation report should be transferred to the new landowners as well.

It is very important that prospective or new landowners of property with a conservation easement already in place are fully aware of the easement, what it means, its restrictions, and the Conservancy's monitoring procedure. When the new landowners are identified, the Little Traverse Conservancy will contact them, introduce the organization, make certain the conservation easement is understood, explain our stewardship program, and answer any questions the new owners may have.

Establishing contact quickly with new landowners will help minimize potential problems and future violations, ensuring continued protection of the natural resources the original donor and Conservancy so carefully planned.

Funding

Accepting conservation easements on property is a long-term commitment. It requires the professional and financial ability to ensure continued protection of the natural resources easements are designed to protect. Creating baseline documentation reports, visiting each conservation easement at least annually, writing and sending reports, and documenting changes in easements all require staff time, office and field equipment and the funds to support such work.

The Little Traverse Conservancy has established an endowment fund to ensure the financial ability to manage, monitor, and enforce its conservation easements. Landowners are encouraged to contribute to this endowment fund to help ensure the Conservancy's financial viability for the long-term stewardship of every easement property. While an endowment contribution is not required in order to place an easement on a property, a contribution based on ability is highly appreciated. Endowment contributions can be made at the time the easement is donated, or an amount can be pledged and paid over a period of years. Donors can also make contributions to the Conservancy's endowment fund in their will.



Conservation Easement Newsletter

A newsletter is sent to all conservation easement landowners annually. This newsletter is a means to keep landowners updated on monitoring and other easement stewardship activities and issues. It is intended to promote communication between the Conservancy and landowners, enhancing the stewardship program and minimizing chances for violations.

Property Taxes and Conservation Easements

One of the most commonly asked questions regarding owning land restricted by a conservation easement is, “How will the conservation easement affect my property taxes?”

The answer is a definitive . . . “It depends.”

Generally, the understanding is that the conservation easement diminishes the fair market value of the land and therefore *should* reduce the taxable value of the property. In the State of Michigan there is no exact formula for reducing taxes on conservation easement lands. However, the State Tax Tribunal has ruled that assessors must consider the diminution in value afforded by a conservation easement on a parcel of land. Furthermore, the common “before and after” appraisal approach utilized to establish the donative value of a conservation easement is the appropriate methodology to establish the value of the land *after* an easement is placed on it.

How this relates to any one person’s property taxes will depend on several factors. We must consider that Proposal A, which passed in 1994, puts a property tax cap on the taxable value of property so long as the same owners continue to own the property. If the property changes hands, the taxable value is “uncapped” and will reflect the current value of the property. Land values in northern Michigan have increased dramatically since 1994, but the taxable value upon which we pay property taxes has been capped at the rate of inflation. It is not uncommon to have a situation where the family is paying taxes on a value *well* below the true fair market value of the property.



Monitoring

Monitoring is critical to the continued protection of the natural resources safeguarded by the conservation easement. Monitoring establishes a record of responsible stewardship, detects violations early, and maintains Conservancy and landowner relations. It requires staff to visit each easement property, observe the boundaries and interior of the easement property, and document any changes. Little Traverse Conservancy monitors conservation easements at least annually utilizing both ground and aerial monitoring methods. The monitoring method used depends on the size and location of the easement and whether or not reserved rights have been exercised on the property since the last monitoring visit. The larger and more remote easements that are typically aerial monitored must be ground monitored periodically.

Monitoring typically takes place in the spring or fall. Little Traverse Conservancy notifies easement landowners by mail well before the monitoring visit. Landowners are welcome to accompany staff on monitoring visits, except during aerial monitoring (we all wouldn’t fit in the plane!). Conservation Easement monitoring reports are prepared and kept in a permanent file as part of a continuous record of easement properties.

Baseline Documentation

A baseline documentation report is created for every conservation easement. This document records the physical condition of the land at the time of the easement donation, as well as any man-made structures. It includes a written location, description, maps, photos, and other relevant information. The baseline provides a foundation for future monitoring and documentation in the event of a violation. As owners exercise reserved rights, or as other changes to the property occur, the Conservancy will add descriptions and photos to provide a continual record of the changes to the easement.

