

# Taxation of Land Subject to Conservation Easements in Vermont

## *A Lister's Guide*

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Prepared for the *Taxing Conservation Workshops*  
November-December 1992.

*sponsored by:*

Vermont Natural Resources Council  
Vermont Housing and Conservation Board  
Vermont Department of Agriculture  
Vermont Farm Bureau  
Vermont Tree Farm Program  
Vermont Land Trust





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## Taxation of Land Subject to Conservation Easements in Vermont A Lister's Guide

Although there may be technical distinctions between Purchase of Development Rights, Transfer of Development Rights,<sup>1</sup> Conservation Easements, and Conservation Restrictions, for the lister's purposes, land subject to any of these restrictions may be treated in the same way. Basically, some of the sticks making up the bundle of rights to land have been transferred to a private non-profit conservation organization, the town, the Vermont Department of Agriculture, the Vermont Housing and Conservation Board, or a combination of those organizations. The rights removed may include the right to subdivide, the right to build additional structures, the right to physically modify the land, the right to start another business on the property, the right to cut timber as desired, the right to extract minerals or gravel, the right to use the land in certain ways which are permitted by zoning, and/or the right to exclude the public. The public benefits gained from the transfer may include protecting important natural resources, gaining public access to trails or waters, sustaining agriculture, and helping the town achieve the goals of its plan.

Most listers would agree that removing the right to develop a parcel would reduce the fair market value--at least slightly. As one lister put it: "I can't believe that, confronted by two farms which are identical except for the right to develop, a buyer would pay the same amount for both." However, two questions must be investigated: how should the property be listed according to the statutes and their interpretation by the Courts; and how should the property be appraised--especially when there are very few comparables.

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<sup>1</sup>Transfer of Development Rights (TDRs) are discussed more fully on page 4 . Although the situation is slightly more complicated than a simple conservation easement, the land from which the TDRs are severed is treated in the same way as other land subject to a conservation restriction held by the town.

## **I. Listing Property Subject to Conservation Easements**

Listing the property should be approached in two steps: determining how the restricted land itself should be listed, and then determining how the development rights should be listed.

### **A. Listing the Restricted Land**

Whether or not the listed value of the parcel should reflect the conservation easement depends on who holds the easement. According to 10 V.S.A. Section 6306, the listers should assess the fee owner "only upon the value of those remaining rights or interests to which he retains title" in the following situations :

1. When the conservation easement is held by the Agency of Natural Resources or any of its departments; the Agency of Transportation; the Department of Agriculture, Food and Markets; or the Vermont Housing and Conservation Board.
2. When the conservation easement is held by the town.
3. When the conservation easement is held by a qualifying non-profit conservation organization and the transfer has been certified by the Department of Property Valuation and Review as meeting the conservation purposes outlined in 10 V.S.A. Section 6301.<sup>2</sup>

When there are multiple holders with undivided interest in the conservation easement, the listers are advised to tax the fee owner only on the remaining rights if at least one of the owners is listed above. In the majority of transactions involving purchase of development rights in Vermont, the rights are co-held by a private non-profit organization such as a land trust, the Vermont Department of Agriculture, and the Vermont Housing and Conservation Board. In these cases, the listers should list the land to the fee owner at its restricted value even if the land trust has not gone through the certification process.

In situations not explicitly mentioned in the statutes, the listers should follow the general rule of assigning all rights of ownership to the fee owner. The law provides that "taxable real estate shall be set in the list to the last owner or possessor thereof on April 1."<sup>3</sup> According to court decisions, the Legislature did not intend for the listers to

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<sup>2</sup>10 V.S.A. Section 6306 (c).

<sup>3</sup>2 V.S.A. Section 3651.



research, identify and tax all the holders of various interests and to adjust and assign appraisal values.<sup>4</sup>

The Vermont Lister's Handbook recommends: "In general, when you appraise a parcel, we recommend that you assign all rights of ownership to the fee owner, except for those rights precluded by governmental restrictions or those specifically mentioned in the statutes." The idea is that the Legislature makes specific provisions for the situations in which the rights should be taxed separately or exempted; otherwise all rights should be assigned to the fee owner.

In situations not specifically mentioned in the statutes--where the development rights were transferred to a private party (such as a great aunt) or to an organization which does not qualify, or when the transaction itself has not been certified by Property Valuation and Review--the parcel would be listed as though no rights had been removed by the transaction.

#### **B. Listing the Easement**

In situations where the conservation easement is held by one of the organizations listed in Section 6306 (c)<sup>5</sup>, the conservation easement itself is essentially not taxable. Specifically exempted from taxation are conservation easements held by qualifying non-profit organizations and certified by Property Valuation and Review. Rights held by the municipality would not be taxable by the municipality.

In practice, it is reasonable to assume that the conservation rights held by state agencies are also exempt. However, there is a technical debate over this issue. According to the statutes<sup>6</sup>, rights held by state agencies are to be treated as state-owned land with respect to taxation and state reimbursement in lieu of taxes. Unfortunately, the sections which explain how state-owned land should be taxed refer to sections of the statutes which have since been repealed and there is substantial disagreement about exactly which section applies. However, even if the listers adopt the interpretation that would be the most lucrative for the town, the payment from the state probably would amount to less than 3 cents per acre and would not usually be worth the trouble of tracking.<sup>7</sup>

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<sup>4</sup>Village of Lyndonville v. Town of Burke, 146 Vt. 435 (1985).

<sup>5</sup>10 V.S.A. Section 6306 (c); these organizations are also listed on page 2 of this paper.

<sup>6</sup>10 V.S.A. Section 6303 (a).

<sup>7</sup>The Vermont Tax Department's position is that repealed Section 3615 of 32 V.S.A. should apply. It allows the town to list state-owned farmland at \$8 per acre. In a situation where only 66 percent of the conservation easement is held by the state and the conservation restriction amounts to 25 percent of the total value of the land, the listed value allocated to the state would be \$1.32. With a tax rate of \$1.50, the tax would amount to 2 cents per acre. However, others contend that the conservation easement

### C. Conservation Easements and the Current Use Program

Land subject to a conservation easement may still be enrolled in the Current Use Program. The fair market value of the parcel would be the fair market value of the fee owner's remaining rights. The fee owner would be taxed on the use value, and the town would receive a reimbursement based on the difference between the use value tax and the fair market value tax.

