



N.C. Department of Agriculture & Consumer Services
N.C. ADFP Trust Fund
Requests for Proposal Guidelines for Conservation Easements



Overview

Purpose

According to the American Farmland Trust, North Carolina is the second-most threatened state for farmland loss in the United States. According to a 2020 American Farmland Trust study, 732,000 acres of agricultural land in North Carolina were converted from 2001 to 2016. This conversion was the second-most of all the states in the country. In an American Farmland Trust study from 2022, North Carolina was projected to lose the second-most acres of farmland in the United States by the year 2040.

Agricultural conservation easements are one of the most effective tools for combating rapid farmland loss. By restricting non-agricultural development, conservation easements ensure farmland remains dedicated to agricultural use for future generations. Agricultural conservation easements provide certainty for farmers, protect working lands from rising development pressures, and create long-term stability for the state's agricultural economy and food systems.

The mission of the N.C. Agricultural Development and Farmland Preservation (ADFP) Trust Fund's competitive grant opportunities aim to fund projects that encourage the preservation of qualifying agricultural, horticultural, and forestlands to foster the growth, development, and sustainability of family farms. The Agricultural Conservation Easement application process is how the ADFP Trust Fund evaluates funding opportunities for conservation easements, ranking them by priority in alignment with its mission.

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

Eligibility

- All applicants must be nonprofit conservation organizations or county governments. (G.S.106-744)
 - 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.
- To be eligible for a conservation easement through the ADFP Trust Fund's program, the property must be privately-owned, located within the borders of the State of North Carolina, in working lands use (agriculture, horticulture, forestry), and with ownership in agreement to participate in the program. At least one tract must meet the following minimum acreage requirements:
 - 5 acres in actual horticultural production (actively engaged in the commercial production or growing of fruits and vegetables or nursery and floral products);
 - 10 acres in actual 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);
 - 20 acres in actual forestry production (actively engaged in the commercial growing of trees).
- If there are existing easements that have removed the development rights from the property, those easement areas will be ineligible for the program and do not count toward the minimum acreage requirements.
- Each organization or agency may submit an unlimited number of proposals per funding cycle, regardless of category (perpetual easements, term easements, agricultural development projects, agricultural plans, agricultural growth zones, additional easement purchase funds).
- Contract awards are based on funding availability.
 - If total grant requests exceed the funding allocation for the grant cycle, the ADFP Trust Fund will fund a maximum of four (4) applications per category (perpetual easements, term easements, agricultural development projects, agricultural plans, agricultural growth zones, additional easement purchase funds) per applicant.
 - Applications for donated easement proposals requesting only transaction cost assistance are not considered in this contract limit.
 - If the funding allocation for the grant cycle is greater than the total grant requests, the contract maximum per applicant is waived for the grant cycle.
- Current grantees are subject to the Grantee Risk Assessment Guide. High-risk grantees will have the review of proposed grant requests discontinued, and no grant contract may be offered.

Additional Standard Appraisal Conservation Easement Eligibility

- A single conservation easement may include more than one tax parcel, provided that all parcels are under the same ownership and located within one-half mile of each other. A parcel that does not independently meet eligibility requirements may still be included if it is part of an easement containing other qualifying parcels. Conversely, a single application can have multiple conservation easement recordings, provided that all parcels are under the same ownership and located within one-half mile of each other.

Additional Present-Use Value Conservation Easement Eligibility

- Land must be in PUV land use classification as defined in N.C.G.S. 105-277.
 - This program is exclusively for use on ADFP Trust Fund (ADFP Trust Fund) conservation easements. Applications with additional conservation easement purchase partners are ineligible.
- If existing easements have removed or restricted development rights from the property, it will be ineligible for the PUV Conservation Easement Program. Energy easements, covenants, and other similar restrictions are identified during the title review process. Applicants are strongly encouraged to review all easements and covenants on the deed with landowners before application.
- No exclusions from the proposed conservation easements are permitted. Only whole land parcels, as defined by the county tax office, are eligible. The conservation easement boundary must follow the tax parcel boundary. The following conditions on the property will make it ineligible for the PUV Conservation Easement Program:
 - Voluntary exclusions of homesites or other areas.

