

N.C. ADFP Trust Fund



Present-Use Value (PUV) Conservation Easement Program

The Present-Use Value (PUV) Conservation Easement Program expands the acceptable methods for determining conservation easement value to include county tax property values reviewed and adjusted by the NC Department of Revenue.

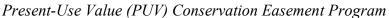
The valuation process for the PUV Conservation Easement Program differs from that of the standard appraisal program. The PUV Conservation Easement Program uses data from the parcel(s) tax card to calculate the easement purchase price. This valuation method does not place value on existing or future property improvements and cannot determine values with 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 based on the entire parcel under the assessment and cannot be modified.

Therefore, this valuation process has additional program restrictions:

- 1. No exclusions within a tax parcel are permitted. Only whole land parcels, as defined by the county tax office, are eligible, e.g., the conservation easement boundary will follow the tax parcel boundary. The following conditions on the property will make it ineligible for the PUV Conservation Easement Program:
 - a. Voluntary exclusions of homesites or other areas.
 - b. Existing easements with parcel restrictions, such as mitigation easements, utility easements, covenants, DOT easements, watershed easements, etc.
 - c. Other areas that are incompatible with the easement terms including historic sites, archaeological sites, cemeteries, etc.
- 2. Property improvement values, such as homes, structures, and equipment, are not eligible for ADFPTF conservation easement payments.
 - a. If a house or structure is included in the property tax evaluation for PUV, it must be included in the conservation easement.
 - b. The building value does not contribute to the calculation used to determine the conservation easement value payout.
- 3. 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.
 - a. If NO residential structures are present on the proposed easement area, one future residential farmstead building envelope is permitted.
 - b. If residential sites are present on the proposed easement area, NO additional future residential farmstead building envelopes are permitted.



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General Program Eligibility

- This program is exclusively for use on ADFP Trust Fund (ADFPTF) conservation easements.
 - o Applications with additional conservation easement purchase partners are ineligible.
- If existing easements have removed the development rights or restricted rights from the property, the property will be ineligible for the PUV Conservation Easement Program.
 - o Energy easements, covenants, etc., are generally identified during title review. Applicants are strongly encouraged to review all easements and covenants on the deed with landowners before application.
 - Applicants are encouraged to contact NCDA&CS Farmland Preservation staff for assistance before starting an application.
- All other program eligibility and contract requirements apply. These requirements are detailed in the grant award contract.

Landowner and Parcel Eligibility

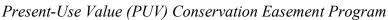
- Land must be privately owned with ownership in agreement to participate in the program.
- Land must be in PUV land use classification as defined in N.C.G.S. 105-277.
- More than one tax parcel may be included in one easement, but each parcel must be contiguous and be of the same ownership.
- Minimum land size is the same as defined in the NC Department of Revenue Present-Use Valuation Program Guide.
 - o NCDOR: Present-Use Valuation Program Guide: https://www.ncdor.gov/documents/present-use-valuation-program-guide
 - General Acreage Requirements: Five acres for horticulture, 10 acres for agriculture (row crops or pasture), 20 acres for forestry, or a combination of working lands use.

Additional Survey Requirements

- The survey plat for the conservation easement is required to achieve a minimum of the following when the county property tax listing on the land parcel tract defines a farmstead or residential or both land uses:
 - o If residential structures are listed on the property tax card, the recording survey must identify the acreage assigned as residential use.
 - o If farmstead structures are listed on the property tax card, the recording survey must identify the acreage assigned as residential use.
 - o Farmstead and residential acreage designation must be separately defined in the conservation easement survey.



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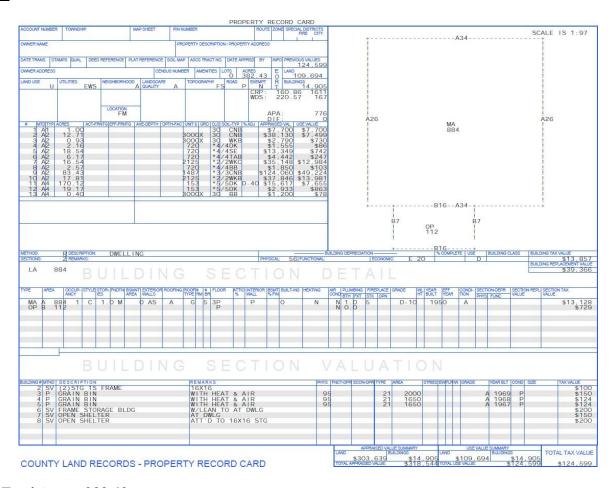




Easement Value Determination

- 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.
 - o NCDOR: Sales Assessment Ratio Studies as of January 1, 2023: https://www.ncdor.gov/2023salesratiobookpdf/open
- The county tax property values using PUV are for use only with ADFPTF 50-year term and perpetual easements.
- Payment for conservation easement value will be restricted to the following payout percentages:
 - \circ 50-year easement 60% of the conservation easement value
 - o Perpetual easement 75% of the conservation easement value

Example

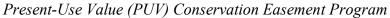


Total Acres: 382.43

• Appraised Value of Land: \$303,639



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- To calculate the Adjusted Appraised Value of Land, select the median sales ratio value from the latest NCDOR Sales Assessment Ratio Study for the county in which the proposed conservation easement is located, then divide the median sales ratio value into the Appraised Value of Land:
 - o Example median sales ratio value: 87.72%
 - o Adjusted Appraised Value of Land: \$346,145.69
- To calculate the Total Conservation Easement Value, subtract the Present-Use Value (also known as Use Value or Deferred Value) of Land from the Adjusted Appraised Value of Land:
 - o Present-Use Value (also known as Use Value or Deferred Value) of Land: \$109,694
 - o Total Conservation Easement Value: \$236,451.69
- Final Conservation Easement Value Payout:
 - o 50-year easement 60% of the Total Conservation Easement Value: \$141,871.01
 - o Perpetual easement 75% of the Total Conservation Easement Value: \$177,338.77

Refer to the PUV Conservation Easement Program Worksheet to calculate the potential payout.

Please note: Applicant organizations and landowners can agree to accept less than the maximum payout as calculated by the PUV Conservation Easement Program Worksheet.