Overview

Purpose
North Carolina faces one of the highest rates of farmland loss in the nation. The American Farmland Trust estimates that more than 732,000 acres were converted between 2001 and 2016 and projects the state will lose the second-most farmland in the country by 2040.

Agricultural conservation easements are among the most effective tools for addressing farmland loss. By permanently restricting non-agricultural development, conservation easements protect working agricultural, horticultural, and forestlands while supporting the long-term viability of family farms.

The North Carolina Agricultural Development and Farmland Preservation (ADFP) Trust Fund provides competitive grants to preserve qualifying agricultural, horticultural, and forestlands and foster the growth, development, and sustainability of family farms. The purpose of the Agricultural Conservation Easement application is to provide funding for the permanent protection of these lands through the purchase of agricultural conservation easements.

For additional application resources, go to
https://www.ncagr.gov/divisions/farmland-preservation/applicants

Eligibility

- Eligible applicants must be a nonprofit conservation organization or county government (G.S.106-744) and current grantees are subject to the Grantee Risk Assessment Guide.

NOTE: Farmers, landowners, and others interested in applying must partner with a nonprofit conservation organization or county government to participate in an ADFP Trust Fund grant proposal.

- Eligible applications must propose a conservation easement that:
  - Is located within the State of North Carolina
  - Is privately-owned, with all property owners in agreement to participate
  - Meets current Title and Environmental Prescreen requirements (see ADFP website).
  - Protects working agricultural land, horticultural land, or forestland
  - Includes at least one tract that meets minimum acreage qualifications:
    - 5 acres in actual horticultural production
    - 10 acres in actual agricultural production
    - 20 acres in actual forestry production
- A proposed conservation easement may include:

- Multiple parcels and/or multiple conservation easement recordings, provided all parcels are under the same ownership and located within one-half mile of each other.
- Parcels that do not independently meet eligibility requirements may be included if the overall conservation easement contains qualifying parcels.

NOTE: Existing easements that have removed the development rights from the property are ineligible for the application and do not count toward minimum acreage requirements.

Application Format and Documentation Requirements

Application Summary

The Agricultural Conservation Easement application is the ADFP Trust Fund's primary and most competitive funding opportunity. Through a three-part application process, applicants demonstrate how the permanent protection of eligible agricultural, horticultural, or forestland through an agricultural conservation easement advances the mission of the ADFP Trust Fund and supports long-term farmland preservation in North Carolina.

There are three categories of Agricultural Conservation Easements that may be funded through the ADFP Trust Fund competitive grant application: Perpetual, Term, or Donated.

- Perpetual Agricultural Conservation Easements permanently extinguish development rights. In exchange for the permanent extinguishment of development rights, applicants may request a portion of the conservation easement purchase value through cash considerations. Only Perpetual Agricultural Conservation Easements are eligible for federal income-tax deductibility under IRC §170(h) and the North Carolina Conservation Tax Credit. Most partnership programs, like USDA-NRCS, only accept applications for Perpetual Agricultural Conservation Easements. If awarded grant funds, these applications require an appraisal of the proposed conservation easement in accordance with the rules of the funding sources.
- Term Agricultural Conservation Easements extinguish development rights for a set number of years. In exchange for a term that extinguishes development rights, applicants may request a portion of the conservation easement purchase value through cash considerations. Term Agricultural Conservation Easements are ineligible for federal or state tax benefits. Term Agricultural Conservation Easements are available for 50, 40, or 30 years. If awarded grant funds, these applications require an appraisal of the proposed conservation easement in accordance with the rules of the ADFP Trust Fund.
- Donated Agricultural Conservation Easements permanently extinguish development rights. Donated Agricultural Conservation Easements are ineligible for cash considerations for the conservation easement purchase value and cannot request cash considerations from other sources. The landowner is providing an in-kind contribution of the conservation easement purchase value. Since Donated Agricultural Conservation Easements are perpetual, these conservation easements are eligible for federal income-tax deductibility under IRC §170(h) and the North Carolina Conservation Tax Credit. For additional opportunities to leverage funding, see the "Donated Agricultural Conservation Easement Incentive Program" section below.

NOTE: The N.C. Department of Agriculture and Consumer Services does not provide tax or legal advice to entities or individuals. Nothing herein constitutes the provision of tax or legal advice or services.

