

Landowner Information for Conservation Easements

The involvement of landowners is crucial to our mission of conserving and caring for the diverse wildlands, farms, and ranches of the Central Coast. Conservation easements are a way for The Land Conservancy of SLO County (LCSLO) to partner with landowners to protect open spaces and agricultural lands. Under these agreements, the landowner maintains private ownership and management of their property. Conservation easements are voluntary agreements between a landowner and LCSLO that permanently protect the property's important conservation values such as its agricultural use, scenic beauty, and wildlife habitat. LCSLO works with landowners to tailor these agreements to the current and future needs of the land and the landowner. Every property is different, and every landowner has different goals, so there is no "one size fits all" conservation easement.

When determining if a property would be a good fit for a conservation easement, LCSLO considers the following criteria. The conservation easement must:

- Protect land that supports **agriculture, open space, wildlife habitat, clean water, and/or other important resources.**
- Be an opportunity that LCSLO believes can achieve both the goals of the landowner and our organization.
- Be supported with sufficient resources to fulfill all **stewardship** responsibilities (i.e. monitoring and enforcement) that are associated with **upholding the conservation easement in perpetuity.**

The property must be located in **San Luis Obispo County**, be contiguous with a property that is primarily located within the County or be part of a distinct ecosystem within the County.

Conservation Easement FAQs

We're excited to hear you're interested in a conservation easement! Our staff would be happy to discuss your unique property and situation and, if appropriate, arrange a site visit. Please email info@lcslo.org or call (805) 544-9096.

How does The Land Conservancy acquire an easement?

LCSLO may purchase conservation easements from landowners if sufficient funding is available. Funding for the purchase of a conservation easement typically comes from Federal, State, and local grant programs. These programs award funds through a competitive application process and the program goals must be compatible with the landowner's current land uses and future goals for the property. If some or all of the easement value is to be purchased, it may take several months to a few years for LCSLO to identify appropriate funding sources and there is no guarantee grant funds can be secured.

In some cases, a landowner may choose to donate the value of a conservation easement in full or in part. When funding for an easement may be difficult to obtain through grant programs, an easement donation could be the best way for a landowner to ensure that their property will be protected forever. Landowners may also consider donating a portion of the easement value if only partial funding for the fair market value of the easement can be secured through grants.

Landowners should discuss any tax considerations relating to the sale or donation of a conservation easement with a qualified tax advisor.

How does a conservation easement affect property rights?

When a landowner places land into a conservation easement, they retain the title to the property and all rights of ownership that are not restricted by the easement. For example, the rights to sell the property, lease the land, leave it to heirs, and the right to privacy are retained by the landowner. The easement is essentially a list of conditions placed on other rights associated with property ownership that LCSLO and the landowner agree are necessary to protect the conservation values of the property in perpetuity. The easement may limit or prohibit the right to subdivide and develop the property, to engage in land uses that would cause significant soil erosion, or to use the property for heavy industrial purposes; but keep in mind that no two easements are the same. LCSLO will work with landowners to ensure that the conservation easement meets the full range of needs for each individual property.

Can working farms and ranches be placed in a conservation easement?

Yes! Protecting the farms and ranches of SLO County is as important as ever, and an integral part of our mission. Most conservation easements allow for continued farming or ranching while limiting future development of the property and restricting certain activities that could harm the land.

Does a conservation easement cover the entire property?

In most cases the conservation easement covers the entire property, but a landowner may wish to exclude specific areas. LCSLO will work with landowners to identify any areas of the property that might be appropriate to exclude from the easement.

How long does an easement last?

A conservation easement “runs with the land,” meaning it will remain in place even if the property changes ownership. The easement is recorded with the county, binding the original owner and subsequent owners to the easement’s restrictions. In short, it lasts forever!

How does a conservation easement affect property value?

Conservation easements reduce the fair market value of the property by restricting certain property rights. This can help a family pass land to the next generation without the need to subdivide and/or develop it to pay the inheritance taxes. Properties with conservation easements typically still have significant value and are generally not prohibited from being used as collateral for future borrowing.

How is the monetary value of an easement determined?

To determine the value of a conservation easement, a qualified, credentialed third-party appraisal is always used. The value of the easement is the difference between the fair market value of the property prior to the easement, and the fair market value of the property after the easement is in place. This is referred to as the “before and after” approach to valuation. The “after” value reflects the appraiser’s opinion of the property’s fair market value with the restricted rights (from the implementation of the conservation easement) in place.

Does a conservation easement affect borrowing power?

The easement itself generally does not prohibit use of the property as collateral for borrowing; and the property may still have significant value even with a conservation easement. However, the easement may require the landowner to provide notice and/or obtain approval from LCSLO and any funding partners prior to using the property as collateral for borrowing.

Is my mortgage affected by a conservation easement?

Yes. There are two options available to handle any mortgage, deed of trust, or other monetary lien on the property prior to completing a conservation easement. A landowner may choose to pay off the entire balance of the loan prior to recording the easement. This can be done in escrow for the easement transaction, or at any time prior. Alternatively, the lender may allow the loan to be subordinated to the easement prior to closing escrow. Landowners considering subordination should talk to their lender well in advance of placing an easement on the property to determine what, if any, requirements they may have for that agreement.

How will a conservation easement affect my taxes?

Conservation easements may affect each landowner's tax situation differently. Because a conservation easement will typically reduce the fair market value of the land, property taxes may also be reduced. Landowners should seek the advice of a qualified tax advisor to determine specific tax consequences for the donation or sale of an easement.

Do landowners need an attorney to place a conservation easement on their property?

Placing a conservation easement on your property can have significant land use and tax implications. LCSLO strongly encourages landowners to have qualified legal counsel throughout the easement process.

What are the costs associated with drafting and perpetual stewardship of a conservation easement project?

Costs associated with the development of a conservation easement can vary and depend on factors such as the timing and complexity of the project. LCSLO shares in these costs by providing significant staff time related to activities such as the preparation of funding proposals, title and appraisal reviews, easement drafting, and project mapping. Potential costs for the landowner include but may not be limited to: all or part of the appraisal cost, the landowner's attorney fees, the Stewardship Endowment, and the Transaction Contribution to LCSLO to help our organization continue to conserve San Luis Obispo County's most important places. The stewardship endowment for each easement is calculated based on LCSLO's expected costs to monitor and uphold the conservation easement in perpetuity and the transaction contribution is typically 3% of the easement value or \$10,000, whichever is greater. See the Schedule of Conservation Easement Costs document for more details on potential costs and how they are determined.

How is the conservation easement monitored?

LCSLO has a legal responsibility to ensure that the terms and conditions of the conservation easement are upheld in perpetuity. LCSLO staff will conduct an annual monitoring visit to the property to identify any significant changes in the condition of the land and confirm that the property's conservation values are still being protected. These planned visits provide an opportunity for LCSLO staff and landowners to exchange information, answer any questions about the easement, and build long-term relationships.

How long does the conservation easement process take?

Like every property we work with, every easement is unique and can take varying amounts of time. Factors may include whether the easement is being purchased or donated, the complexity of the project, and the appraised value of the easement. Although a donated easement could be negotiated and put in place within a year, most purchased easements take 3-6 years to complete due to the time needed to identify and secure funding.