Although IRS regulations designate that donors are responsible for providing baseline information, the baseline documentation report is typically compiled by the Conservancy staff because they have the resources and expertise to provide such information. The donor and executive director of the Conservancy both sign the document to verify the accuracy of the information. Both the Conservancy and the donor receive an original copy of the baseline.



Boundaries

Establishing the boundary location of a conservation easement property and associated building envelopes, if any, is essential to ensuring that all parties understand the land area covered by an easement. Identifying boundary locations is also critical for preparing the baseline report and for annual monitoring purposes.

The Little Traverse Conservancy utilizes maps, field visits, aerial photos, compass, and GPS for locating easement boundaries. Marking the boundaries facilitates easement monitoring and readily allows current and subsequent landowners - and neighbors - to know where the easement borders are. Landowners are encouraged to mark the perimeter, if possible, or at least the corners of their easement property with a durable marker. We are happy to offer recommendations on how to do this most effectively.



So for a family who has owned their land for a period of several years, and then donates an easement, the property taxes may not change at all. That is, the true market value of the land after an easement is placed on it may be higher than what the family is paying taxes on (taxable value).

For a person purchasing land, they must remember to take into account that the taxable value will be “uncapped” upon purchase. The assessor will value the property at its current fair market value (of which one of the considerations is purchase price). One assumes that the reduction in value due to restrictions on the property would customarily be reflected in the purchase price.

Landowners and potential buyers are encouraged to talk with the local assessor to determine what effect, if any, a conservation easement may have on property taxes. This brochure was updated in 2004 and any changes to the property tax laws since that time may have an effect on property taxes for conservation easement owners.

There are a multitude of things you can do on your protected land to encourage wildlife or to return the land to a more primitive state. The following are just a few of the resources that may be helpful to you:

Local governmental sources:

(Note: Each MSU Cooperative Extension Service office has a variety of service specialists on staff. For more specific information on a particular office, visit www.msue.msu.edu.)

Charlevoix County

MSU Cooperative Extension
319B N. Lake St.
Boyne City, MI 49712
(231) 582-6232
charlevo@msue.msu.edu

Soil & Water Conservation District
303 North Street
Boyne City, MI 49712
(231) 582-6193 or (231) 582-7341
www.charlevoixcounty.org/cd.asp

Cheboygan County

MSU Cooperative Extension Service
P.O. Box 70
Cheboygan, MI 49721
(231) 627-8815
cheboyga@msue.msu.edu

Soil Conservation District
825 S. Huron St. #2
Cheboygan, MI 49721
(231) 627-3383

Chippewa County

Soil Conservation District
2769 Ashmun St.
Sault Ste. Marie, MI 49783
(906) 635-1278

MSU Cooperative Extension
300 Court St.
Sault Ste. Marie, MI 49783
(906) 635-6368
chippewa@msue.msu.edu

Emmet County

Conservation District
438 E. Lake St.
Petoskey, MI 49770
(231) 348-0605

MSU Cooperative Extension Service
3434 Harbor-Petoskey Rd.
Harbor Springs, MI 49740
(231) 348-1770
emmet@msue.msu.edu



The Conservation Easement Program

In 1986, the Little Traverse Conservancy initiated its Conservation Easement Program to offer an additional land protection option to landowners in northern Michigan. Since that time, thousands of acres of northern Michigan lands have been protected utilizing this land protection tool. Scenic views, lakeshore, sand dunes, valuable wetlands, agricultural land, threatened and endangered species, wildlife habitat, and other significant natural areas are forever protected for future generations, thanks to conservation easements.

Protection begins with the signing and recording of the easement, but continues long beyond. A continual relationship must be maintained with the landowners, and a number of activities must occur to ensure compliance of the easement's terms. The Conservancy regularly monitors the easement to document changes to the easement property, and stewardship records for each easement are retained. The landowner's role involves reviewing and signing a baseline documentation of the property, reviewing and signing monitoring reports, and – in some cases – contacting the Conservancy prior to exercising reserved rights.

This brochure explains these activities and other aspects of conservation easement stewardship for landowners.