Application Structure

The ADFP Trust Fund staff reviews each application. The Agricultural Conservation Easement application process for Perpetual, Term, and Donated Easements consists of three parts, each with its own deadline.

Part 1

- Opens: First Business Day of August
- Closes: Last Business Day of August, 5 PM ET
- Purpose: This short form collects basic application information and estimates the anticipated number of submissions.
- Available on the ADFP Website

Part 2

- Opens: Second Monday of September
- Closes: Third Monday of October, 5 PM ET
- Purpose: This form collects detailed project information, supporting documentation, and budget information.
- Available via email to Primary and Secondary Applicant

Part 3 *(Agricultural Conservation Easement Applications Only)*

- Opens: First Monday of November
- Closes: Last Monday before Christmas, 5 PM ET
- Purpose: This final section will collect documentation for optional competitive scoring items.
- Available via email to Primary and Secondary Applicant

In Part 1, the applicant organization designates points of contact for the grant application. These individuals are responsible for communicating with landowners about the agricultural conservation easement application process, including site visit notifications and requests to correct or provide application materials. Points of contact are also responsible for submitting written notice of application withdrawals to the ADFP Grant Specialist, including a dated and signed letter from the landowner.

After all required application components have been received, eligible applicants will be contacted to schedule a site visit. Each eligible application must complete a site visit to be considered for funding. At least one landowner and one applicant representative must be present during the site visit. Additional details or documentation may be requested during the site visit.

After the site visit is conducted and all documentation is received, the application package is evaluated against the scoring criteria and ranked by ADFP staff. Once an application form has been submitted, it cannot be edited or resubmitted. Late submissions or failure to complete any application form by its deadline will result in the application being deemed ineligible. All application documentation must be included at the time of submission. Emailed documentation will not be accepted, unless with prior approval from ADFP Trust Fund Grant Specialist. Documentation that is missing, duplicated across uploads, or submitted as a placeholder at the time of submission forfeits the associated scoring opportunity and, if required for eligibility, may result in the application being deemed ineligible. Applicants with questions regarding required documentation should contact the ADFP Grant Specialist before the applicable deadline.

Scoring
Each application is scored within its own category type

Agricultural Conservation Easement scores are based on two components: the application (125 points) and the budget (100 points), for a total possible score of 225. The Site visit is used to verify what is captured in the application.

Below is additional information on scoring criteria:

Question	Answers	Points	Maximum Possible Points
What percentage of the proposed conservation easement acreage is Prime, Unique, or soils of statewide importance?	90% or greater Prime, Unique, or soils of statewide importance	20	20
	80% or greater Prime, Unique, or soils of statewide importance	18	
	70% or greater Prime, Unique, or soils of statewide importance	16	
	60% or greater Prime, Unique, or soils of statewide importance	14	
	50% or greater Prime, Unique, or soils of statewide importance	12	
	40% or greater Prime, Unique, or soils of statewide importance	10	
	30% or greater Prime, Unique, or soils of statewide importance	8	
	Less than 30% Prime, Unique, or soils of statewide importance	0	
Is the proposed conservation easement acreage previously subject to a term agricultural conservation easement funded in part by the ADFP Trust Fund? The term conservation easement must have expired to qualify.	Yes	2	2
	No	0	
Does the landowner(s) have an economic interest as a producer in	Yes	10	10

the agricultural production as defined in NC Statute 106-581.1 on the proposed conservation easement acreage?	No	0	
Are other private entities with an economic interest as producers in agricultural production, as defined in NC Statute 106-581.1, on the proposed conservation easement acreage?	One Producer	4	10
	Two Producers	8	
	Three or More Producers	10	
Are any of the other private entities with an economic interest separate from the landowners as producers in agricultural production, as defined in NC Statute 106-581.1, confirmed in the previous question, serving as long-term leasees on the proposed conservation easement acreage?	Leasee from two years prior (2024)	1	5
	Leasee from three years prior (2023)	2	
	Leasee from four years prior (2022)	3	
	Leasee from five years prior (2021)	4	
	Leasee from six or more years prior (2020)	5	
Are any of the landowners or other private entities with an economic interest as producers in agricultural production on the proposed conservation easement acreage a member of Got to Be NC?	Yes	5	5
	No	0	
Are any of the landowners or other private entities with an economic interest as producers in agricultural production on the proposed conservation easement acreage members, or participate in the following: A member of American Tree Farmers, Forest Stewardship Program, Sustainable Forestry Initiative Certification	Yes	5	5
	No	0	
Is the proposed conservation easement acreage currently enrolled in the Century Farm program?	Yes	5	5
	No	0	