### D. Transfer of Development Rights

From the lister's point of view, a Transfer of Development Rights (TDR) program differs from a Purchase of Development Rights program mainly in the ownership and use of the development right. In a TDR transaction, the development rights are removed from a parcel in an area chosen for conservation (sending area) and purchased, generally by a private person, to be used to develop another parcel in an area chosen for development (receiving area).

As a part of a TDR transaction, a conservation easement is created and granted to the town under 10 V.S.A. Chapter 155 limiting the land uses on the parcel in the sending area. At this point, the land in the sending area from which the development rights have been removed should be treated by the listers in exactly the same way as a parcel from which the town has purchased development rights: the fee owner should be taxed only for the remaining rights and there would be no tax on the conservation easement itself as it is owned by the town.<sup>8</sup>

When the development rights are applied to a parcel in the receiving area, the listed value of the receiving parcel should reflect the value of the additional development now possible.

Unfortunately, there may be a limbo period in which the value of the development rights is lost for tax purposes. If the development rights are purchased and held for speculation and a conservation easement is created, the sending parcel is taxed based on only the remaining rights and the TDR itself is not taxable. Many states with TDR programs have avoided this problem by making clear statutory provisions for taxing the TDR itself. In Vermont, however, there is no provision for taxing the TDR separately from the land.

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ownership is undivided and that if a qualified organization is an owner, the easement is not taxable--even though the state may be a co-owner.

<sup>8</sup>24 V.S.A. Section 4407.



Unless the statutes are changed, towns should be aware of the limbo period in designing TDR programs. To avoid tax loss, the program could provide for recording the conservation easement at the time the TDRs are applied to a parcel in the receiving area rather than at the time the TDRs are sold. During the limbo period--after the TDRs have been sold but before they have been applied to a receiving parcel--the owner of the sending area parcel would be taxed according to the unrestricted value of the parcel. It would be up to the TDR seller and buyer to work out an agreement to divide taxes during that time.

### Listing of Land Subject to Conservation Easements: Summary

Holder of Conservation Easement	Taxation of Remaining Rights	Taxation of Conservation Easement
State Agency	Taxable to Fee Owner	Minimally taxable (Based on full listed value of \$8: See note 2)
Town	Taxable to Fee Owner	Exempt
Certified Non-Profit Organization	Taxable to Fee Owner	Exempt
Other	Full Value Taxable to Fee Owner	
TDR Sending Area Parcel		
Before Conservation Easement Created: Owner holds all rights	Full Value Taxable to Fee Owner (As long as no conservation easement has been created, even if TDRs have been sold)	
After Conservation Easement Created: Town holds conservation rights	Taxable to Fee Owner	Exempt

## II. Appraisal of Land Subject to Conservation Easements

Conservation easements are imposed on properties by allocating property rights, typically development rights, between or among parties. The appraisal of properties having only a portion of the bundle of rights is not atypical. Appraisers are routinely faced with appraising parcels subject to utility easements, right-of-ways, and property leases. Conservation easements, however, present unique and special problems to the valuation process because:

1. their imposition may significantly limit the utility and highest and best use of a property;
2. such easements are relatively new in Vermont and appraisers and listers alike have had little or no experience with them;
3. there is limited market data available.

### A. Comparable Sales

The analysis of comparable sale properties represents the most direct way to value real estate. There is a growing inventory of sales of restricted properties in Vermont.<sup>9</sup> In addition, local appraisers or other listers may also prove to be good sources of sale data.

In some cases, the value of restricted land may be simulated by sale properties with severe physical limitations which restrict the highest and best use. For example, the highest and best use of a landlocked parcel may be similar to that of a parcel subject to conservation easements.<sup>10</sup> Further, the value of agricultural lands in rural areas may adequately reflect the value of a parcel restricted to agricultural use but located in a more urban setting. Care must be taken to compare only properties with similar highest and best use features.

### B. Other Approaches

In general, the cost approach is not applicable to valuing land alone. However, on a farm parcel where there are farm buildings, the cost approach may be useful for valuing the

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<sup>9</sup>A data base of sales of property subject to conservation restrictions is being maintained by the Vermont Land Trust. Although many of these sales are not "good" sales because they do not represent an arm's length transaction on the open market, there are quite a few which do. Contact the Vermont Land Trust, 8 Bailey Avenue, Montpelier, VT 05602. (800-639-1709).

<sup>10</sup>Other severe physical limitations such as floodplain conditions or wet soils have been used to estimate the value of a restricted parcel. However, it should be considered that many of these conditions can be overcome either with current or future technology while conservation easements are perpetual.

buildings. In areas where there is significant development potential and the highest and best use for the unrestricted parcel had been development, the farm buildings may have contributed little if any value to the overall appraised value of the parcel. When the highest and best use is restricted to agriculture, the building value becomes more important.

The income approach involves calculating the stream of future income possible from the restricted property and calculating the present value of that income. If the use of the property is restricted to agriculture or forestry, the annual return attributed to the land is capitalized to arrive at a value of the land for that use. This is the process used by the Current Use Advisory Board to determine the use values for farm and forest land in Vermont. Most appraisers feel that this use value is generally lower than the value of a restricted property because it fails to reflect the market's motivation for purchase and it ignores some of the remaining rights such as water rights, hunting rights, recreation rights, and "bragging rights"--the value of owning land in Vermont.

#### **C. Value Enhancement**

If conservation easements protect one portion of a parcel from development, they may actually enhance the remaining portion of the parcel, or an adjacent parcel. For example, if a property has a scenic view, the permanence of which is guaranteed by a conservation easement, its value may be enhanced by the easement.

Value enhancement must be considered in appraising conservation easements. However, it is typically difficult to quantify because of the uniqueness of each situation.

#### **D. Using IRS Appraisals**

In most transactions in Vermont in which a conservation easement is sold or donated, an appraisal is conducted according to Internal Revenue Service guidelines so the landowner may receive beneficial income and estate tax treatment. Although these appraisals are directed at determining the value of the easement itself rather than the value of the restricted property, they may be helpful to listers in estimating the fair market value of the restricted property because they estimate the "after" value of the parcel and they generally include a list of comparable sales.