- Existing easements with parcel restrictions, such as mitigation easements, utility easements, covenants, DOT easements, watershed easements, etc.
- Other areas that are incompatible with the easement terms such as historic sites, archaeological sites, and cemeteries.
- Property improvement values, such as homes, structures, and equipment, are not eligible for ADFP TRUST FUND conservation easement payments. If a house or structure is included in the property tax evaluation for PUV, it must be included in the conservation easement.
- More than 85% of the conservation easement must be in full conservation easement protection, and the remaining acreage is defined as farmstead and/or residential use. Total farmstead building envelopes are restricted to 15% of total easement acreage. If NO residential structures are present on the proposed easement area, one future residential farmstead building envelope is permitted.
- If residential sites are present on the proposed easement area, NO additional future residential farmstead building envelopes are permitted. The building value does not contribute to the calculation used to determine the conservation easement value payout.

Application Format and Documentation Requirements

Application Summary

Depending on the preference of landowners, several types of Agricultural Conservation Easements may be funded under the ADFP Trust Fund competitive grant application. Three of the types are determined by the valuation method (Donation, Standard Appraisal, or Present-Use Value), and two of the types are determined by the length of the proposed conservation easement (Perpetual or Term).

- Valuation Method
 - Donated conservation easements.
 - These applications are not eligible for conservation easement purchase grant funds, as the landowner is providing an in-kind contribution of easement value.
 - Appraised 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.
 - Present-Use Value conservation easements.
 - If awarded grant funds, these applications do not require an appraisal of the proposed conservation easement. Instead, this valuation method uses data from the parcel(s) tax card to calculate the easement purchase price. This valuation method does not assign value to existing or future property improvements and cannot determine values for areas excluded from the proposed conservation easement or areas where development rights have been restricted. This valuation method uses the expertise of the county tax assessor rather than an independent appraiser. The assessed value is based on the entire parcel and cannot be modified.
 - Please note: once an applicant has been awarded a contract under PUV, they are unable to switch to a standard appraisal method.
- Length of Conservation Easement

- Donated and Appraised conservation easements include the following options:
 - Perpetual
 - 50-year term
 - 40-year term
 - 30-year term
- Present-Use Value conservation easements include the following options:
 - Perpetual
 - 50-year term
- All new Conservation Easement applications, regardless of type, must be submitted in a multi-part structure consisting of the following three required components, each with its own deadline:
 - Intent to Apply
 - Eligibility, Background, and Purpose
 - Additional Evaluation Information
- All information requested in each component of the application is required. Incomplete applications may be deemed ineligible for funding consideration.
- Placeholder documents will only be accepted with prior written approval from the Farmland Preservation Director and are evaluated on a case-by-case basis.
 - If a placeholder is submitted without prior approval, it will be disregarded, and any associated scoring points may be adjusted accordingly.
 - If an approved placeholder is submitted, scoring or record updates will not occur until the final documentation is received by the approved deadline and verified by staff.
 - If the required documentation is not submitted and verified by the stated deadline, no further adjustments to scoring will be made for that item.
 - By submitting a placeholder, the applicant forfeits the ability to revise or resubmit documentation if the final materials are later deemed insufficient for scoring.
- All applications are reviewed by ADFP Trust Fund staff. On-site visits and interviews will be conducted for all eligible applications. The evaluation process includes a thorough review of the submitted application and all accompanying documentation.
- Final award decisions are made by the Commissioner of Agriculture, in consultation with the ADFP Trust Fund Advisory Committee.

Application Structure

The ADFP Trust Fund staff reviews each application. Agricultural Conservation Easement applications consist of a three-part structure with three associated deadlines. After all three parts of the application have been received in full, the applicant will be contacted to schedule a site visit. Once a form is submitted, it cannot be edited or resubmitted. Late submissions or failure to complete the appropriate form by its deadline may affect the eligibility of an application.