What is the proximity of existing farmland to the proposed conservation easement acreage?	The proposed conservation easement acreage adjoins existing farmland.	5	5
	The proposed conservation easement acreage is within 1/2 mile of existing farmland.	3	
	The distance from the proposed conservation easement acreage to existing farmland is between 1/2 mile and 1 mile.	1	
Is the proposed conservation easement acreage currently enrolled in the Voluntary Agricultural District or Enhanced VAD?	EVAD	8	8
	VAD	5	
	No	0	
Is the proposed conservation easement acreage in the immediate vicinity of another agricultural conservation easement allowing the production of agricultural commodities as defined in NC Statute 106-581.1?	The proposed conservation easement acreage adjoins another conservation easement.	10	10
	The proposed conservation easement acreage is within 1/2 mile of another conservation easement.	7	
	The proposed conservation easement is within 1/2 to 1 mile of another easement.	5	
Are conservation land management plans being used on the proposed conservation easement acreage?	Yes	5	5
	No	0	
Are there any state or federally owned lands that are primarily managed for the protection and use of agriculture, plants, forestry, wildlife, or battlefields within one (1) mile of the proposed conservation easement acreage?	Yes	5	5
	No	0	
Does the proposed conservation easement acreage fall under a designated military training route (MTR) or adjoin a military base or designated training parcel?	Yes	5	5
	No	0	

Are there recognizable threats of conversion from agricultural land use to urban or highly developed?	The proposed conservation easement acreage adjoins a city's limits and within the city's ETJ.	5	5
	The proposed conservation easement acreage does not adjoin the city limits but is within 1 mile of the city limits and within the city's ETJ.	4	
	The proposed conservation easement acreage does not adjoin the city limits but is within 1 mile of the city limits and outside the city's ETJ.	3	
	The proposed conservation easement acreage is greater than 1 mile from the city limits and within the city's ETJ.	2	
	The proposed conservation easement acreage is within 2 miles of the city limits and outside the city's ETJ.	1	
Are there recognizable threats of conversion from agricultural land use to low density residential development?	The proposed conservation easement acreage adjoins a residential development or planned development, as defined in N.C.G.S. 106D-802, with two or more homes or lots located greater than 1 mile from city limits.	5	5

	The proposed conservation easement acreage does not adjoin but is within 1 mile of a residential development or planned development , as defined in N.C.G.S. 106D-802, with two or more homes or lots located greater than 1 mile from city limits.	4	
	The proposed conservation easement acreage adjoins or is within a mile of an official NC Megasite.	3	
	The proposed conservation easement acreage adjoins or is within ½ mile of an Interstate or US Highway.	2	
	The proposed conservation easement acreage is within ½ mile of an area of recent or ongoing expansion of a two-lane road (additional lanes or turn lanes for developments).	1	
County of the proposed conservation easement acreage based on the agricultural land acres projected to be converted to urban and highly developed (UHD) and low-density residential (LDR) uses in the runaway sprawl model by 2040, according to the American Farmland Trust.	Projected acres converted rank 1-17 in the state	5	5
	Projected acres converted rank 18-34 in the state	4	
	Projected acres converted rank 35-51 in the state	3	
	Projected acres converted rank 52-68 in the state	2	
	Projected acres converted rank 69-85 in the state	1	
	Projected acres converted ranks 86-100 in the state	0	
County of the proposed conservation easement acreage based on the agricultural land percentage projected to be converted to urban and highly developed (UHD) and low-density residential (LDR) uses in the runaway sprawl model by 2040, according to the American Farmland Trust.	Projected acres converted rank 1-17 in the state	5	5
	Projected acres converted rank 18-34 in the state	4	
	Projected acres converted rank 35-51 in the state	3	
	Projected acres converted rank 52-68 in the state	2	
	Projected acres converted rank 69-85 in the state	1	

	Projected acres converted ranks 86-100 in the state	0	
Does the proposed conservation easement map limit low-density residential development?	Entire parcels in the proposed agricultural conservation easement area with no exclusions.	2	5
	All parcels in proposed agricultural conservation easement are contiguous.	1	
	Total proposed building envelope acreage is less than 15% of the proposed agricultural conservation easement.	1	
	Proposed agricultural conservation easement contains one or fewer residential building envelopes. This includes current, future, or farm support housing.	1	

After scores are finalized, the Commissioner of Agriculture, in consultation with the ADFP Trust Fund Advisory Committee, determines which applicants will receive ADFP Trust Fund grants.