The IRS regulations direct the use of a "before and after" technique to value the easement.<sup>11</sup> The value of the easement

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<sup>11</sup>Internal Revenue Code Sections 1.170A-13, 1.170A-14

is the difference between the value of the property before the easement and after the easement. The property is first isolated and analyzed before the easement is imposed. The property's highest and best use is studied and determined, and the market value of the fee simple interest is estimated. The property is then analyzed with the easement in place, with particular attention to evaluating the impact of the easement on the utility and highest and best use of the property. The difference between the before and after values is equivalent to the value of the easement. For the lister's purposes, the appraiser's estimate of the after value is of interest.

Some potential exists to over-value the easement by understating the after value. Restrictions or easements must alter the utility or highest and best use of a property in order for them to have significant value. For example, consider a property located in an area with favorable demand for residential housing. Valuation of such a property in the before situation must consider the strength of market demands along with the property's zoning and physical features, such as soil conditions. If the soils are poor and will not percolate, or if the property is zoned for only agricultural use, the easement may have only a slight effect on the value of the property despite strong market demands. This is because the highest and best use of the property is not measurably changed by the restriction. Similarly, an easement on a rural property with soils and zoning which are favorable for development may not significantly change the value of the property if the demand for housing is currently not measurable or anticipated to increase.

The key to valuing conservation easements themselves is to identify, within the "after" analysis, how the utility and probable use of the property are affected by the loss of property rights. The highest and best use and the value should be derived as directly as possible from market data which serves to support the conclusions of the analysis. Because this is the same analysis the listers would use to determine the value of the restricted property, the appraisal submitted to IRS should contain valuable information.

IRS regulations specifically require the appraiser to consider value enhancement. If the restriction enhances the value of property in the same ownership or property owned by relatives of the property owner, this must be specified.

Listers have been very skeptical about the use of the IRS appraisal, mainly because it is seen as a way for the landowner to show a very high before value or low after appraisal and therefore receive the maximum tax benefits. It is important to realize that the IRS appraisals must be prepared and signed by a "qualified appraiser." The



appraiser and the landowner are subject to stiff penalties for over-valuation.

#### **D. The Common Level of Appraisal**

If the IRS appraisal is used as a guide, it is important to adjust the value so that equity within the town is maintained. The value should be adjusted so that the parcel is listed at the same percentage of fair market value as other open land parcels in town.

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## Appendix A

### Internal Revenue Code

#### section 170 (h)

(h) QUALIFIED CONSERVATION CONTRIBUTION.—

(1) IN GENERAL.—For purposes of subsection (f)(3)(B)(iii), the term “qualified conservation contribution” means a contribution—

- (A) of a qualified real property interest,
- (B) to a qualified organization,
- (C) exclusively for conservation purposes.

(2) QUALIFIED REAL PROPERTY INTEREST.—For purposes of this subsection, the term “qualified real property interest” means any of the following interests in real property:

- (A) the entire interest of the donor other than a qualified mineral interest,
- (B) a remainder interest, and
- (C) a restriction (granted in perpetuity) on the use which may be made of the real property.

(3) QUALIFIED ORGANIZATION.—For purposes of paragraph (1), the term “qualified organization” means an organization which—

- (A) is described in clause (v) or (vi) of subsection (b)(1)(A), or
- (B) is described in section 501(c)(3) and—
  - (i) meets the requirements of section 509(a)(2), or
  - (ii) meets the requirements of section 509(a)(3) and is controlled by an organization described in subparagraph (A) or in clause (i) of this subparagraph.

(4) CONSERVATION PURPOSE DEFINED.—

(A) IN GENERAL.—For purposes of this subsection, the term “conservation purpose” means—

- (i) the preservation of land areas for outdoor recreation by, or the education of, the general public,
- (ii) the protection of a relatively natural habitat of fish, wildlife, or plants, or similar ecosystem,
- (iii) the preservation of open space (including farmland and forest land) where such preservation is—

(I) for the scenic enjoyment of the general public, or

(II) pursuant to a clearly delineated Federal, State, or local governmental conservation policy, and

will yield a significant public benefit, or

(iv) the preservation of an historically important land area or a certified historic structure.

(B) CERTIFIED HISTORIC STRUCTURE.—For purposes of subparagraph (A)(iv), the term “certified historic structure” means any building, structure, or land area which—

(i) is listed in the National Register, or

(ii) is located in a registered historic district (as defined in section 48(g)(3)(B)) and is certified by the Secretary of the Interior to the Secretary as being of historic significance to the district.

A building, structure, or land area satisfies the preceding sentence if it satisfies such sentence either at the time of the transfer or on the due date (including extensions) for filing the transferor's return under this chapter for the taxable year in which the transfer is made.

(5) EXCLUSIVELY FOR CONSERVATION PURPOSES.—For purposes of this subsection—

(A) CONSERVATION PURPOSE MUST BE PROTECTED.—A contribution shall not be treated as exclusively for conservation purposes unless the conservation purpose is protected in perpetuity.

(B) NO SURFACE MINING PERMITTED.—

(i) IN GENERAL.—Except as provided in clause (ii), in the case of a contribution of any interest where there is a retention of a qualified mineral interest, subparagraph (A) shall not be treated as met if at any time there may be extraction or removal of minerals by any surface mining method.

(ii) SPECIAL RULE.—With respect to any contribution of property in which the ownership of the surface estate and mineral interests were separated before June 13, 1976, and remain so separated, subparagraph (A) shall be treated as met if the probability of surface mining occurring on such property is so remote as to be negligible.

(6) QUALIFIED MINERAL INTEREST.—For purposes of this subsection, the term “qualified mineral interest” means—

- (A) subsurface oil, gas, or other minerals, and
- (B) the right to access to such minerals.



## CHARITABLE CONTRIBUTIONS— § 170

extract certain minerals which may have an adverse impact on the conservation interests associated with the qualified real property interest. The terms of the donation must provide a right of the donee to enter the property at reasonable times for the purpose of inspecting the property to determine if there is compliance with the terms of the donation. Additionally, the terms of the donation must provide a right of the donee to enforce the conservation restrictions by appropriate legal proceedings including, but not limited to, the right to require the restoration of the property to its condition at the time of the donation.

(6) *Extinguishment.* (i) *In general.* If a subsequent unexpected change in the conditions surrounding the property that is the subject of a donation under this paragraph can make impossible or impractical the continued use of the property for conservation purposes, the conservation purpose can nonetheless be treated as protected in perpetuity if the restrictions are extinguished by judicial proceeding and all of the donee's proceeds (determined under paragraph (g)(6)(ii) of this section) from a subsequent sale or exchange of the property are used by the donee organization in a manner consistent with the conservation purposes of the original contribution.