Part 1: Intent to Apply

- Opens: First Business Day of August
- Closes: Last Business Day of August
- Purpose: This brief initial form will collect core details and provide the department with an estimate of total anticipated submissions.

Part 2: Eligibility, Background, and Purpose

- Opens: Second Monday of September
- Closes: Third Monday of October
- Purpose: This form will gather detailed project information and supporting documentation.

Part 3: Additional Evaluation Information (*Standard Conservation Easement Applications Only*)

- Opens: First Monday of November
- Closes: Last Monday before Christmas
- Purpose: This final section will collect documentation for optional competitive scoring items.

Scoring

Agricultural Conservation Easement scores are based on three components: the application, the budget, and the Map and Narrative Assessment (MANA). The MANA verifies application details through an on-site visit. Site visits will be conducted for all eligible applications and must include the presence of at least one applicant contact and one landowner.

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

Conservation Easement Application Scoring Sheet

Scoring Items Related to Proposed Conservation Easement Acreage				
	Question	Answer	Points	Max
1	Length of Proposed Conservation Easement	Perpetual	2	2
		Term	0	
2	What percentage of the proposed easement acreage of land is Prime, Unique, or soils of statewide importance?	90% or greater Prime, Unique or soils of statewide importance	18	18
		80% or greater Prime, Unique or soils of statewide importance	16	
		70% or greater Prime, Unique or soils of statewide importance	14	
		60% or greater Prime, Unique or soils of statewide importance	12	
		50% or greater Prime, Unique or soils of statewide importance	10	
		40% or greater Prime, Unique or soils of statewide importance	8	
		30% or greater Prime, Unique or soils of statewide importance	6	
		Less than 30% Prime, Unique or soils of statewide importance	0	

3	Is the proposed conservation easement property 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	
4	Is the proposed conservation easement area currently being used for agricultural production as defined in NC Statute 106-581.1? If so, when was the last production?	A crop is currently or was grown for harvest within the last 6 months	4	4
		A crop was grown for harvest within the last year.	3	
		A crop was grown for harvest within the last 2 years.	2	
		A crop was grown for harvest within the last 4 years	1	
		No evidence of crop production for harvest within the last 4 years	0	

Scoring Items Related to Landowners/Producers				
5	Does the landowner(s) have an economic interest as a producer in the agricultural production as defined in NC Statute 106-581.1 on the proposed conservation easement acreage?	Yes	5	5
		No	0	
6	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	
7	As defined by the U.S. Department of Agriculture, are any of the landowners or other private entities with an economic interest as producers in agricultural production on the proposed conservation easement acreage identified as: <ul style="list-style-type: none"> - A new and beginning farmer, - Limited resource farmer, - Veteran farmer or rancher, as defined by the USDA?	Yes	4	4
		No	0	

8	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/Goodness Grows in NC?	Yes	3	3
		Enrollment Pending	0	
		No	0	
9	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: <ul style="list-style-type: none"> - A member of American Tree Farmers, - Forest Stewardship Program, - Sustainable Forestry Initiative Certification 	Yes	3	3
		Enrollment Pending	0	
		No	0	
10	Are the proposed agricultural conservation easement acres currently enrolled in the Century Farm program?	Yes	3	3
		Enrollment Pending	0	
		No	0	

Scoring Items Related to the Proposed Conservation Easement and Lands in Proximity to the Proposed Conservation Easement				
11	What is the proximity of existing farmland to the proposed agricultural conservation easement area?	The proposed conservation easement is adjoining.	5	5
		The proposed conservation easement is 1/2 mile or less.	4	
		The proposed conservation easement is 1/2 mile but less than a mile.	3	
		The proposed conservation easement is 1 mile but less than 2 miles.	2	
		The proposed conservation easement is 2 miles but less than 4 miles.	1	
		The proposed conservation easement is 4 miles or greater.	0	
12	Are the proposed agricultural conservation easement acres currently enrolled in Voluntary Agricultural District or Enhanced VAD?	VAD	3	5
		EVAD	5	
		Enrollment Pending	0	
		No	0	

