



N.C. Department of Agriculture & Consumer Services
N.C. ADFP Trust Fund
Conservation Easement Application Budget Instructions



These instructions will help you plan and complete the budget section of the ADFP Trust Fund Cycle 17 Conservation Easement Application.

Please note: all parcels in a single application must be under the same ownership and contiguous.

Conservation easement applications must determine conservation easement purchase values either through the Standard Conservation Easement Appraisal Program or the Present-Use Value (PUV) Conservation Easement Program.

Please refer to the Present-Use Value (PUV) Conservation Easement Program Information Packet and Present-Use Value (PUV) Conservation Easement Program Worksheet for more information.

For conservation easement applications submitted to the Standard Conservation Easement Appraisal Program, the estimated easement purchase value **must** be calculated through one of five methods:

- Certified Development Rights Appraisal by a Qualified Appraiser with an effective date since January 1, 2022.
- Comparable Certified Development Rights Appraisal from previous projects since January 1, 2022. The Comparable Certified Development Rights Appraisal must be within the same county or within 50 miles of the applicant's property.
- For property enrolled in Present-Use Value (PUV), the difference between the fair market value and the PUV as determined by a 2023 or 2022 tax card.
- For property not enrolled in PUV, data from ADFPTF closed easements will be used to determine the estimated easement purchase value.
- Letter of Opinion or Restricted Use Report by a Qualified Appraiser with an effective date since January 1, 2022.

The most accurate determination of value for conservation easements is through a Certified Development Rights Appraisal.

These instructions follow the order of the budget section.

1. Determining the Estimated Easement Purchase Value

- The first step of the budget section is determining the estimated easement purchase value of the proposed conservation easement. There are five options for determining the estimated easement purchase value through the Standard Conservation Easement Appraisal Program:
 - Certified Development Rights Appraisal by a Qualified Appraiser with an effective date since January 1, 2022.
 - The appraisals must be either a Uniform Standards of Professional Appraisal Practice (USPAP) or Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA or "Yellow Book") appraisal.
 - A qualified appraisal and appraiser must meet the definitions of such set forth in U.S. Public Law 109-280 (<https://www.govinfo.gov/content/pkg/PLAW-109publ280/html/PLAW-109publ280.htm>).

- The appraiser must provide documentation of completion of a valuation of conservation easements or eminent domain appraisal course and be familiar with conducting appraisals of rural and agricultural properties of the requested type.
- The appraiser must prepare two opinions of the value of the subject property: one before placement of the conservation easement and the second after placement of the conservation easement.
 - The after condition or second value will be based upon a hypothetical condition that the conservation easement is in place and the effects on the value that may be created.
 - The difference in the two values is the proposed conservation easement's effect on the property's value and is the value to be used to determine easement purchase grant requests and match.
- Comparable Certified Development Rights Appraisal from previous projects since January 1, 2022.
 - The estimated easement purchase value is determined by using the per acre easement value from a Certified Development Rights Appraisal from a completed or current agricultural conservation easement project since January 1, 2022.
 - The Comparable Certified Development Rights Appraisal must be within the same county or within 50 miles of the applicant property.
 - Every effort should be made to submit a Comparable Certified Development Rights Appraisal that has similar land uses and highest and best use determination.
- Tax Card for property enrolled in Present-Use Value (PUV).
 - The estimated easement purchase value is determined by the difference between the fair market value and the PUV as determined by a 2023 or 2022 tax card.
- Tax Card for property not enrolled in Present-Use Value (PUV).
 - For property not enrolled in PUV, data from ADFPTF closed easements will be used to determine the estimated easement purchase value.
 - The estimated easement purchase value is calculated by multiplying the average conservation easement value percentage for the region by the fair market value of the property as determined by a 2023 or 2022 tax card.
 - The average conservation easement value percentage by region is below:

| Region | Average Percentage of Fair Market Value after Easement |
|---------------|---|
| Western | 32 percent |
| Northwestern | 37 percent |
| Southwestern | 42 percent |
| North Central | 40 percent |
| South Central | 45 percent |
| Southeastern | 64 percent |
| Northeastern | 70 percent |

- Letter of Opinion or Restricted Use Report by a Qualified Appraiser with an effective date since January 1, 2022.
 - A Letter of Opinion or Restricted Use Report must be completed by a Qualified Appraiser in accordance with Uniform Standards of Professional Appraisal Practice (USPAP).
 - The appraiser must prepare two opinions of the value of the subject property: one before placement of the conservation easement and the second after placement of the conservation easement.
 - The after condition or second value will be based upon a hypothetical condition that the conservation easement is in place and the effects on the value that may be created.
 - The difference in the two values is the proposed conservation easement's effect on the property's value and is the value to be used to determine easement purchase grant requests and match.