Budget

Grant Request Maximum

There is no maximum grant request for an agricultural conservation easement application.

In the event there are insufficient funds to fully fund all requests, ADFP Trust Fund grants will recommend awards in ranking order. Awarded applications will receive funding up to the full requested amount until available funds are exhausted. Remaining funds may be offered as a partial award to the next eligible application, which the applicant may accept or decline.

Budget Instructions

In the Agricultural Conservation Easement application, applicants must provide grant request budget information in both the Conservation Easement Budget Worksheet and the application fields. **Please complete a Conservation Budget Worksheet for each Conservation Easement application.**

Grant Request Budget

The following instructions follow the order of the budget section. Underlined text identifies each step.

Determining the Estimated Easement Purchase Value

There are five options for determining the estimated easement purchase value through the Standard Conservation Easement Appraisal Program:

1. Certified Development Rights Appraisal by a Qualified Appraiser with an effective date since January 1, 2025
    a. 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.
    b. 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).
    c. 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.
    d. 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.
        i. 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.
        ii. 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.

2. Comparable Certified Development Rights Appraisal from previous projects since January 1, 2025
    a. 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, 2025.
    b. The Comparable Certified Development Rights Appraisal must be within the same county or within 50 miles of the applicant property.
    c. Every effort should be made to submit a Comparable Certified Development Rights Appraisal that has similar land uses and highest and best use determination.

3. Tax Card for property enrolled in Present-Use Value (PUV)
    a. The estimated easement purchase value is determined by the difference between the fair market value and the PUV as determined by a 2025 or 2026 tax card.
    b. If using this method, a minimum of 85% of the tax card’s acreage must be in the proposed easement.

4. Tax Card for property not enrolled in Present-Use Value (PUV).
    a. For property not enrolled in PUV, data from ADFP Trust Fund closed easements will be used to determine the estimated easement purchase value.
    b. 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 2025 or 2026 tax card.
    c. The average conservation easement value percentage by region is below:

Region	Average Percentage of Fair Market Value after Easement
Western	28 percent
Southwestern	37 percent
Southeastern	50 percent
South Central	30 percent
Northwestern	50 percent
Northeastern	71 percent
North Central	30 percent

5. Letter of Opinion or Restricted Use Report by a Qualified Appraiser with an effective date since January 1, 2025
    a. 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).
    b. 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.
        i. 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.
        ii. 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.

Below are additional details regarding conservation easement purchase values of completed projects since July 1, 2021.

Region	Average Per Acre Conservation Easement Purchase Value	Low Per Acre Conservation Easement Purchase Value	High Per Acre Conservation Easement Purchase Value
Western	$9,221.74	$3,805.65	$19,497.91
Northwestern	$4,345.14	$3,198.35	$5,195.05
Southwestern	$8,997.75	$2,525.00	$17,782.07
North Central	$20,195.48	$3,300.00	$64,495.55
South Central	$14,323.55	$1,861.77	$36,502.55
Southeastern	$5,332.68	$550.09	$12,745.97
Northeastern	$2,366.83	$1,029.40	$3,476.65

Determining the Total Allowable ADFP Trust Fund Grant Request

Perpetual Agricultural Conservation Easement applications may request ADFP Trust Fund grant funds for up to 50% of the estimated easement value.

Term Agricultural Conservation Easement applications may request ADFP Trust Fund grant funds equal to the applicable percentage of the estimated easement value based on the easement term.

Donated Agricultural Conservation Easement applications may include grant requests for allowable transactional and due diligence costs only.

