

Coastal Land Giving



Public Access Authority Private Land Giving Program Development for Enhancement of Public Water Access on the Middle Peninsula



Virginia Coastal Zone
MANAGEMENT PROGRAM

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The views expressed herein are those of the authors and do not necessarily reflect the views of the U.S. Department of Commerce, NOAA, or any of its subagencies.

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Private Waterfront Land Giving Program for Waterfront Access

Executive Summary

The Middle Peninsula Chesapeake Bay Public Access Authority (MP CBPAA) has played an intricate role in facilitating the recreational and economic public waterfront access needs of the Middle Peninsula region. With concentrated efforts by localities in the region to boost local economies through tourism and support of traditional natural resource base uses, public land donations to the MP CBPAA has been able to support local efforts while provided a much need resource to our communities through conservation and recreation through altruistic giving. Each year, hundreds of acres of private coastal property are being donated to the Public Access Authority and with increasing insurance premiums and development restraints; donations are expected to continue to rise in the near future. To facilitate the continued success of the MP CBPAA, MPPDC staff, through funding from the Virginia Coastal Zone Management Program, recently concluded a project that will formalize the land donation process. The project will be used to strengthen the program by creating a process a structured process for land acquisition closings, educating both the public and private sector on the economic benefits to private land donations for public use and creating a marketing and outreach campaign targeting potential donors.

The contents and attachments enclosed are the result work performed as apart of the Public Access Authority Private Land Giving Program Development for Enhancement of Public Water Access on the Middle Peninsula Project funded through Grant #NA14NOS4190141 Task 52 of Virginia Department of Environmental Quality's Coastal Zone Management Program and NOAA. The intent of the project is to refine the MP CBPAA Altruistic Giving land donation and marketing program and to provide a model for other land donation programs. While much of the information can be applied ubiquitously, each organization's use of the information may vary.

Research other public land donations

MPPDC staff researched various land donation marketing and outreach programs being implemented throughout the country. The findings were compiled characteristics of each program such as outreach method, incentives offered, criteria for prospective land donations, to identify most common practices of a successful land donation program. Best practices recommendations were compiled and some were used to help design the media outreach campaign. Decisions on the information and methods used by the MP CBPAA for its initial marketing campaign were based on resources available and target audience.

Appendix 1 provides an illustration on the most common marketing tools used and common information found in each outreach campaign. A summary of the elements identified provides insight into its significance to the audience and serves to assist program organizers with outreach and marketing decisions.

Technical Research on Virginia Conservation Tax Credit Program and Charitable Donations to Public Entities

MPPDC work with consultants who researched tax benefits to donors for private waterfront land donations to public entities and drafted a narrative of findings on federal and state tax benefits of a land (fee) donation. The information was provided to Strategic Communications Consultants to assist with the development of the marketing strategy. The tax benefit information provides a better understanding of available tax incentives to prospective landowners who may be considering a land donation and encourages participation. Inclusion of this information was found common during research of other marketing programs.

Appendix 2 outlines the tax benefits associated with private land donations for public use. How the information was used can be found in the marketing materials produced.

Altruistic Giving Media Outreach Campaign

MPPDC staff contracted and coordinated with Consultants to create an online and print media campaign on the MPCB Altruistic Giving program and benefits associated with land donations for public use. The campaign targets potential donors and professionals who may work with potential donors, such as lawyers, real estate agents, etc. focusing on localities which have expressed direct need for more public water access. Essex County Virginia will serve as the pilot locality to implement the public access marketing campaign.

Appendix 3 contains the print documents produced as a result of this project. These documents will be used to launch a marketing campaign targeting Essex County land owners.

Donated Lands Legal Closing and Real Estate Legal Framework

MPPDC staff consulted with Stephens Law Firm regarding consolidated legal services on donations and developed principle points for working with legal professionals on the acquisition of donated property. The legal guidance provided as a part of this project (Appendix 4) will be used to assist in formalizing the MP CBPAA Altruistic Giving Program which will serve as a model for other programs.

Quantify the Benefit and Loss of Public Land Donations

MPPDC staff conducted research and drafted a report outlining the various benefits associated with land donations for public use and various methods used by other land program administrators to quantify the economic benefits associated with private donations for public use. The report also analyzes revenue generated on current PAA owned property in comparison with tax assessment revenue generated by the respective local governments on the properties prior to donation. The report also highlights deficiencies in data necessary to make more accurate assessments of public land's economic benefits to local governments in the Middle Peninsula. The report is attached as Appendix 5.

Appendix 1

Product #1 Compilation of Research on Public Land Gift Programs

Research on Public Land Gift Programs

Altruistic giving in the form of land donations is being implemented through many public and private entities across the United States. Marketing and public awareness is a key component of any successful program, but more essential to those that rely on donations to meet its program goals. Today's technology provides unlimited mechanisms for marketing and public outreach. Variation in the outreach methods used provides better opportunities for organizations to broaden their reach and connect with their target audience.

Purpose

The purpose of this research is help land donation program administrators understand best practices for marketing and outreach and provide guidance in designing marketing and outreach material to meet specific agencies needs and resources. While all the information may be taken into consideration and may prove useful at various stages in the process, information used will vary from entity to entity based on needs and available resources.

Information in this report is compiled from an analysis of eight different land donation programs across the country. Each agency's land donation program's structure varies in scope and organization as to how information is disseminated to prospective donors. Accordingly, each program provides a variety of marketing and outreach method usage from traditional marketing tools such as word of mouth and brochures to the more modern use of a social media campaigns.