13	Are the proposed agricultural conservation easement acres in the immediate vicinity of another agricultural conservation easement allowing the production of agricultural commodities as defined in NC Statute 106-581.1?	The conservation easement is adjoining.	7	7
		The conservation easement is 1/2 mile or less.	6	
		The conservation easement is 1/2 mile but less than a mile.	4	
		The conservation easement is 1 mile but less than 2 miles.	2	
		The conservation easement is 2 miles but less than 4 miles.	1	
		The conservation easement is 4 miles or greater.	0	
14	Are conservation land management plans being used on the proposed agricultural conservation easement acreage?	Yes	5	5
		No	0	
15	Are there any local, state, or federally owned lands that are managed for the protection and use of agriculture, plants, forestry, wildlife, historic, or cultural sites within two (2) miles of the proposed agricultural conservation easement area?	Yes	2	2
		No	0	
16	Does the proposed conservation easement acreage fall under a designated military training route (MTR) or adjoin a military base or designated training parcel?	Yes	2	2
		No	0	

Scoring Items Related to the Impact of Proposed Conservation Easement on Statewide Farmland Protection				
17	Are there recognizable threats of conversion from agricultural land use to urban or highly developed?	The proposed agricultural conservation easement acreage adjoins a city's limits and within the city's ETJ.	5	5
		The proposed agricultural 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 agricultural 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 agricultural conservation easement acreage is greater than 1 mile from the city limits and within the city's ETJ.	2	
		The proposed agricultural conservation easement acreage is within 2 miles of the city limits and outside the city's ETJ.	1	
18	Are there recognizable threats of conversion from agricultural land use to low density residential development?	The proposed agricultural 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 agricultural 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 agricultural conservation easement acreage adjoins or is within a mile of an official NC Megasite.	3	
		The proposed agricultural conservation easement acreage adjoins or is within ½ mile of an Interstate or US Highway.	2	
		The farm 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	

19	County of the proposed agricultural conservation easement 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	
20	County of the proposed agricultural conservation easement 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	
20	Total Scoring Questions	Total Points Possible		100

Title Review Prescreens

During the grant contract period, title commitments and title opinions submitted by the grantee are reviewed to ensure that no issues prevent the recording of the conservation easement.

This Conservation Easement Grant Application Title Review Prescreen is a proactive measure to ensure that applicant organizations review the landowner's fee simple ownership in the conservation easement area for potential issues that would prevent completion of the easement acquisition.

Significant title concerns could jeopardize the project, and Grantees will be liable for returning grant contract funds if the conservation easement is not recorded.

Please review these potential issues and discuss them with the landowner. If potential title concerns are found, please identify them within the application and contact Farmland Preservation staff.

For projects seeking USDA NRCS funding, please contact USDA NRCS staff for program requirements and remedies relating to ownership, title, access, liens, encroachments, or environmental concerns.

Please note:

Title Review Prescreen is not an exhaustive list. Please be thorough in your discussions with landowners. Potential title issues may result in the termination of the contract despite attempts to remedy them. Before submitting a grant application or signing the grant contract, the grantee

should gather as much information and documentation as possible regarding the fee simple ownership of the property.

One common issue resulting in contract termination and failure to record the conservation easement is related to lienholders' failure to subordinate. It is essential to discuss all liens with the landowner, including but not limited to commercial, private, and federal loans. If subordination is not obtainable, the project cannot proceed.

Discuss and confirm with the landowner if any written or oral leases apply to the proposed conservation easement area. All leases related to the conservation easement area must be subordinated.

