Open Space Preservation Tools

Placer Legacy seeks to protect natural areas and open space. To do that work requires a "tool box" that contains a variety of methods that can be used in different circumstances to accomplish land protection goals. Participation in the open space program is on a voluntary, willing-seller basis. Any number of these tools can be used to protect the unique natural, historic, recreational, scenic and cultural resources of Placer County.

- 1. Purchase at fair market value.
- 2. Purchase of property for less than its fair market value—a bargain sale. The difference between the purchase price and the property's market value can be claimed as a charitable deduction by the property owner.

 Purchase of a property in which the sales price is paid in two or more installments. If the installments are spread over two or more years it may benefit the seller's tax situation.

- 4. Outright donation of property.
- 5. Donation of property at death by will.
- 6. Donation or sale of property with seller retaining the right to continue to use and live on the property until death---life estate.
- 7. Donation of a conservation easement by property owner.
- 8. Purchase of a conservation easement.
- Planned giving strategies such as charitable gift annuities and charitable remainder trusts. While these are not strictly land protection tools, they do provide financial and tax saving incentives that can help make land protection feasible.

These tools can be used in ways that meet the financial and emotional needs of the property owner. Many of the tools can provide valuable tax benefits for the property owner. All of them can be used in our efforts to conserve and protect these special open spaces and natural areas for future generations.

Types of Conservation Measures

Full-Fee Acquisition

The County could purchase the land it sought to protect or control, thereby acquiring full rights to the use of the property.

The advantages of purchasing the entire fee are clear. The governing body may then use the land in any way without having to barter or legislate to gain the right to control the property. The purchasing agency now has complete discretion as to the property's use. The disadvantages are equally clear. The costs of outright purchase can be prohibitive. Additionally, once the property is acquired, it no longer produces tax revenue and must be managed or restored at taxpayers' expense.

Conservation Easement

A conservation or open space easement is a legal document made between a landowner and a public body or qualified conservation organization. The easement limits present and future property development rights. It allows you to live on the

property and use it for its traditional use, e.g., as a farm, forest, open space, and/or natural area, but protects it as well. The easement is legally recorded and bound to the deed of the property permanently. This allows some control over the property while the parcel remains in private hands. Easements rarely allow public use of the property. Private land trust organizations, such as the Placer Land Trust and Trust for Public Land, have been used as intermediaries for such arrangements.

Each easement is tailored to the specific characteristics and uses of the land. Timber harvesting, farming, primary residences and other uses may continue while the land's unique characteristics - prime soils, endangered species habitat, wetlands, etc. - are protected. The easement protects the property's natural or open space values, balancing the government's interest in preserving land with the private owner's desire to retain title.

Placer Legacy's Emphasis on Easements

Because of the importance of agriculture in Placer County, multiple-use easements allowing farmers to keep much or most of their land in some type of agricultural production are the most suitable. Outright fee title purchase is more appropriate for non-farmed properties with high-value, relatively undisturbed natural communities.

Bargain Sale

Selling property to a land conservation organization at a price below fair market value is called a "bargain sale." The difference between the sale price and the fair market value is considered a charitable donation, hence a property owner could enjoy an income tax deduction or a reduction in estate taxes. In addition, a bargain sale is useful in minimizing the liability of a long-term capital gains tax associated with the sale of a large estate.

While a bargain sale may produce a smaller financial return than a sale at fair market value, the loss can be somewhat offset by tax savings. The difference between the land's appraised market value and its sale price is considered a tax-deductible charitable donation.

Donations

Some property owners may not seek a large financial gain but want to preserve property. A donation by a landowner of all interest in property allows for permanent protection without direct public expenditure. The tax benefits are available to the donor since the property's fair market value is considered a charitable donation. In a **Bequest**, a landowner retains ownership until death along with the management responsibility. The date of acquisition is uncertain, however,

and the donor does not benefit from tax deductions.