Complete the Agricultural Conservation Easement Budget Worksheet

After downloading the Agricultural Conservation Easement Budget Worksheet on the ADFP website, fill out the line items for which there are grant fund requests. The requested budget line items and totals must be entered consistently in both the Conservation Easement Budget Worksheet and the Agricultural Conservation Easement Budget Worksheet application. The "Totals" row and column auto calculates the totals of each row and column. Below are additional details related to the budget request:

- Tabs at the bottom of the Budget Worksheet correspond to the ADFP regions for Agricultural Conservation Easements. Select the appropriate regional tab to ensure due diligence funding requests do not exceed regional cost averages. During application review, requested budget line items exceeding applicable regional or state cost averages will be reduced to those averages.
- The ADFP Trust Fund stewardship endowment request may not exceed 3% of the ADFP Trust Fund easement purchase request, or 1.5% for donated conservation easements. Any requested stewardship endowment funds must be matched at an equal or greater amount.
- When calculating the total amount of grant funds requested from the ADFP Trust Fund, it may not exceed the Total Allowable ADFP Trust Fund Grant Request.
- For an explanation of each budget line item category, see the section titled "Budget Line Item Categories" below.
- The entire estimated easement value must be fulfilled by grant funds and match.
- No travel requests are approved for easements applications.
- Appraisals for the proposed conservation easement are a non-allowable cost.

Matching Funds

On the Conservation Easement Budget Worksheet, include secured (committed in writing) and unsecured matching funds from cash and in-kind sources. Each line item should include a total of secured and unsecured funds. If no match is available for a line item, enter "0" in the field.

- 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.
- Tavel can be used as match.

Below is an example of matching fund types and line item types:

Line Item	ADFPTF Grant Request	Secured Cash Match	Secured In-Kind Match

Easement Purchase	$300,000.00	$300,000.00	-
Stewardship Endowment	$9,000.00	$9,000.00	-
Appraisal	n/a	$8,000.00	-
Transactional and Due Diligence Costs	$35,000.00	-	$20,000.00
TOTAL	$344,000.00	$317,000.00	$20,000.00

Cash and in-kind match count toward match requirements. In Agricultural Conservation Easement applications, secured cash match for easement purchase receives greater scoring weight than other secured match types. See the Budget Scoring section for details.

The secured and unsecured matching funds, including match types, amounts, and totals, must be entered consistently in both the Conservation Easement Budget Worksheet and the Agricultural Conservation Easement application. Applicants must also upload documentation in the Agricultural Conservation Easement application to support all secured funding.

- Each source of matching funds *must* have a letter of commitment from the matching fund's source to be considered secured.
- 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
        - **For easement purchase match (e.g., landowner donation), documentation must identify the percentage of the easement value being contributed.**
    - Identification of Match as a Cash or In-Kind Source
    - Brief Description of Match
    - Signature of Authorized Matching Funds Source Contact

Note: All match that does not have a signed letter of commitment uploaded in the appropriate matching funds narrative section will be considered unsecured.

Required Matching Funds

The match requirements are in accordance with N.C.G.S. 106-744. The current list of tiers is available on the ADFP website.

- Nonprofit conservation organizations must match a minimum of 30% of ADFP Trust Fund monies received. These monies must be from sources other than the ADFP Trust Fund or the State of North Carolina.
- A Tier Two or Tier Three Enterprise County (as defined in G.S. 143B 437.08)
    - **With** an NCDA&CS-approved County Farmland Protection Plan (G.S. 106-744(e)), the county must match a minimum of **15%** of ADFP Trust Fund monies received. (G.S. 106-744(c2)) These monies must be from sources other than the ADFP Trust Fund or the State of North Carolina.
    - **Without** an NCDA&CS-approved County Farmland Protection Plan (G.S. 106-744(e)), the county must match a minimum of **30%** of ADFP Trust Fund monies

received. (G.S. 106-744(c2)) These monies must be from sources other than the ADFP Trust Fund or the State of North Carolina.

- A Tier One Enterprise County (as defined in G.S. 143B 437.08)
  - **With** an NCDA&CS-approved County Farmland Protection Plan (G.S. 106-744(e)), it is **not required** to acquire matching funds. (G.S. 106-744(c2))
  - **Without** an NCDA&CS-approved County Farmland Protection Plan (G.S. 106-744(e)), the county must match a minimum of **30%** of ADFP Trust Fund monies received. (G.S. 106-744(c2)) These monies must be from sources other than the ADFP Trust Fund or the State of North Carolina.
- In the event no match is required by a county government applicant, the applicant can still provide matching funds.
- Grant requests with more secured match will result in higher scores in the budget category.
- Public funds from the State of North Carolina **will not be considered for any match** requirements.
- Documentation of match will be required in the reporting process.
- Statutory match requirements must be expended during the grant contract period. Match expended before the execution of the grant contract will not be considered.