Issue	Question	NCDA&CS Requirements	Potential Remedy
Ownership Concerns that could prevent title certification, including but not limited to any known clouds on title.	Does any portion of the property have associated ownership concerns that could prevent title certification?	A marketable title with a title search of at least 60 years, certified by an attorney licensed to practice law in North Carolina, is required.	All ownership concerns must be resolved before continuing the conservation easement project.
Title concerns such as ongoing civil actions, judgments, life tenants or remaindermen, and open estates.	Are there any potential title concerns, such as ongoing civil actions, judgments, life tenants or remaindermen, or open estates?	A marketable title with a title search of at least 60 years, certified by an attorney licensed to practice law in North Carolina, is required. Copies of all exceptions noted are also required.	<ul style="list-style-type: none"> a. All civil actions must be closed. b. Judgments must be cancelled of record. c. Life tenant and all remaindermen must be willing to sign the conservation easement. d. Open estates will be reviewed on an individual basis.

Boundary Line disputes, discrepancies, encroachments. These could include buildings, roads, and other encroachments that impact the proposed easement area.	Are there any unresolved boundary disputes, discrepancies, or encroachments on any portion of the proposed conservation easement area?	Boundary line disputes must be resolved, and encroachments must be removed.	<ul style="list-style-type: none"> a. Resolve issue with adjacent landowner before application (this is necessary before application for NRCS-ALE partnership funding). b. Remove the area of dispute from the easement (this will be reflected on the survey or any associated maps) if applicable.
Legal access to all portions of the proposed easement area.	Does the entire proposed easement area have legal access from a public road, or is there an insurable, unconditional, and transferable legal right of way recorded for the easement?	The landowners are responsible for providing sufficient legal access to the entire easement area. Legal access must be identified on the survey map.	A deeded access agreement must be completed before easement recording.
Judgments, Liens, Mortgages, or other subordination needs.	Is there a judgment, lien, mortgage, or deed of trust related to the proposed conservation easement area?	A Subordination Agreement signed by the lienholder, a Release Deed releasing the easement area, and payment of the lien in full or cancellation must be identified and communicated to NCDA&CS legal and satisfied before or at closing.	<ul style="list-style-type: none"> a. Subordination agreement agreed upon with the lender. Judgments must be cancelled. b. Pay off what is owed for judgments, liens, or mortgages.
Bankruptcy	Are the landowners (including spouses) involved in an active bankruptcy proceeding?	Any properties involved in a bankruptcy proceeding must be identified during the application period.	<ul style="list-style-type: none"> a. If the landowner has an active bankruptcy, the bankruptcy must be resolved before the contract award. b. The landowner must provide a trustee's court order authorizing enrollment in the conservation easement program.

Deed Restrictions	Is any portion of the proposed conservation easement area subject to an existing easement or deed restriction?	Any easements that restrict development rights may be ineligible for easement funds, including restrictive covenants.	<ul style="list-style-type: none"> a. Release and/or modification of the deed restrictions. b. Removal of the area from the conservation easement, if possible.
Existing Easements that may restrict development rights	Are there any other options, rights-of-way, or easements on the proposed conservation easement area, such as utilities, gas lines, fiber optic lines, pipelines, power lines, roads, railroads, access, ditches, flowage easements, etc.?	These must be identified in the application. Ensure none of these other options interfere with conservation purposes, including access, title, development, or other land restrictions.	<ul style="list-style-type: none"> a. Utility easements will be reviewed by NCDA&CS legal and may require either termination or removal from the conservation easement area before contract award. b. Subordination, agreements, or other legal remedies as necessary.
Environmentally Hazardous Sites, including brownfields or other recognized environmental concerns.	Are there any recognized environmentally hazardous sites, including brownfields, within the proposed conservation easement area?	A Phase I Environmental Assessment (ESA) or equivalent <u>must</u> be completed.	<ul style="list-style-type: none"> a. A Phase I ESA with recognized environmental concerns will require a remedy and/or a Phase II ESA with a remedy before easement recordation. b. If the Phase I or II ESA reveals concerns without an applicable remedy, this may result in the denial or cancellation of the contract award.
Mineral Rights Reservation	Are the surface or subsurface resource rights (oil, gas, minerals, existing conservation easement, etc.) owned or reserved by a third party that is not a landowner of this property?	If active mining is occurring, the grantee and/or landowner must ensure that the rights have been terminated. An affidavit certifying that there is no current or planned mining activity will be required.	<ul style="list-style-type: none"> a. The fee owner must attempt to acquire mineral rights. b. Additional remedies will be discussed on an individual basis.