(ii) *Proceeds.* In the case of a donation made after February 13, 1986, for a deduction to be allowed under this section, at the time of the gift the donor must agree that the donation of the perpetual conservation restriction gives rise to a property right, immediately vested in the donee organization, with a fair market value that is at least equal to the proportionate value that the perpetual conservation restriction at the time of the gift bears to the value of the property as a whole at that time. See § 1.170A-14(h)(3)(iii) relating to the allocation of basis. For purposes of this paragraph (g)(6)(ii), that proportionate value of the donee's property rights shall remain constant. Accordingly, when a change in conditions gives rise to the extinguishment of a perpetual conservation restriction under paragraph (g)(6)(i) of this section, the donee organization, on a subsequent sale, exchange, or involuntary conversion of the subject property, must be entitled to a portion of the proceeds at least equal to that proportionate value of the perpetual conservation restriction, unless state law provides that the donor is entitled to the full proceeds from the conversion without regard to the terms of the prior perpetual conservation restriction.

(h) *Valuation—*(1) *Entire interest of donor other than qualified mineral interest.* The value of the contribution under section 170 in the case of a contribution of a taxpayer's entire interest in property other than a qualified mineral interest is the fair market value of the surface rights in the property contributed. The value of the contribution shall be computed without regard to the mineral rights. See paragraph (h)(4), *example (1)*, of this section.

(2) *Remainder interest in real property.* In the case of a contribution of any remainder interest in real property, section 170(f)(4) provides that in determining the value of such interest for purposes of section 170, depreciation and depletion of such property shall be taken into account. See § 170A-12. In the case of the contribution of a remainder interest for conservation purposes, the current fair market value of the property (against which the limitations of § 1.170A-12 are applied) must take into account any pre-existing or contemporaneously recorded rights limiting, for conservation purposes, the uses to which the subject property may be put.

(3) *Perpetual conservation restriction—*(i) *In general.* The value of the contribution under section 170 in the case of a charitable contribution of a perpetual conservation restriction is the fair market value of the perpetual conservation restriction at the time of the contribution. See § 1.170A-7(c). If there is a substantial record of sales of easements comparable to the donated easement (such as purchases pursuant to a governmental program), the fair market value of the donated easement is based on the sales prices of such comparable easements. If no substantial record of market-place sales is available to use as a meaningful or valid comparison, as a general rule (but not necessarily in all cases) the fair market value of a perpetual conservation restriction is

### § 1.170A-14(h)(3)(I)

## CHARITABLE CONTRIBUTIONS— § 170

equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction. The amount of the deduction in the case of a charitable contribution of a perpetual conservation restriction covering a portion of the contiguous property owned by a donor and the donor's family as defined in section 267(c)(4) is the difference between the fair market value of the entire contiguous parcel of property before and after the granting of the restriction. If the granting of a perpetual conservation restriction after January 14, 1986, has the effect of increasing the value of any other property owned by the donor or a related person, the amount of the deduction for the conservation contribution shall be reduced by the amount of the increase in the value of the other property, whether or not such property is contiguous. If, as a result of the donation of a perpetual conservation restriction, the donor or a related person receives, or can reasonably expect to receive, financial or economic benefits that are greater than those that will inure to the general public from the transfer, no deduction is allowable under this section. However, if the donor or a related person receives, or can reasonably expect to receive, a financial or economic benefit that is substantial, but it is clearly shown that the benefit is less than the amount of the transfer, then a deduction under this section is allowable for the excess of the amount transferred over the amount of the financial or economic benefit received or reasonably expected to be received by the donor or the related person. For purposes of this paragraph (h)(3)(i), related person shall have the same meaning as in either section 267(b) or section 707(b). (See *example (10)* of paragraph (h)(4) of this section.)

(ii) *Fair market value of property before and after restriction.* If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use. Further, there may be instances where the grant of a conservation restriction may have no material effect on the value of the property or may in fact serve to enhance, rather than reduce, the value of property. In such instances, no deduction would be allowable. In the case of a conservation restriction that allows for any development, however limited, on the property to be protected, the fair market value of the property after contribution of the restriction must take into account the effect of the development. In the case of a conservation easement such as an easement on a certified historic structure, the fair market value of the property after contribution of the restriction must take into account the amount of access permitted by the terms of the easement. Additionally, if before and after valuation is used, an appraisal of the property after contribution of the restriction must take into account the effect of restrictions that will result in a reduction of the potential fair market value represented by highest and best use but will, nevertheless, permit uses of the property that will increase its fair market value above that represented by the property's current use. The value of a perpetual conservation restriction shall not be reduced by reason of the existence of restrictions on transfer designed solely to ensure that the conservation restriction will be dedicated to conservation purposes. See § 1.170A-14(c)(3).

(iii) *Allocation of basis.* In the case of the donation of a qualified real property interest for conservation purposes, the basis of the property retained by the donor must be adjusted by the elimination of that part of the total basis of the property that is properly allocable to the qualified real property interest granted. The amount of the basis that is allocable to the qualified real property interest shall bear the same ratio to the total basis of the property as the fair market value of the qualified real property interest bears to the fair market value of the property before the granting of the qualified real property interest. When a taxpayer donates to a qualifying conservation organization an easement on a structure with respect to which deductions are

### § 1.170A-14(h)(3)(ii)

## Appendix B

### Vermont Housing and Conservation Board

#### SPECIFICATIONS FOR NARRATIVE APPRAISAL REPORTS FOR VALUING CONSERVATION RESTRICTIONS

##### The Appraisal Process

Standard definitions should be used to explain the appraisal process. The methods that are utilized should be explained and a discussion of why they are being utilized should also be included.

##### I. Before Value Analysis

The Direct Sales Comparison Approach should be utilized as the primary method in valuing the unencumbered property. The Cost of Development Approach and Income Approach should only be used if they are applicable. A discussion of why they are being utilized should be included. If any secondary approach to value is used, the results should be compared against the Comparable Sales Approach. If values do not closely agree, the reason for the divergence should be explained fully.