The information below is to inform landowners and entities of conservation easement purchase values of completed projects since 2016.

Historical Data – Per Acre Conservation Easement Purchase Value since 2016

| Region | Average Per Acre Conservation Easement Purchase Value | Low Per Acre Conservation Easement Purchase Value | High Per Acre Conservation Easement Purchase Value |
|---------------|--|--|---|
| Western | \$7,715.31 | \$3,619.63 | \$10,868.43 |
| Northwestern | \$4,045.11 | \$2,717.19 | \$4,798.87 |
| Southwestern | \$6,024.96 | \$2,525.00 | \$15,928.73 |
| North Central | \$3,805.51 | \$1,999.50 | \$8,634.52 |
| South Central | - | - | - |
| Southeastern | \$1,080.78 | \$550.09 | \$1,429.87 |
| Northeastern | \$2,036.12 | \$770.43 | \$2,704.67 |

2. Determining the Total Allowable ADFP Trust Fund Grant Request

- Per ADFP Trust Fund rules, the ADFP can only fund up to 50% of all easement value purchases. This is calculated by dividing the calculated easement purchase value in half.

3. ADFP Trust Fund Grant Request Budget

- This section will be where the applicant enters the requested ADFP Trust Fund grant funds for each eligible line item.
- Downloading the "Conservation Easement Budget Worksheet" will help the applicant plan the total budget for the application.
- The maximum ADFP Trust Fund grant request for Easement Purchase is 50% of the estimated easement purchase value.
- The easement purchase ADFP Trust Fund grant request may not exceed the maximum allowable easement value purchase request.
- The stewardship endowment ADFP Trust Fund grant request may not exceed 3% of the ADFP Trust Fund grant request for the easement purchase. If stewardship endowment grant funds are requested, they must have an equal or greater match.
- When calculating to determine the total amount of grant funds requested from the ADFP Trust Fund, it may not exceed Total Allowable ADFP Trust Fund Grant Request.
- For an explanation of each budget line item category, see the section titled "Budget Line

Item Categories” on page 4.

- Budget line items will be adjusted to regional or state averages during the application review process. The amount the applicant requests for budget line items will be reduced to meet the average regional or state cost for a specific line item. The averages can be found on the last page of this document.

4. Determining the Minimum Required Match Amount

- In accordance with N.C.G.S. 106-744, there are match requirements for eligible ADFP Trust Fund applicants:
 - “To a private nonprofit conservation organization that matches thirty percent (30%) of the Trust Fund monies it receives with funds from sources other than the Trust Fund.”
 - “A county that is a development tier two or three county, as these tiers are defined in G.S. 143B-437.08, and that has prepared a countywide farmland protection plan shall match fifteen percent (15%) of the Trust Fund monies it receives with county funds. A county that has not prepared a countywide farmland protection plan shall match thirty percent (30%) of the Trust Fund monies it receives with county funds. A county that is a development tier one county, as defined in G.S. 143B-437.08, and that has prepared a countywide farmland protection plan shall not be required to match any of the Trust Fund monies it receives with county funds.”
- For private nonprofit conservation organizations, select “Private Nonprofit Conservation Organization” from the list.
- For a county, select your county from the list.
- The calculation will determine the minimum required match figure based on the match percentage and the total amount of grant funds requested from the ADFP Trust Fund.
- The entire estimated easement value must be fulfilled by grant funds and match. The calculation will determine the amount of easement purchase match is required. This number will be determined by taking the ADFP Trust Fund grant request for the easement purchase value from the eligible estimated easement value purchase amount.

5. Total Matching Funds Budget

- This section will include all sources of matching funds from cash and in-kind sources.
- Cash match is a cash purchase for the project that is not reimbursed by the ADFP Trust Fund.
- In-kind match is a non-cash donation made to the project.
- This budget section should include secured (committed in writing) and unsecured matchings funds. Each line item should be a total of secured and unsecured funds. The “Total Matching Funds Budget” column on the “Conservation Easement Budget Worksheet” can be used to determine inputs in this section.
- The easement purchase match requirement, as determined on the previous page, will be shown on the easement purchase match line item. Enter the number shown in bold in the input field for easement purchase match.
- Only select the line items that you will be providing matching funds for. Non-selected line items will not appear in the application.

6. Total Matching Funds Narratives

- There are ten (10) total matching funds narrative sections. They correspond with each line item available for match.
- These Total Matching Funds Narrative sections ask the applicant to identify secured (committed in writing) and unsecured matchings funds.