Established energy leases, such as wind or solar energy development leases, or others?	Are there any energy-related leases on the proposed conservation easement property, including solar, wind, or geothermal energy leases?	The current easement language is not compatible with these industry leases.	<p>a. The leases must be terminated before the grant contract award.</p> <p>b. Remove the area of dispute from the easement (this will be reflected in the survey or any associated maps) if applicable.</p>
Additional leases on the proposed conservation easement area, such as agricultural leases, recreation or hunting leases, public access leases, or others.	Are there any other land leases on the proposed conservation easement property, including written or oral agreements, such as agricultural leases, recreation or hunting leases, public access leases, or others?	These must be identified in the application and remedied during the due diligence period.	<p>a. If the lease is incompatible with the easement, it must be terminated before the grant contract award, or the leased property will be removed from the easement area.</p> <p>b. If the lease is compatible with the easement language, it must be subordinated to the conservation easement.</p>

Environmental Concern Prescreen

During the grant contract period, an environmental assessment (ESA) is conducted to ensure no adverse environmental concerns are on the property. This Conservation Easement Grant Application Environmental Concern Prescreen is a proactive measure to ensure that applicant organizations review properties for environmental concerns and that landowners disclose any environmental concerns **BEFORE** a grant contract is awarded.

Significant environmental concerns could jeopardize the project, and Grantees may be liable for returning grant contract funds if the conservation easement is not recorded.

Are there any non-compatible land uses on the proposed agricultural conservation easement acreage, such as trash piles, waste dumps, soil erosion, or alternative management that has diminished soil production, which will inhibit or demise future agricultural production as defined in NC General Statute 160D-903?

On the proposed conservation easement property, is there evidence of **ANY** of the following:

- Trash or garbage piles
- Abandoned vehicles or parts
- Abandoned machinery or appliances
- Toxic or hazardous waste
- Petroleum leaks
- Underground or above-ground storage tanks for non-agricultural use

If there is evidence of potential environmental concerns, you are required to disclose them on the application. Failure to do so may result in the termination of the grant contract.

Please note:

- Evidence of environmental concerns does not automatically disqualify a conservation easement grant application. Depending on the environmental concern's size, scope, and severity, remedies may be required before recording the conservation easement.
- If a landowner knowingly and willingly conceals significant environmental concerns, the conservation easement project may be terminated, and the landowner may be held liable for expended grant funds.
- During the grant contract period, if the on-site inspection identifies environmental conditions that negatively impact the property, such as the presence of petroleum products or hazardous substances in the subsurface of the site, and these findings necessitate further investigation of environmental conditions with a Phase II ESA or equivalent, the grantee is required to conduct these assessments through a qualified environmental firm.
- During the grant contract period, if the ESA or Phase I requires remediation to resolve environmental concerns, the grantee must complete the actions to continue the project. All required actions must be completed before the easement is recorded. Recommended remediation actions should also be completed.

Budget

Grant Amount Requests

- There is no maximum grant request for an agricultural conservation easement application.
- Conservation Easement applications may include grant requests for the purchase of the easement and other allowable costs. ADFP Trust Fund grant funds for the purchase of the conservation easement are limited to 50% or less of the estimated value for standard appraisal applications.
- If the property tax evaluation for PUV is selected, an appraised value from other sources may **not** modify the conservation easement value.
 - The conservation easement value will be adjusted to the last report by the NC Department of Revenue Sales Assessment Ratio Study for the county in which the proposed conservation easement is located. NCDOR: Sales Assessment Ratio Studies as of January 1, 2024: <https://www.ncdor.gov/2024salesratiobookpdf/open>
 - The county tax property values using PUV are for use only with ADFP Trust Fund 50-year term and perpetual easements.
 - Payment for conservation easement value will be restricted to the following payout percentages:
 - 50-year easement – 60% of the conservation easement value
 - Perpetual easement – 75% of the conservation easement value

Agricultural Conservation Easement Budget Instructions

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.