Budget Scoring

Budget scoring considers only the easement purchase line item. Secured cash match from local, federal, or private sources receives a 1.5X scoring weight, while secured in-kind match is scored at its actual percentage. For example, a secured cash match equal to 50% of the easement purchase value receives 75 points, while a secured in-kind match equal to 50% receives 50 points.

Budget Scoring Examples:

Easement Value: $100,000
ADFP Request: $50,000
Secured Landowner Donation (In-kind) : $50,000 (50 points)
Total Budget Points = 50

Easement Value: $100,000
ADFP Request: $50,000
Landowner Donation: $25,000 (25 points)
Secured Federal Cash Match: $25,000 (25 points x 1.5 = 37.5 points)
Total Budget Points = 62.5

Budget Line Item Categories

- <u>*Easement Purchase:*</u> This refers to funds or donations that fulfill the easement purchase value. Cash match may come from federal, state, local, private, 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:* Grant funds are not available for travel. Applicable state rates apply when providing travel as match. 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. Grant funds are not available for Personnel and Administrative costs.
- *Stewardship Endowment:* This refers to funds for future monitoring of the conservation easement property and legal defense. ADFP Trust Fund reimbursement is limited to 3% of the ADFP Trust Fund grant for the easement purchase.
    - Fully donated conservation easements are eligible for stewardship endowment funds valued at 1.5% of the easement donation value. There is no match requirement, but the property must be enrolled in present-use value or a qualified appraisal is required.
- *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 (BDR):* 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 (EA):* 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.

Regional Averages	Survey	BDR	EA	Legal Fees	Closing Costs
Western	$15,400.00	**$3,900.00**	**$2,700.00**	**$6,500.00**	**$1,700.00**
Northwestern	$12,800.00	**$3,900.00**	**$2,700.00**	**$6,500.00**	$1,700.00
Southwestern	$15,800.00	**$3,900.00**	**$2,700.00**	**$6,500.00**	**$1,700.00**
Southeast	$13,000.00	$4,600.00	$3,200.00	$7,200.00	$2,800.00
North Central	**$12,600.00**	$6,800.00	**$2,700.00**	$9,800.00	$1,900.00
Northeast	**$12,600.00**	$4,300.00	$3,500.00	$8,700.00	$1,800.00
South Central	$14,200.00	$4,000.00	$3,700.00	$9,300.00	**$1,700.00**

Allowable Costs and Non-Allowable Costs

Allowable Costs	Non-Allowable Costs
Easement Purchase Survey Baseline Documentation Report Environmental Assessment/Audit Attorney Fees Closing Costs Stewardship Endowment (see note below)	Travel Personnel/Administrative Services Appraisals Alcoholic beverages Bad debts Contingency provisions Contributions and donations Entertainment costs Fines, penalties, damages, and other settlements Fundraising and investment management costs General costs of government Goods or services for personal use Lobbying Losses on other awards or contracts Organization costs Selling and marketing costs Student activity costs Telecommunication costs

NOTE: Funding is limited to 3% of the appraised easement value being purchased by the ADFP Trust Fund and must be equally matched with cash. Donated easements are eligible for funds equal to 1.5% of the appraised value of the donated easement.

Expenditures of State financial assistance by any recipient or sub-recipient shall be in accordance with the cost principles outlined in the Code of Federal Regulations, 2 CFR, Part 200. Please see https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200 for more information.

Additional Budget Considerations

- Additional Approval of necessary specialized services will be determined by ADFP Trust Fund staff when reviewing the application.
- ADFP Trust Fund may approve Subcontract Expenditures with an approved subcontractor form.
- All reimbursements shall follow the State of North Carolina reimbursement guidelines. Prudence must be demonstrated by grantees for reimbursements to be granted. (See NC Budget Manual at https://www.osbm.nc.gov/state-budget-manual)

If there are questions about allowable costs or match, please email Allison Rodriguez at Allison.rodriguez@ncagr.gov.

