For over 20 years, HeadWaters Land Conservancy has been working to preserve and protect the forests, rivers, and lakes of northeast Michigan. HWLC manages 3 nature preserves and holds 82 Conservation Easements, protecting over 9800 acres and 31 miles of waterfront. HWLC’s mission is to protect the natural diversity and beauty of northeast Michigan by preserving significant land and scenic areas and fostering appreciation and understanding of the environment. HeadWaters Land Conservancy is a Michigan-based 501(c)(3) nonprofit land trust comprised of a staff, board of directors, volunteers, and members. HWLC is supported financially by the generosity of private donors.

For more information, please contact:
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Selling Conservation Easement Properties
A Guide for Landowners, Realtors, and Potential Buyers

As landowners look to sell their land protected by a conservation easement, potential buyers or realtors may not understand what a conservation easement is or how it works. This guide is meant to assist landowners in marketing protected land to potential buyers, and provide basic information for buyers on the function and elements of a conservation easement.
UNDERSTANDING CONSERVATION EASEMENTS

What is a Conservation Easement?
A Conservation Easement is a voluntary legal agreement between a landowner and a land trust that is recorded with the county Register of Deeds and lasts forever. The landowner maintains private ownership of the property while giving up some rights and retaining others. The restrictions on the uses of the property and the rights and responsibilities of the landowner and land trust, and the specific conservation values the easement is designed to protect, are all outlined in the Conservation Easement document. Because the agreement is in perpetuity, future owners are also bound by the terms of the easement.

Enforcing a Conservation Easement
It is the land trust’s responsibility to ensure the restrictions in the Conservation Easement are being upheld. This involves annual monitoring by HeadWaters staff or trained Volunteer Land Stewards to walk the property with the landowner, review easement conditions, and share management ideas. Land under a Conservation Easement is not open to the public, and HWLC will always contact the landowner prior to the monitoring visit.

BUYING PROTECTED LAND

Buying protected land: what to look for

1. Title: Understand the history of the property’s ownership and use. The Conservation Easement is a recorded document and will show up in a title search.

2. Conservation Easement: Be sure to review the Conservation Easement document to understand the permitted and prohibited uses of the property, as well as the reasons it was protected. Be sure to check with HeadWaters if you are unsure if an activity is allowed.

3. Baseline Documentation Report: The Baseline documents the condition of the property when the easement was recorded. This report allows for consistency in annual monitoring, and for comparison with changes that occur in the future. It typically includes maps, photos, and a written description of the property. The Baseline is not recorded, but a potential buyer can request a copy from HeadWaters.

4. Easement Holder: Since the easement will be monitored annually by HeadWaters Land Conservancy, we encourage new owners to work with our staff and volunteers to learn about their land.
BUYING PROTECTED LAND

Conservation Easements ensure that a property’s ecological, agricultural, and scenic values are preserved for generations to come. As the landowner, you will retain many of the rights associated with owning property while ensuring the land is protected forever. The permitted and prohibited uses of the property are detailed in the signed and recorded Conservation Easement document. HeadWaters staff and volunteers will work with you to help you understand the easement and conduct an annual monitoring visit. This visit provides the landowner an opportunity to discuss natural features as well as potential management techniques and resources. Owning a conservation easement property may also provide property tax savings compared to similar unrestricted land because the taxable value remains capped.

Buying protected land is not for everyone. For example, protected land generally cannot be subdivided or developed. However, when the permitted uses of the land match the goals and intentions of the buyer, it can be a perfect fit. Buyers looking for land with unmarred natural beauty and an interest in protecting the character of the region are well suited to purchase land under a conservation easement.

UNDERSTANDING CONSERVATION EASEMENTS

Land uses under a Conservation Easement
The original landowner and the land trust tailored the easement terms to protect the land’s conservation values. Because every property is different, the specific terms of every Conservation Easement are different. Examples of rights retained by the landowner may include: the right to hunt and fish, harvest timber, build and maintain trails, build and maintain certain structures, and sell or rent the property. Restricted rights may include subdivision of the property and the location and number of structures. To ensure the terms of the easement are being met, contact HeadWaters Land Conservancy to inquire about the specifics of the easement.

Benefits of Protecting Your Land
Original landowner/Conservation Easement donor
- Income tax deduction for value of Conservation Easement restrictions
- Peace of mind knowing the land you love will never be subdivided or developed

Successor landowner
- Property tax reduction—when the land is transferred, property taxes don’t “pop-up” to the state equalized value
- Reduced purchase price
SELLING PROTECTED LAND

Limited uses on the property means there may be a limited pool of buyers for your property, but this does not mean the property can’t be sold. The key is finding a buyer who is conservation minded or whose intended uses match what is allowed in the easement. While there are many people who want to purchase property for its ecological or recreational value, a developer may not be interested. One of the best ways to attract potential buyers is to explain how the property can meet their needs at a competitive price with lower property taxes. HeadWaters Land Conservancy staff is always happy to answer property or easement-specific questions and further explain the relationship between landowner and land trust.

There is a reason the property is protected by the easement, whether it be for historic, ecological, or scenic purposes. Informing potential buyers of these unique values and significance of the property may appeal to a buyer without them becoming intimidated by the language of the Conservation Easement. Open communication between the land trust, landowner, and realtor can help ensure that potential buyers understand the restrictions and that everyone is satisfied at closing. Marketing is also essential and can emphasize property tax benefits, quality of life and privacy, and the ecological, agricultural, or scenic uniqueness of the property. These tactics can help avoid lengthy listing time and perception of the property as “damaged goods.”

SELLING PROTECTED LAND

The restrictions placed on the property by the Conservation Easement should be accurately reflected in the listing. An appropriate list price can be determined by an appraisal or by comprehensive market analysis. The appraiser will assess the unrestricted value of the property and compare it to the restricted value. The value of the Conservation Easement restrictions is the difference between these two values.

Example

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Value (before easement)</td>
<td>$150,000</td>
</tr>
<tr>
<td>Restricted Value (after easement)*</td>
<td>$130,000</td>
</tr>
<tr>
<td>Value of Conservation Easement Restrictions*</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

*Restricted Value reflects market value and expected sale price