- The top of each section will give the total amount of match for that line item entered in the Total Matching Funds Budget section. The secured and unsecured match amounts should equal this total match figure.
- Each source of secured matching funds *must* have a letter of commitment from the matching funds source.
- Letters of commitment must have the following information:
 - Name of Source of Matching Funds Entity (agency or organization)
 - Contact Name and Information for Matching Funds Entity
 - Dollar Amount/Value of Match
 - Identification of Match as a Cash or In-Kind Source
 - Brief Description of Match
 - Signature of Authorized Matching Funds Source Contact
- All match that does not have a signed letter of commitment uploaded in the appropriate matching funds narrative section will be considered unsecured.
- Ensure that the calculation at the end of each matching funds narrative page equals the figure listed at the top of the page. If the calculation does not match, you must adjust the figures in the secured and unsecured fields.
- If there is not match available for a line item, enter “0” in the appropriate field.

7. Total Project Budget

- This section will give a final breakdown of ADFP Trust Fund requested funds and matching funds.
- The calculation will verify that the inputs made in the Total Matching Funds Narratives equal the inputs on the Total Matching Funds Budget.
- Advancing to the next page after the calculation will have another verification for the matching funds budgets. If the two figures are the same, select “Yes” and proceed. If the figures are not the same, go back to review your inputs.

8. Project Timeline

- If awarded a grant, a project timeline with dates for deliverables will be required as part of the terms and conditions of the grant contract.
- A breakdown of the timeline and needed deliverables is provided in the grant application. Grantees will be expected to record the conservation easement within the first 365 days of the contract. Extensions will only be granted for cases of hardship.

Budget Line Item Categories

- **Easement Purchase:** This refers to funds or donations that fulfill the easement purchase value. Cash match may come from federal, state, local, or nonprofit partners. If a landowner donates a portion of the easement purchase value, this will be considered an in-kind match since no cash transaction takes place.
- **Travel:** Applicable state rates apply. View <https://www.osbm.nc.gov/budget/budget-manual#5-travel-policies> for more information.
- **Personnel and Administrative:** This refers to general laborers, general office, or clerical work provided as match by matching funds source.
- **Stewardship Endowment:** This refers to funds for future monitoring of the conservation easement property and legal defense. ADFP Trust Fund reimbursement limited to 3% of the ADFP Trust Fund grant to the easement purchase.
- **Survey:** This refers to surveys of the proposed conservation easement property, including boundary and biological.
- **Appraisal:** This refers to a state certified appraisal of the proposed conservation easement

property. If the grantee or landowner pays for a new appraisal during the contract period out-of-pocket, it will be considered cash match. If the appraiser contributes an appraisal, it will be considered in-kind match.

- **Baseline Documentation Report:** This refers to the development of a baseline documentation report, a report that documents the conservation values of the property and describes the existing conditions of all the proposed conservation easement's features.
- **Environmental Assessment/Audit:** This refers to a report prepared for a real estate holding that identifies potential or existing environmental contamination liabilities. The analysis typically addresses both the underlying land as well as physical improvements to the property.
- **Attorney Fees:** This refers to the payment for legal services.
- **Closing Costs:** This refers to deed recordation fees and title insurance.

See the chart below for the ADFP Trust Fund maximum reimbursements by region.

| Cycle 17 Regional Averages | Appraisal | Survey | BDR | EA | Legal Fees | Closing Costs |
|-----------------------------------|------------------|---------------|------------|------------|-------------------|----------------------|
| Western | \$8,400.00 | \$13,300.00 | \$3,700.00 | \$2,800.00 | \$5,100.00 | \$1,500.00 |
| Northwestern | \$8,500.00 | \$11,000.00 | \$3,700.00 | \$2,800.00 | \$5,100.00 | \$1,500.00 |
| Southwestern | \$2,900.00 | \$11,000.00 | \$3,700.00 | \$2,800.00 | \$5,100.00 | \$1,500.00 |
| Southeast | \$3,000.00 | \$11,000.00 | \$5,200.00 | \$3,400.00 | \$5,100.00 | \$1,500.00 |
| North Central | \$3,500.00 | \$11,000.00 | \$3,700.00 | \$2,800.00 | \$5,100.00 | \$1,500.00 |
| Northeast | \$3,400.00 | \$11,000.00 | \$4,200.00 | \$3,300.00 | \$6,100.00 | \$1,800.00 |
| South Central | No data | \$11,000.00 | \$3,700.00 | \$2,800.00 | \$5,100.00 | \$1,500.00 |