###### Direct Sales Comparison Approach

- a. Comparable sales (lots and acreage) should be summarized including perimeter sketches (include an Addenda)
- b. A comparable sales map should be included
- c. Sales should be presented in table or grid form, showing adjustment for times, size, location, appeal, soils, improvements (farm and residential) and circumstance of the transaction that may affect value.
- d. Each sale must be discussed in detail in the narrative including such factors as: time, location (desirability, view, etc.), zoning, frontage, topography (including soil type, wetlands and floodplains), utilities, financing, etc.,
- e. Sales from neighboring towns may be used if necessary, providing adjustments are made for market characteristics, etc.

##### II. After Value Analysis

The Highest and Best Use of the property subject to the proposed restrictions should be carefully considered. While agricultural use may often be the highest and best use of the encumbered land, the after value should not be assumed to be synonymous with "Farm Value". A careful discussion of the proposed restrictions should be included in the after value analysis. Make sure that the proposed restrictions including any reserved building rights or access easements are carefully considered as they may affect highest and best use. Again, the Direct Comparable Sales Approach is considered to be the best indicator of value. An Income Approach should be used only as a secondary approach.

- a. Description of land to be subject to Grant of Development Rights and Conservation Restrictions.
  1. A map showing the land to be encumbered and all lands to be excluded from the Grant of Development Rights and Conservation Restrictions must be included. Any reserved building rights allowed under the proposed Grant of Development Rights and Conservation Restrictions must also be indicated in the

appraisal and shown on the map of encumbered land.

b. Direct Sales Comparison

1. Sales should be legally encumbered with similar easements or adjusted to best reflect the easement to be imposed on the subject property.
2. Physically restricted properties such as floodplain land should be adjusted including adjustments for soil productivity and any factors associated with the proposed easement on the property which affect value. For example, consider the diminution in value to the property by the 90 Day Right of First Refusal, review and approval of grantee requirements, loss of timber, sand and gravel rights and other mineral rights, etc. should be addressed. Also note any specific conservation practices which may be included in the easement that may affect value.
3. Enhancement value of abutting land under related ownership and estate value of land to be encumbered shall be considered. Due to limited market transactions involving restricted land, greater adjustments for time and location may have to be made.
4. Include a discussion of the comparable sales and point out any circumstances that could have an affect on value. All comparable should be carefully confirmed with knowledgeable parties. This is especially true if the transaction included the sale of conservation restrictions to the Board or an applicant of the Board.
5. Consideration of enhancement of reserved lots or adjacent lands under related ownership.
6. Discussion of "estate" value of farm in the foreseeable future

16. Certificate of Valuation of Before and After value and the resultant Value of the Conservation Restriction

17. Addenda

- a. Comparable sales maps
- b. Photographs of subject and Comparable sales
- c. Zoning By-Laws
- d. Wetlands or Flood Plain Map
- e. Site plan sketch if Development Approach is used
- f. Appraiser's qualifications
- g. Limiting conditions
- h. A copy of proposed conservation easement (note reserved building rights)



# farmland preservation report

## SPECIAL REPORT

### A Question of Value: Appraising for Farmland Preservation

By Patrick W. Hancock

**H**ave you ever heard (or thought), "We have a problem with the appraisal process?" This sentiment has been expressed frequently in land conservation circles in connection with conservation easement valuation. Appraisals are inconsistent, too costly, too high, too low, etc. However, a good appraisal remains an integral step for most land conservation projects.

Conservation easements are procured via two basic methods: a tax deductible gift to a land trust (or other entity acceptable to the IRS) or by direct purchase. Regardless of the method, certain rights of ownership are limited based on the restrictions within the conservation easement document. An appraisal is needed to estimate the value of the rights relinquished.

An appraisal is defined as, "The act or process of estimating value. (USPAP, Jan. 1, 1989) An opinion of the nature, quality, value, or utility of specified interests in, or aspects of identified real estate.<sup>1</sup>

The basic function of a real estate appraisal is to answer the questions, how much money is the property worth, and why? These questions are of nearly equal importance. A good appraisal report should lead the reader to the same conclusion as the appraiser, thus solving a problem rather than creating one. In this way individual donors are protected from possible IRS penalties for overvaluation while purchase of development rights (PDR) programs can avoid criticism for undervaluation or conversely, squandering public funds.

While this article is not intended to be a "how to" manual, certain critical steps in the appraisal process will be discussed as will some of the problems that are especially relevant to the issue of farmland preservation.

*please turn the page*

#### ESTIMATING PROPERTY VALUE BEFORE AND AFTER EASEMENT PURCHASE

The appraisal of a conservation easement is really two appraisals in one. First, the market value of the subject property is estimated "as is" before the conservation easement has been placed on the property. A second estimate of market value is prepared assuming the property has been encumbered by the conservation easement (i.e. the after value). The difference, if any, between the before and after values represents the value of the conservation easement.

#### UNDERSTANDING "HIGHEST AND BEST USE"

A key step in estimating market value is to understand the highest and best use of the property. Highest and best use is defined as "the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The criteria that must be met for highest and best use are legal permissibility, financial feasibility and maximum profitability."<sup>2</sup> Note that the highest and best use is an economic concept and does not necessarily reflect a particular social or land ethic.

The issue of highest and best use should be specifically addressed and supported as it is the basis for the rest of the appraisal. If residential use is the highest and best use, adequate support for that conclusion must be provided. What are the current market conditions and trends? Have there been other subdivisions in the area? What is a typical sell-out period? Has the number of building permits increased or decreased over time? Is credit available?

In addition to a review of the prevailing market conditions for properties so encumbered, the appraiser should make clear what impact the conservation easement will have on the use of the property after it is encumbered. A simple statement that the highest and best use is for agricultural purposes should not be considered adequate. The statement

should be supported with answers to possible questions: are other uses permitted besides agriculture? Are other income generating uses that may have minimal impact on the agricultural enterprise permitted, (bed and breakfast, cross-country skiing, hunting for a fee, feed/seed fertilizer distribution, auto repair shop, etc.)? Are there limits on cultural practices? Are there limits on who can qualify as a future purchaser? In short, it should be apparent that the appraiser has read the easement agreement, and understands its provisions. Again, the appraiser should have answered the "why" questions to support his/her opinion of highest and best use.

While it may be natural to focus on the property use restrictions as set forth in the conservation easement, the appraiser also should make clear what *can* be done with the property as encumbered. In marketing such a property the seller and/or the broker would accentuate the positive to achieve the top selling price. While in many cases a conservation easement would be viewed as a selling point, stressing restrictions to the detriment of existing/remaining opportunities on the property is simply poor salesmanship.

