



## A Summary of Land Conservation Options For Landowners in the Puget Sound Area

### **Cascade Land Conservancy**

Cascade Land Conservancy (CLC) is a private, entrepreneurial nonprofit land trust working to protect important landscapes and key parcels of wild and open land to sustain the natural beauty of our region. CLC is uniquely positioned in the conservation community, known for our willingness to take bold steps in partnership with public and private organizations, to address the community's desire for a healthy environment. To date, Cascade Land Conservancy has conserved 130,000 acres of land; we're currently negotiating to protect many hundreds of thousands more.

### **Why should I conserve my land?**

Landowners play a vital role in the conservation of the diverse natural landscapes that define our region. The preservation of key natural and recreational areas by landowners is critical to the overall effort to conserve the natural heritage and beauty of the Pacific Northwest. Although you value and take care of your land, there is no guarantee that future landowners will protect it in the same way. You can take steps now to ensure the preservation of your property. By conserving land you are helping to pass on a legacy to our children, providing the opportunity for future generations to experience the natural lands that are essential to our regional quality of life. State and Federal governments also recognize the public value of conservation and may provide landowners with tax incentives for conserving land.

There are numerous options available to you, from land donations to ways in which you can retain ownership of the land and continue to live on your property. Please contact us with any questions or ideas on how to choose the best conservation plan for you, your family or other partners in conservation.

### **What are the steps to conserving my land?**

#### **STEP ONE: What are my goals?**

The process starts by asking yourself questions which will help you decide which conservation option is best for you.

- (1) What is your vision for your land? Picture the land in fifty years, what does it look like? Who owns it?
- (2) Given your personal and financial situation, what benefits would you like to see come from conserving your land? Do you want to pass the land on to a friend or family member? Is income or estate tax a concern? Are current land taxes an issue?

#### **STEP TWO: What are my options?**

There are many different conservation options available and often a combination of tools might be utilized to fit your needs. A brief summary of commonly used conservation tools is provided below. Additional information is available through our website: [www.cascadeland.org](http://www.cascadeland.org).

#### ***Donating Land***

An outright land donation to a qualified charitable organization such as Cascade Land Conservancy is a relatively simple transaction and is one of the finest legacies a person can give to future generations. Through this process your property title is donated directly to the organization. If you do not wish to own the land and are interested in maximizing tax benefits, donation of land is typically the best option. This option is especially attractive to landowners:

- who would like to be relieved of the responsibility of managing and caring for land that they otherwise treasure;
- whose land has significant conservation values and no heir is available to protect the land;
- who own highly appreciated property which if sold would result in large capital gains taxes;
- who have substantial real estate holdings and wish to reduce estate tax burdens.

*Can I donate my land and continue to live on it?* Yes! There are many creative ways in which you can achieve both of these goals. One way is to donate your land to a land trust with a remainder interest with a reserved life estate, meaning that the landowner and other named persons can continue to live on the donated property during their lifetimes. Land can also be donated by will, allowing the owners full use of the property during their lifetime, reducing the estate tax burdens faced by heirs, and assuring that the conservation values of the property are protected for future generations.

#### ***Conservation Easements***

A conservation easement is a legal agreement between a landowner and a qualified conservation organization or government agency that permanently limits a property's uses in order to protect its conservation values. Certain rights, which a landowner

holds by owning a property, are granted to the conservation organization through the conservation easement. For example, in a conservation easement, a landowner may forever reduce the number of homes that can be built on a property or may prohibit logging in order to permanently preserve forests for wildlife habitat. The extent and nature of the restrictions are based on the conservation goals of the landowner in combination with the goals of the conservation organization. Easements permanently protect the land, binding future landowners. The conservation organization or government agency owning the conservation easement is responsible for enforcing the easement's restrictions. However, these organizations cannot accept an easement if it does not meet specific conservation standards. Conservation easements can be donated outright or in a will or can be sold.

Conservation easements offer several advantages. The landowner retains ownership of the property and may live on it, sell it or pass it on to heirs. Easements are flexible, and so can be written to meet a landowner's needs while protecting the property. They can lower federal income and estate taxes and in some cases local property taxes. However, a qualified appraisal of the before and after value of the land must be performed when determining tax reductions, and the easement must meet IRS standards for "qualified conservation contributions".

**Stewardship Endowment:** As you know, being a landowner comes with a number of responsibilities and we take these responsibilities seriously. In order to insure the maintenance and preservation of your land forever we typically require a **Stewardship Endowment** when you donate land or enter into a conservation easement. This endowment provides for the restoration and monitoring of your land. Some property may be eligible for certain grant programs, with which we can provide assistance, but in general the landowner is responsible for financing the endowment.

### ***Selling Land***

Often landowners want to see their land protected but also have financial needs. Selling land usually provides the greatest financial gain for landowners, but is the most difficult to achieve. As a non-profit organization, we must rely on competitive grants and donations to secure funding for the purchase of land at fair market value. Frequently only properties with exceptional conservation or recreational value are eligible for grants. A landowner offering a bargain sale (that is, less than fair market value) to a land trust or government agency increases the chance that the conservation organization can obtain the funds for the transaction. In addition, tax savings realized by the seller may partially offset the financial sacrifice of a bargain sale. The difference between the appraised market value and the sale price to a qualified non-profit group or government agency may be considered a tax-deductible charitable contribution. Landowners may also offer an option to purchase, under which the buyer and seller agree to a specific sale price and terms, giving the conservation organization a specific time period to raise the necessary funds. Landowners may also offer a right of first refusal, giving a conservation organization a specific period of time to match any bona fide offer from another purchaser.

Below you will find a chart identifying the various points to consider when choosing a conservation strategy.

<b>CONSERVATION STRATEGY</b>	<b>Benefits</b>	<b>Considerations</b>
<i>Donating Land</i>	<ul style="list-style-type: none"> <li>- relief from ownership and management responsibilities</li> <li>- may provide substantial income, capital gains and estate tax incentives</li> </ul>	<ul style="list-style-type: none"> <li>- relinquish land rights</li> </ul>
<i>Selling Land</i>	<ul style="list-style-type: none"> <li>- relief from ownership and management responsibilities</li> <li>- financial returns from sale</li> <li>- if a bargain sale, possible charitable income tax deduction</li> </ul>	<ul style="list-style-type: none"> <li>- requires CLC to raise substantial funds/apply for competitive grants for which only the most exceptional properties will be eligible</li> </ul>
<i>Conservation Easement</i>	<ul style="list-style-type: none"> <li>- landowner retains ownership</li> <li>- can be written to meet landowner's needs</li> <li>- may lower federal income, estate and sometimes local property taxes</li> </ul>	<ul style="list-style-type: none"> <li>- loss of some land rights</li> <li>- future owners bound to the terms of the easement</li> </ul>

### **STEP THREE: How do I make the right choice?**

Take time to carefully consider your options and consult your financial and legal advisors. Whatever conservation tool you choose (easement, donation or sale), you should be aware of federal income tax deduction limits. Cascade Land Conservancy is available to assist you in designing an appropriate conservation plan.

Thank you for considering making a commitment to land conservation and helping to preserve the natural beauty of our region. For more information, contact: **Cascade Land Conservancy** at 206-292-5907, or our website at [www.cascadeland.org](http://www.cascadeland.org)