

## Conservationists find land bargains, but few funds to buy

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Like many would-be real estate buyers, people in the business of conserving land are being tugged by two powerful forces: the lure of bargains and the fear of overspending.

Conservation groups say they're being offered deals by landowners who a year ago wouldn't return their calls. As building slows to a trickle, some call the availability of land in the Charlotte region unprecedented.

But the groups are also leery of the struggling economy's effect on sources of money, particularly state agencies. Foundations, corporate donors and lenders have all been hammered by the credit squeeze and tumbling stock market.

The stalemate comes as North Carolina nears an ambitious 10-year deadline to protect 1 million acres by the end of 2009. Through last year, the state was 387,000 acres short of the goal -- and losing more land to development than it was protecting.

Key players are the state's two dozen land trusts, which target land, negotiate deals and sometimes front money for property that will later be placed in public hands.

"This meltdown has not been good for any of us," said Jason Walser of LandTrust for Central North Carolina, based in Salisbury. "Opportunities are being presented that we wouldn't have had before, but we haven't been able to capitalize on them."

The group bought 355 acres, populated by an endangered sunflower and crossed by a historic trail, as a potential addition to Uwharrie National Forest northeast of Charlotte. LandTrust offered the tract to the U.S. Forest Service for \$1.1 million, \$500,000 less than it paid last April.

But no sale: Federal money sources are dry.

Walser presses on, recently walking 130 wooded acres west of Kannapolis that have been approved for an upscale development. The slowing economy has its owner, Gandy Communities, considering alternatives - including selling to a conservation-minded buyer.

"It's a prime piece of development property," said partner Phil Gandy Jr., whose family earlier worked with LandTrust to protect 700 acres in Rowan County. "But in this slowdown, we feel like this is an option we should consider."

### 'An interesting paradox'

Most conservation groups say they haven't yet struck gold on land deals. Prices have fallen only in recent months, and not everywhere.

The Nature Conservancy hopes to buy a tract in the N.C. mountains, now in bankruptcy, for about \$1,500 an acre. The land would have sold for \$8,000 to \$10,000 an acre a year ago, said Fred Annand, associate director of the N.C. chapter.

Inflated land prices in Western North Carolina are falling as second-home development slows, Annand said, but "it's a mixed blessing."

Negotiating a price is only part of conservation deals. Money to close them usually involves several sources and can take years to secure.

N.C. land trusts are closely watching the state Clean Water Management Trust Fund, the state's largest public source of conservation money.

By law, legislators are supposed to appropriate \$100 million a year to the trust, which spends about half its money on land acquisition. In practice, legislators are likely to raid the fund as they try to reduce a \$2 billion state budget shortfall.

"The outlook is not good," said executive director Richard Rogers. By this week, 246 grant applications had come in for 2009, a record number.

Two other state trust funds that help conserve land have braced for sharp revenue declines because they are tied to real-estate sales.

The Natural Heritage Trust Fund, supported by a portion of taxes on deed transfers and the sale of personalized license plates, expects its income to fall by a third, to about \$12 million. The Parks and Recreation Trust Fund, which also gets deed-transfer fees, projects a drop of 38 percent, to \$32 million.

South Carolina's Conservation Bank, which once drew \$12 million to \$14 million a year from deed-stamp fees, has no money for grants this year. Budget-strapped legislators sent the dollars elsewhere.

"It's kind of an interesting paradox," said Austin Jenkins of the Catawba Valley Land Trust in Lancaster, S.C. "We're trying to create a balance between development and protected properties, but our momentum slows down when (development) momentum slows down."

Tax laws offer some landowners another option, by rewarding below-market sales and donations of land or development rights.

Bargain sales, as they're called, qualify for state and federal tax credits. Conservation easements that limit development, either sold or donated, also earn credits and lower property taxes because they reduce the tract's value. And the owner keeps the land.

Public backing for conservation is high, said Dave Cable of the Charlotte-based Catawba Lands Conservancy. The group has 10 land projects in the works this year, covering nearly 1,600 acres. Local governments have signed 95 resolutions of support for the Carolina Thread Trail, the network of greenways that will eventually span 15 counties.

But calls from developers eager to sell, he said, are a new twist. As building slows, lower land costs "definitely makes life easier for us," Cable said.

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