It is the remaining use potential of the property that has value. In my opinion, the appraiser should also view the encumbered property in a positive manner as this is more reflective of how the subject property would be presented to buyers.

#### FOUR APPROACHES TO APPRAISING

With highest and best use established, the appraiser can move on to the actual valuation of the property. The basic valuation techniques are the direct sales comparison approach, cost approach, income approach and in certain cases, the subdivision method. Rather than reiterate what is available in any appraisal text, comments will be limited to valuation as it relates to farmland preservation. But first, the following definitions from the American Institute of Real Estate Appraisers, are in order. (These definitions are from *The Dictionary of Real Estate Appraisal*, Second edition, 1989).

- *Direct Sales Comparison Approach*: "Approach through which an appraiser derives a value

indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments, based on the elements of comparisons, to the sale prices of the comparables."

• *Cost Approach*: "Approach through which an appraiser derives a value indication of the fee simple interest in the property by estimating the current cost to construct a reproduction of or replacement for the existing structure, deducting all evidence of accrued depreciation from the cost new of the reproduction or replacement structure, and adding the estimated land value plus an entrepreneurial profit. Adjustments may be made to the indicated fee simple value of the subject property to reflect the value indication of the property interest being appraised."

• *Income Approach*: "Derives a value indication for income producing property by converting anticipated benefits, i.e., cash flows and reversions, into property value. This conversion can be accomplished in two ways: one year's income expectancy or an annual average of several years income expectancies may be capitalized at a market derived capitalization rate or a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment; secondly, the annual cash flows may be discounted for the holding period and the reversion at a specified yield rate."

• *Subdivision Approach*: "The method of estimating land value when subdivision and development are the highest and best use of the property being appraised. An appraiser deducts all direct and indirect costs and entrepreneurial profit from an estimate of the anticipated gross sales price of the finished lots; the resultant net sales proceeds are then discounted to present value at a market derived rate over the development and absorption period to indicate the value of the raw land."

#### USING THE FOUR APPROACHES IN THE BEFORE VALUATION

Any or all of the above approaches may be used

to estimate the value of the property before easement sale (usually the unencumbered fee simple interest).

Farmland preservation administrators should be aware of the following points:

1) If the highest and best use is for development, farm buildings might not contribute to the overall property value, especially if they are specialized. Farm structures may even be considered a detriment due to the cost of anticipated demolition.

2) A frequent criticism of the direct sales comparison approach is lack of comparability of the sales with the subject property. An appraiser cannot invent market data. Therefore his/her choice is to search for sales locally and go further back in time or keep the sales very timely but expand the geographic region researched.

All adjustments are made to place the sales on a par with the subject property, not vice-versa. For example, a sale with soils superior to those found on the subject property might receive a negative dollar adjustment. Conversely, a sale with inferior quality soils might have its sale price adjusted positively. Adjustments should be supported. The report should contain precise language. Be wary of vague statements such as "the sale was adjusted negatively because it was superior to the subject property." The appraiser should indicate why the sale was superior and why the particular feature warrants adjustment. It should be apparent that the appraiser has reached a conclusion methodically and with confidence.

Finally, if comparable sales are truly lacking, the appraiser should not use the direct sales comparison approach. One or more of the other approaches should be relied on.

3) Depreciation in the cost approach should be fully explained and have basis in the marketplace. The depreciation estimate should not be a mechanical calculation with no relation to buyer and seller behavior. The vacant land value in the cost approach should be market based, preferably by direct sales comparison.

4) Use of the income approach is largely a question of appropriateness. It can be a useful

check. However, in areas of significant development pressure the income generated solely from agriculture may have little relation to the market value of the property.

5) In situations where development pressure is especially strong and/or sales are lacking, the subdivision method may be appropriate. The various hard and soft costs (including profit and overhead) associated with the hypothetical subdivision of the subject property are subtracted from a projected income stream generated by the sale of lots created. The remaining figure is attributable to the "raw" acreage.

However, as pointed out by others,<sup>2</sup> this figure is merely an indication of what the developer could afford to pay in order to achieve the targeted profit margin if all assumptions about the subdivision are true. Estimating sell-out period, number of lots available for sale, holding costs, and lot prices, etc. can all be major stumbling blocks to achieving a reasonable estimate of market value for the raw land. Certain PDR programs require this method in addition to any or all of the others mentioned. In my opinion, the subdivision method should be backed up by "raw" land sales wherever possible.

In all methods, the appraiser should provide appropriate documentation and present it in a manner that answers your questions.

#### THE FOUR APPROACHES IN AFTER VALUATION

The valuation of a property as encumbered by a conservation easement can be a challenging assignment. As in the *before* valuation, the Direct Sales Comparison Approach, Cost Approach, Income Approach, and perhaps the Subdivision Approach may all be appropriate valuation techniques. Frequently the difficulty is due to the lack of market data since resales of encumbered properties usually do not exist unless a land trust or PDR program has been active in an area for some time. Even then, sales tend to be few and far between.

#### USING THE DIRECT SALES COMPARISON APPROACH

Given that sales of encumbered properties are scarce, on what information should the appraiser

base the value of a property encumbered with a conservation easement? If we assume that usually, at least in the Northeast, the easement has the greatest value impact on the development potential of a property, the appraiser is seeking market data showing value for lands that retain agricultural use, but have limited development potential.

Consideration should be given to: easement encumbered sales, if any; sales of flood plains or other physically impaired parcels; easement sales; and occasionally, farm sales.

*Easement encumbered sales:* Sales of parcels already encumbered with a conservation easement are certainly among the best value indicators provided that the deed restrictions, location, and physical attributes are comparable to the subject property. The appraiser should understand the easement provisions of the subject property and the sales, as well, to make appropriate comparisons.

An effort has been made by the northeast office of the American Farmland Trust to compile a registry of sales of farms encumbered by conservation easements. Since all of the northeastern states, except New York, have some form of statewide PDR, along with many active land trusts, a number of sales should be available. Over time this registry could be easily updated and be an essential tool for the valuation of conservation easements. While most of the state PDR programs and several appraisers have contributed information, greater input is needed. If you are interested in participating in this project, contact the American Farmland Trust.

*Flood plain and other physical limitations:* Frequently a floodplain is excellent farmland but cannot be developed. In addition to flood plains, parcels that are too wet, too rocky or too steep, landlocked, or of poor configuration, may be inappropriate for development. Of course, such parcels may be limited in their agricultural use as well. Nevertheless, such sales can be useful for estimating value of an easement encumbered parcel.