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, 2024.
- Comparable Certified Development Rights Appraisal from previous projects since January 1, 2024. 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 2024 or 2025 tax card.
- For property not enrolled in PUV, data from ADFP TRUST FUND 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, 2024.

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, 2024.
 - 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, 2024.

- 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, 2024.
- 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 2024 or 2025 tax card.
- Tax Card for property not enrolled in Present-Use Value (PUV).
 - For property not enrolled in PUV, data from ADFP TRUST FUND 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 2024 or 2025 tax card.
 - The average conservation easement value percentage by region is below:

Region	Average Percentage of Fair Market Value after Easement
Western	26 percent
Southwestern	38 percent
Southeastern	53 percent
South Central	27 percent
Northwestern	35 percent
Northeastern	70 percent
North Central	30 percent

- Letter of Opinion or Restricted Use Report by a Qualified Appraiser with an effective date since January 1, 2024.
 - 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 2020.

Historical Data – Per Acre Conservation Easement Purchase Value since 2020

Region	Average Per Acre Conservation Easement Purchase Value	Low Per Acre Conservation Easement Purchase Value	High Per Acre Conservation Easement Purchase Value
Western	\$8,740.94	\$1,466.29	\$17,972.97
Northwestern	\$4,486.20	\$3,198.35	\$5,195.05
Southwestern	\$6,343.17	\$2,525.00	\$15,928.73
North Central	\$8,463.48	\$1,249.20	\$47,766.52
South Central	-	-	-
Southeastern	\$4,619.45	\$550.09	\$12,745.97
Northeastern	\$2,224.17	\$770.43	\$3,476.65

2. Determining the Total Allowable ADFP Trust Fund Grant Request

- Per ADFP Trust Fund rules, the ADFP Trust Fund 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 applicants plan their total budget for the application. **The worksheet must be submitted with each application to double-check the grant request and match numbers.**
- Selecting the Conservation Easement Budget Worksheet for the given property's region will ensure that Cost Averages are not exceeded when requesting due diligence funds.
- 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 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.
- 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.

- **Using the Conservation Easement Budget Worksheet for the appropriate region ensures the inclusion of correct cost averages.**

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 the 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. At this time, match percentages will be listed on the ADFP Trust Fund website; however, this information will be updated before the application goes live.*
- The entire estimated easement value must be fulfilled by grant funds and match. The calculation will determine the amount of easement purchase match 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 matching 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.
- Only select the line items for which there are matching funds. Only enter budget information on the lines for which there are matching funds.
- After entering each line of matching funds, click the checkbox to calculate the total matching funds. **This total must match what is entered on the Conservation Easement Budget Worksheet.**

6. Total Matching Funds Narratives

- There is an upload section to add Matching Funds Narratives and any secured funding documents. This section asks the applicant to identify secured (committed in writing) and unsecured matching funds.
- 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.
- If no match is available for a line item, enter "0" in the appropriate field.

7. Total Project Budget

- This will be found on the Conservation Easement Budget Worksheet. Ensure that both the Grant Request column and the matching funds columns are correct and match what is entered in the application. Submit this worksheet with the application.
- If you have any questions, please email Allison Rodriguez at Allison.rodriguez@ncagr.gov.

8. Project Timeline

- If awarded a grant, a project timeline with deliverable dates will be required as part of the grant contract's terms and conditions.
- 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, 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:** 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 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:** 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.