Funding Periods and Extensions

Sole-funded general appropriation grants awarded during Cycle 20 will expire on **September 30, 2029**. General appropriation grants with NRCS partner funding awarded during Cycle 20 will expire on September 30, 2030. If awarded a grant, a project timeline with deliverable dates will be required as part of the grant contract's terms and conditions. Grantees will be expected to record the conservation easement within the first 365 days of the contract. Any request for a contract extension must be submitted **no fewer than 60 days** prior to the contract's expiration date to be considered for approval. Extensions will only be granted for cases of hardship.

For more information on application deadlines, documentation requirements, conservation easement prescreens, and scoring criteria, please visit:
https://www.ncagr.gov/divisions/farmland-preservation/applicants

Donated Agricultural Conservation Easement Incentive Program

Purpose

Donated Agricultural Conservation Easements are among the most efficient uses of taxpayer funds because only transactional and due diligence costs are included in the grant budget. The Donated Agricultural Conservation Easement Incentive Program provides additional funding to eligible applicants to cover these costs for future donated conservation easements outside of the standard grant cycle without requiring active landowner agreements at the time of application. For each eligible Donated Conservation Easement awarded in the current cycle, applicants may opt in during the current cycle application to receive additional funding for future donated agricultural conservation easements. Funding is based on the regional average transactional and due diligence costs for the region in which the future working farm or forest is located.

Desired Applicants

This program is well-suited for applicants with a pipeline of landowners interested in donating conservation easements.

Eligibility

- Eligible applicants must be a nonprofit conservation organization or county government (G.S.106-744) and current grantees are subject to the Grantee Risk Assessment Guide.

NOTE: Farmers, landowners, and others interested in applying must partner with a nonprofit conservation organization or county government to participate in an ADFP Trust Fund grant proposal.

- Eligible applications must propose at least one Donated Agricultural Conservation Easement in the current cycle that:
    - Meets all Conservation Easement application eligibility requirements by the Part 2 application deadline.
    - Includes a complete and accurate Budget Worksheet and corresponding budget information in the application.

- Indicates interest in the Donated Agricultural Conservation Easement Incentive Program by the Part 2 application deadline.

NOTE: If a Donated Agricultural Conservation Easement is withdrawn or determined to be ineligible, the corresponding Donated Agricultural Conservation Easement Incentive Program funding will be removed. Donated Agricultural Conservation Easements may not be added, substituted, or replaced after the Part 2 application deadline. If an applicant no longer has any eligible Donated Agricultural Conservation Easements, the applicant will be removed from the Donated Agricultural Conservation Easement Incentive Program.

Application Format and Documentation Requirements

Application Summary

The Donated Agricultural Conservation Easement Incentive Program application requests additional funding to support future Donated Agricultural Conservation Easements outside the standard ADFP Trust Fund application cycle.

Application Structure

The opportunity to opt in to the Donated Agricultural Conservation Easement Incentive Program occurs during Part 2 of the Agricultural Conservation Easement application.

After Part 2 closes, eligible applicants must participate in a 30-minute virtual meeting with the Farmland Preservation Division Director before Part 3 opens. The meeting provides an overview of the program, explains applicant expectations, and allows time for questions. Each eligible application must complete the interview to be considered for a grant award.

Ranking

Donated Agricultural Conservation Easement funding will be awarded in the following order, as funding is available:

- Eligible Donated Agricultural Conservation Easements with active landowner agreements, in scoring rank order.
- Donated Agricultural Conservation Easement Incentive Program opt-ins, in scoring rank order based on the corresponding Donated Agricultural Conservation Easement.

Budget

Grant Request Maximum

The maximum grant request for the Donated Agricultural Conservation Easement Incentive Program is $250,000, regardless of the number of eligible Donated Agricultural Conservation Easements.

All Donated Conservation Easement applications will be considered before being considered for the opt-in Donated Agricultural Conservation Easement Incentive Program.

In the event there are insufficient funds to fully fund all requests, ADFP Trust Fund grants will recommend awards in ranking order. Awarded applications will receive funding up to the full requested amount until available funds are exhausted. Remaining funds may be offered as a partial award to the next eligible application, which the applicant may accept or decline.

Budget Instructions

The Donated Agricultural Conservation Easement Incentive Program budget is based on the finalized budget for the corresponding Donated Agricultural Conservation Easement, with an additional 5% flex funding. Upon award, the ADFP Budget Administrator will generate the Incentive Program budget; however, the applicant is responsible for ensuring the corresponding Donated Agricultural Conservation Easement budget is complete and accurate.