*Easement Sales:* Data on past easement prices is a valuable source of information PDR administrators can provide to appraisers. Certainly this is a source worth exploring for appraisers and one



which is likely to become more important over time as the number of easement encumbered properties increases. Like any sales information, market conditions, physical characteristics of the easement parcels, easement conditions, etc. will need to be considered.

*Farm sales:* In certain cases it may be appropriate to use the sale of an unencumbered farm that sold as a farm if the farm was remotely located away from development pressure. In such a case, the value contribution due to development potential might be negligible thus reflecting the value of land for farming purposes only.

#### USING THE COST APPROACH

This method is applied in the same fashion as with an unencumbered parcel. The land value must be based on sales of physically impaired or legally restricted or remote acreage. It should also be recognized that the value of outbuildings may have been *enhanced* by the conservation easement. In contrast to the before valuation, if the property is limited to agricultural use only, the structures may have a viable use and thus contribute value to the overall property.

#### USING THE INCOME APPROACH

Because farming is a business and easement encumbered sales are frequently lacking, the income approach is often viewed as the valuation technique of choice for the after value. No doubt this is appropriate in many cases. However, the appraiser and the user of appraisal services should bear in mind there may be other motivating factors behind the purchase of farmland, such as scarcity or competition with nonfarmer purchasers, which may drive market prices beyond levels normally justified by agricultural production. Thus, the Income Approach may not be relevant.

The phenomenon of sale prices of easement encumbered properties exceeding value estimates generated by the Income Approach has been demonstrated repeatedly in locations such as New Jersey, Long Island, the Hudson Valley and Lancaster County, Pa. It is usually best to use the

Income Approach in concert with at least one of the other valuation methods as a check.

#### USING THE SUBDIVISION APPROACH

This approach is normally associated with the Before Valuation. However, some PDR programs and certain land trusts have provisions, whether as part of the deed of easement or as part of the PDR legislation, which may allow limited divisions of the encumbered property. The division may be for "agricultural purposes" only or to accomodate family heirs, for example.

If division seemed likely in a reasonable timeframe, this approach might be appropriate. It would be applied in the same manner as for the Before Valuation.

#### OTHER APPRAISAL ISSUES IN PRESERVATION

There are several issues related to appraising for farmland preservation that warrant comment. Some apply to PDR programs only, while others apply to both PDR and land trust programs. However, issues such as these merit attention because they may cause inconsistencies in appraisal results and perceived "problems" from an administrative point of view. No doubt there are others too numerous to include here. The issues below seem to have come up in several states.

##### *Low value/no value conservation easement*

In certain areas, particularly where development pressure is not intense, the difference between the before/after valuations (i.e. the value of the conservation easement) may be minor or non-existent based on available market data. In some circles it has become popular to assume that a property will always diminish in value when encumbered by a conservation easement. Indeed, some tax court judges have allowed higher charitable deductions for easements in certain cases than was demonstrated by the appraiser.

To exercise judicial authority and allow such a value is one thing. It is quite another for an appraiser to objectively report an estimate of value when supporting data from the marketplace is

lacking. Granted, low easement values may be a stumbling block to implementation of a PDR program or to the completion of a land preservation deal. Is this an "appraisal problem" or a reflection of current market conditions? The responsibility of the appraiser remains to research the market thoroughly and to base his/her value estimate on the facts found therein.

#### *Agriculture preservation vs. country estates*

This topic is generally an issue of debate for program administrators and policymakers, not the appraiser. However, the issue may be relevant during the valuation of the subject property as encumbered by the conservation easement (i.e. after value). There are some locales in which a restricted property will clearly be marketed to an individual of means, one who is willing to pay for space, country lifestyle, etc. This type of buyer may substantially outbid the agriculture community. Yet, if this kind of buyer motivation is typical for the marketplace, it is incumbent on the appraiser to reflect it in the appraisal.

#### *Houselots/Floating lots/additional dwellings*

A valid concern in the farm community is retaining enough flexibility in the conservation easement to allow for adjustments in farming enterprises as economic conditions dictate. Such may include provisions for future dwellings. While this issue is, in many ways, an administrative/policy issue for the agency or organization holding the easement, the appraiser is involved to the extent that retained rights impact value.

There is no end to the ways that provisions for future housing could be integrated into a conservation easement. However, the more specific the provisions are in terms of size, location, etc., the easier it is for the appraiser to deal with the valuation in a responsible manner. For example, if a future house site is identified, surveyed, and subdivided from the parent parcel (and has a highest and best use different from the larger farm) it may be appropriate to value this parcel separately based on the sales of other lots.

But where size and location are not specified and the easement holder, not the landowner, has oversight over the ultimate exercise of any retained rights, the appraiser confronts a serious problem. How does the housing provision impact value of the encumbered property, if at all? In such a situation, the appraiser should ask as many questions about the nature of the housing provision as possible, preferably of those who crafted the language. Can the site be sold separately from the larger farm property? Are all of the landowners' children entitled to house sites regardless of their involvement with the farming operation? Can the reserved house site be exercised "by right" or is there an oversight committee of some sort that must grant approval? What is the intent of the housing provision? Legal counsel may be useful in illuminating the nature of the provisions.

#### *Wetlands*

One of the most basic appraisal responsibilities is the detailed description and identification of the subject property. To this end, identification of wetlands is important. The issue of what is or what is not a wetland remains controversial. To the extent that a property is designated wetland and/or buffer/transition zone to a wetland, development options are generally more limited. The value impact will depend on the market.

These sources can help identify wetlands:

- State wetland maps: Some states are more accurate than others. Certain states require a wetland area to cover a minimum acreage in order to be included on the map thus smaller pockets may be overlooked. Such maps may or may not include buffer/transition zones.
- Soil maps: Alluvial soils and hydric soils are likely wetland candidates.
- Town/county/state planning maps frequently indicate areas affected by wetlands.
- Federal regulations: Although "no net loss" of wetlands remains a stated federal goal, the techniques and policies related to wetland identification continue to be debated. The Federal Manual for the Identification and Delineation of Jurisdic-

tional Wetlands, a joint effort by SCS, USF&WS, EPA, and the U.S. Army Corps of Engineers published in 1989, was the standard. However, according to the New York State Department of Environmental Conservation, the manual is no longer used by the Corps of Engineers because no funding was appropriated for its implementation. The Corps is currently using the 1987 manual.