<u>Regional Averages</u>	<u>Appraisal</u>	<u>Survey</u>	<u>BDR</u>	<u>EA</u>	<u>Legal Fees</u>	<u>Closing Costs</u>
Western	\$8,400.00	\$16,300.00	\$3,800.00	\$3,200.00	\$5,800.00	\$1,600.00
Northwestern	\$3,400.00	\$12,000.00	\$3,800.00	\$3,200.00	\$5,800.00	\$1,500.00
Southwestern	\$2,600.00	\$14,500.00	\$3,800.00	\$3,200.00	\$5,800.00	\$1,500.00
Southeast	\$5,400.00	\$11,800.00	\$4,100.00	\$3,200.00	\$6,100.00	\$1,500.00
North Central	\$3,100.00	\$11,800.00	\$5,600.00	\$3,200.00	\$7,000.00	\$1,500.00
Northeast	\$4,000.00	\$11,800.00	\$4,400.00	\$3,600.00	\$8,200.00	\$1,600.00
South Central	\$3,200.00	\$13,700.00	\$4,600.00	\$4,700.00	\$8,700.00	\$1,500.00

Match Requirements

- Documentation of match will be required in the reporting process.
- Public funds from the State of North Carolina will not be considered for any match requirements.
- Statutory match requirements must be expended during the grant contract period. Match expended before the execution of the grant contract will not be considered.
- For ADFP Trust Fund general appropriations grants:
 - 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)), 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)), 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.
 - Note: List of tiers is available on the application website.
- Grant requests with more secured match for conservation easement purchase will result in higher scores in the budget category.

Allowable Costs

- ADFP Trust Fund monies may not be used to reimburse appraisals, administrative or personnel costs. Approval of necessary specialized services will be determined by ADFP Trust Fund staff when reviewing the application.
- No travel requests are approved for easements applications. However, travel can be used as a match.
- ADFP Trust Fund may approve Subcontract Expenditures with an approved subcontractor form.
- Allowable and non-allowable costs for reimbursements:

Allowable Costs	Non-allowable Costs
Easement Purchase	Travel
Survey	Personnel/Administrative Services
Baseline Documentation Report	Appraisals
Environmental Assessment/Audit	Alcoholic beverages
Attorney Fees	Bad debts
Closing Costs	Contingency provisions
Stewardship endowment (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 easement value being donated.)	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

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.

- ★ For Match Purposes Only: All reimbursements for travel, meals, and rentals, 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>)

Funding Periods and Extensions

- Sole-funded general appropriation grants awarded during Cycle 19 will expire on **September 30, 2028**.
 - General appropriation grants with NRCS partner funding awarded during Cycle 19 will expire on **September 30, 2029**.
 - 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.
- For more information on application deadlines, documentation requirements, conservation easement prescreens, and scoring criteria, please visit:
<https://www.ncagr.gov/divisions/farmland-preservation/applicants>

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.
- **Beginning Farmer:** A farmer who has not operated a farm or who has operated a farm for not more than 10 years and who will materially and substantially participate in the operation of the farm.
- **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:
 - (1) The countywide farmland protection plan shall contain a list and description of existing agricultural activity in the county.
 - (2) The countywide farmland protection plan shall contain a list of existing challenges to continued family farming in the county.
 - (3) The countywide farmland protection plan shall contain a list of opportunities for maintaining or enhancing small, family-owned farms and the local agricultural economy.
 - (4) 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.
 - (5) 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))
- **Nonprofit Conservation Organization:** Any nonprofit organization that provides assistance to landowners to protect their lands and can legally hold agricultural easements.
- **Limited Resource Farmer:** A farmer or producer with direct or indirect gross farm sales not more than the current indexed value in each of the previous two years, and who has a total household income at or below the national poverty level for a family of four, or less than 50 percent of county median household income in each of the previous two years.
- **Veteran Farmer:** A person who served in the United States Army, Navy, Marine Corps, Air Force, and Coast Guard, including the reserve components thereof, and who was discharged or released therefrom under conditions other than dishonorable and who also meets the definition of beginning farmer or rancher (BFR). The VFR must: a) not have operated a farm or ranch; or b) not have operated a farm or ranch for more than 10

consecutive years. For a legal entity or joint operation to be considered a VFR entity, all members must meet the definition of VFR.

- **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.