Grant Request Budget

Below are additional details related to the budget request:

- To be eligible for stewardship endowment funds, the entity must request the funds and provide a valid conservation easement appraisal or current tax card with the property enrolled in present-use value. Appraisals must follow the requirements detailed in the "*Appraisal Requirements and Checklist for Conservation Easement Programs*." No other valuation methods will be accepted. If the valuation method is accepted, the entity is eligible for a 1.5 percent stewardship endowment based on the easement purchase value with no cash match required.
- Each Donated Agricultural Conservation Easement Incentive Program grant will include five percent flex funds to account for overages.

Matching Funds

There is no competitive benefit of matching funds to opt-in to the Donated Agricultural Conservation Easement Incentive Program.

Match Requirements

There is no required match to opt-in to the Donated Agricultural Conservation Easement Incentive Program.

Budget Scoring

There is no budget scoring related to the Donated Agricultural Conservation Easement Incentive Program.

Non-Allowable Costs

Only transactional and due diligence costs are included in the grant budget.

Funding Periods and Extensions

Donated Agricultural Conservation Easement Incentive Program awards are issued as Memoranda of Agreement (MOAs). After an award is made, grantees may request subcontracts for donated agricultural conservation easement projects by submitting approved landowner agreements and all documentation required for a Donated Agricultural Conservation Easement application. Once approved, the subcontract may be executed, and the project must comply with all ADFP Trust Fund program requirements. Additional information, including the review process and timelines, will be provided upon award.

Incentive funds must be obligated under an executed subcontract within one year of the MOA execution date. Any unobligated funds remaining after one year will be returned to the ADFP Trust Fund. Donated Agricultural Conservation Easement subcontracts are not eligible for Emergency Supplemental Grant Funds or Additional Funds for Conservation Easement Projects. The total length of the MOA is two years with one eligible extension.

Definitions

- **Agricultural Conservation Easement:** A negative easement in gross restricting residential, commercial, and industrial development of land for the purpose of maintaining its agricultural production capability (G.S. 106-744(b)).
- **Agricultural Conservation Agreement:** A conservation agreement is a binding contract between a property owner and a qualified organization that accomplishes the same restriction regarding the use of the land as a conservation easement through contractual terms. A memorandum of agreement is recorded in the public records as notice to the public that the agreement exists.
- **Agricultural Production:** Actively engaged in the commercial production or growing of crops, plants, or animals; which includes dairying and the raising, management, care, and training of livestock, including horses, bees, poultry, and other animals for individual and public use, consumption, and marketing. The raising, management, care, and training of horses includes the boarding of horses
- **Buffers (military):** Lands around the installation that serve the interests of the US Armed Services in a manner to eliminate or minimize encroachment to and provide a protective buffer zone for the installation, its mission, and operations. This includes Military Training Routes (MTR).
- **Countywide Farmland Protection Plan:** A plan that satisfies all the following requirements:
  - The countywide farmland protection plan shall contain a list and description of existing agricultural activity in the county.
  - The countywide farmland protection plan shall contain a list of existing challenges to continued family farming in the county.
  - The countywide farmland protection plan shall contain a list of opportunities for maintaining or enhancing small, family-owned farms and the local agricultural economy.
  - The countywide farmland protection plan shall describe how the county plans to maintain a viable agricultural community and shall address farmland preservation tools, such as agricultural economic development, including farm diversification and marketing assistance; other kinds of agricultural technical assistance, such as farm infrastructure financing, farmland purchasing, linking with younger farmers, and estate planning; the desirability and feasibility of donating agricultural conservation easements, and entering into voluntary agricultural districts.
  - The countywide farmland protection plan shall contain a schedule for implementing the plan and an identification of possible funding sources for the long-term support of the plan. (G.S. 106-744(e))
- **Forestry Production:** Actively engaged in the commercial growing of trees.
- **Horticultural Production:** Actively engaged in the commercial production or growing of fruits and vegetables or nursery and floral products.
- **Nonprofit Organization:** Any nonprofit organization that provides assistance to landowners to protect their lands and can legally hold agricultural easements.
- **Voluntary Agricultural District (VAD):** Farmland as defined voluntary agricultural district or an enhanced voluntary agricultural district as noted under Article 61 of Chapter 106 of the North Carolina General Statutes.