- Private consultants: Although more time consuming and expensive, retaining a wetland expert to document affected areas of the subject property imparts greater authority to the final appraisal document. Most appraisers with whom I am acquainted are well versed in soils maps, topography maps, state wetland maps, and other sources. However, most are not wetland experts.

Whatever the method of wetlands identification, it is an essential step of the appraisal process which must be accomplished before the valuation assignment can be completed.

#### *Valuation by Formula*

Certain PDR programs have integrated a formula valuation procedure in which a dollar value is associated with each of several physical attributes, such as frontage, soil quality, acreage, etc. A farm's physical data can be "plugged in" and an estimate of value results for the conservation easement. Frequently this procedure can be conducted in 20 or 30 minutes at the farmers' kitchen table. Unlike the conventional appraisal process, a formula valuation process, once established, is quick, inexpensive, and consistent in its results (by virtue of mathematics). And, as long as landowners and program administrators have mutual agreement and full understanding on how value is to be established, the PDR process can move along efficiently. The political pitfalls of time, cost, and "unpredictable results" are avoided.

Certain benefits accrue to landowners as well. Foremost is speed. The landowner gets an immediate idea of value for his/her conservation easement. There is no waiting around for appraisals and a review of same. There is also no cost involved (in contrast, some programs require the landowner to

pay the appraisal fee).

However, certain questions should be raised about any formula. Namely, how are the dollar values for each of the factors established? Are the values the result of political or administrative decisions or are they backed up by market data that is independent of the PDR program? Was there any statistical analysis of market information? How does the formula accommodate changes in the marketplace? From a valuation standpoint the most defensible formula would be one based on statistical analysis of many sales. Collectively, the Northeast and even certain states are approaching a point where enough data may exist to make this possible. As more PDR administrators contribute to the American Farmland Trust's sales registry, solid statistical analysis could become standard.

Formula valuation has great potential. Certain programs have successfully used formulas and are to be applauded. However, a formula-generated value is not an appraisal and the two should not be confused. It is noteworthy that the programs relying on formula valuation do allow the option of a conventional appraisal (usually at the landowner's expense). A good appraisal addresses the "why" questions a formula leaves unanswered.

#### *Appraisal review*

Appraisals are reviewed for a variety of reasons. For example, have contractual obligations for appraisal services been fulfilled? Have appraisal techniques been used appropriately? Is adequate explanation and support given for adjustments and value conclusions? Do additional questions need to be asked of the appraiser? In short, the individual reviewing appraisals is charged with determining the validity of the appraisal. The reviewer is not a substitute for the appraiser or the appraisal process.

The critique of an appraisal document can range from a quick desk review to a full field review. In the former, the reviewer reads through the appraisal document without leaving the office. Based on his/her experience and the contents of the document, a value recommendation is made.

The field review requires that the reviewer not

only read the document but also inspect the subject property and the sale properties used in the analysis. Combined with the knowledge of the reviewer and any independent research he/she may have done, the field review provides "the big picture" needed for the reviewer to formulate an opinion about the appraisal in question. This opinion can then be set forth and appropriately supported in a written appraisal review report.

This process is more time consuming than a desk review. However, the benefits are substantial. Notably, the integrity of the appraisal process is maintained which helps to promote the long term credibility of a PDR program or other land conservation efforts. Many appraisers say they learn very little sitting in the office. The same is true for the review appraiser.

The appraiser and the reviewer both seek a well substantiated, defensible estimate of market value. Their relationship need not be adversarial. In the event the reviewer requires additional clarifying information, the appraiser should cooperate. However, the reviewer must keep in mind that it is the appraiser's thought process that should be clarified, not the reviewer's. Again, the reviewer's opinion should not be a substitute for the appraiser's.

#### A SOLID APPRAISAL PROCESS IS A KEY TO FARMLAND PRESERVATION

At its worst, the appraisal process can be a nightmare of conflicting numbers, expense and delays. At its best, the appraisal process will generate a conclusive, well supported estimate of value. The associated appraisal report will anticipate and answer the "why" questions raised by the reader, keeping acquisition procedures moving forward.

Good appraisals will help to maintain landowner confidence, will provide answers to questions raised by legislators and the public, withstand scrutiny by the IRS in the case of land trust programs, and maintain integrity of a PDR or other land conservation program. To function at its best,

### Recommended Sources

The following sources will assist both the appraiser and the user of appraisal services.

#### Publications

- *Appraising Easements: Guidelines for Valuation of Historic Preservation and Land Conservation Easements*, a joint publication of Land Trust Alliance and the National Trust for Historic Preservation, Second ed., 1990.
  - *The Federal Tax Law of Conservation Easements*, by Stephen Small, published by the Land Trust Alliance in 1985.
- Both publications are available from the Land Trust Alliance, below, or, contact your local land trust.

#### Organizations

- Land Trust Alliance, 900 17th St., NW, Suite 410, Washington, D.C. 20006-2596 (202) 785-1410.
- American Farmland Trust, Northeast Office, 1 Short St., Northampton, MA 01080 (413) 586-9330. Contact Bob Wagner, director, regarding the easement sales registry.
- Appraisal Institute, 225 N. Michigan Ave., Suite 724, Chicago, IL 60601-7601 (312) 819-2400. Available: Unified Standards of Professional Appraisal Practice.

the appraisal process requires competent appraisers and reviewers as well as an informed user of appraisal services.

#### References

- <sup>1</sup> The Dictionary of Real Estate Appraisal, by the American Institute of Real Estate Appraisers, Second Edition, 1989. p. 14.
- <sup>2</sup> "Land Subdivision Analysis: Valuation Through Projected Land Development," By Leland T. Bookhout, Exchange, Vol. 7, No. 4, Fall 1988.

### About the Author

Patrick W. Hancock served as the first full-time review appraiser for the New Jersey farmland preservation program from July 1988 to August 1991. Because it's legislature considered valuation a particularly sensitive issue, the New Jersey program maintains a full-time staff reviewer. Other states generally operate through their respective real estate departments or office of general services. Hancock has also served as staff appraiser for L.T. Bookhout, Inc. in the Hudson Valley.

A former dairy farm employee, Hancock has a degree in animal science from Cornell University. He currently is an instructor with the Ashokan Field Campus, an outdoor education center near Kingston, New York.