Information provided through these methods also range from broad basic to detailed and should be easily accessible. In reviewing the various land donation programs, several common marketing and outreach methods are being utilized; partnerships, social media and websites. The common goal observed throughout each of the programs served is to educate the potential donor about the program and encourage them to donate.

The illustration found later in the document provides a list of the land donation programs surveyed and the components of their marketing campaign. These programs, along with other resources, were used to help identify the most common elements found in marketing and solicitations material of land donations programs.

The most common information found in outreach and marketing materials of the land donations programs surveyed which can be considered best practices include the following information:

- Overview of Agency & Program
- Proposed Use /Purpose of Donated Land
- Donation Types –Ways to Donate
- Incentives for Donor
- Outreach through Social media and partnerships

Overview of Agency & Program

In analyzing the land donation program for various organizations identified in the Land Donation Programs' Marketing Strategies and Content Chart, one of the consistencies throughout was an explanation or overview of the organization and its land donation program. Research showed that most programs dedicated an entire page to getting potential donors acquainted with the organization. This was generally done on the homepage which provided information such as the organization's tax identification status (public or private, nonprofit, not for profit etc.) and the mission or goals of organization. If applicable, the organization provides information on any accreditations it has received and the accrediting agency. This provides assurance and peace of mind to the donor in the organization to which he/she is conveying the land.

Also consistent throughout programs analyzed was that, at a minimum, each provided a general overview of the organization's land donation program through its marketing campaign. The information provided range from basic with instructions to contact agency for details to very detailed with an application process for those who feel they are well informed and wish to move forward.

Program information varies in size and scope however, even those that provided basic information touched on specific topics. These topics include criteria or characteristics of donated land, land donation process, proposed use of land and assessment of the land.

Specify Type of Land That Can Be Donated

Land donation programs typically identify with a specific cause on which its work is focused, such as natural resources preservation, conservation or public use. This cause is often found in the organization's mission statement.

The program evaluates and clearly documents the public or private benefit of every land transaction and how the benefits are consistent with the mission of the organization. Land donations programs customarily identified with at least one cause or effort in which their program focuses. Some identified specifically with conservation of land while others work toward wildlife preservation or public use.

Selection Process

Land donation programs should have a defined process for selecting land donations which includes written selection criteria consistent with its mission. For each project, the land donation program evaluates its capacity to perform any ongoing stewardship responsibilities prior to accepting the donation.

A project selection process outlines the steps through which a potential donation must go to be considered an acceptable donation. Selection criteria are the land donation program's written description of the minimum standards that the donated land must have to qualify as an acceptable donation.

General information on the selection process is provided to potential donors initially through marketing materials. The analysis showed that general information on the selection process was typical practice. More than half of the organizations reviewed acknowledged a site selection process as a part of their program.

Property Uses

Proposed use of the donated land should generally be discernible through the mission or goals of the organization however, the marketing and outreach information may describe the extent of the landowner's involvement in determining the use of the property. This information helps donors determine the right program for their needs. It also helps narrow donations to those that will meet the program's goals. The program information generally recommends potential donors seek legal advice regarding their intent to donate. This is one area in which an attorney can ensure that the donor's interest in the land is being protected.

Assessment

Well structured programs include steps to determine if the proposed donation meets the mission and goals of the organization. While numerous steps may be a part of the assessment process, much of this information is not provided in the initial overview. A well designed marketing strategy should acknowledge assessment process for each potential donation.

Ways To Donate

A sound marketing strategy typically provides information on the various ways a donor could donate. Some of the most common methods are through gift or through a will. Methods are recommended by various organizations depending on the interest of the donor and incentives that are available. Majority of all the marketing campaigns that outline a complex process also recommend talking to an attorney or tax professional regarding the donors interest in donating.

Incentives- Benefits of Donating

Identifying incentives is an influential tool that encourages donors to donate. Incentives strengthen the program and should be a part of any marketing strategy. Benefits to donating land include environmental, moral and financial benefits. Some of the most common incentives:

Financial

- Donor no longer pays property taxes or costs of management.
- Receive an income tax deduction on real estate.
- May reduce your federal estate tax and your heirs' state inheritance tax

Environmental

- Preserving the environment through land conservation
- Furthering a cause

Outreach

As we know, websites are a common tool for information dissemination and outreach. When using a website, the information should be easily accessible and clear to the reader. Websites may also provide a variety of service options such as online pre application submittal opportunities and general information on potential donors and land donations. Information requested includes donor personal contact information as well as information on the proposed donation. Basic information on the land includes location, size and use.

Social media websites such as Face book are consistently used by each land donation organization to communicate with a target audience. Information on the website includes organization's information, current projects and events, solicitation of donations and images of donated lands. While a very effective approach, websites and social media outreach requires ongoing maintenance and support. The needs and resources of the agency resources will be determine the approach stage for use of this tool.

Identify Partnerships

Identification or acknowledgment of partners and sponsors through each marketing tool is essential. Acknowledging partnerships help to broaden their reach as well as provide some security to potential donors through affiliation with known entities.

Conclusion

Research on the various programs shows that the content of the information is as diverse as the methods that can be used to disseminate the information. The most frequently used elements of a land donation campaigns are identified above, however, additional strategies may be employed as the organization sees fit. For instance, some programs use online applications to obtain information while others require that the donor contact the organization for more information. Details such as these may be added for convenience or to expedite the process for both parties. Decisions on additional campaign tools to utilize may be added in the interim to increase efficiency of the program, however the basic foundation is provided.

As stated above, ultimately agency needs and resources will determine outreach tools and methods. It is recommended that assistance from a marketing professional is solicited specifically for those organizations with strict budget restraints. Even traditional use of printing and copying materials can be costly.

Land Donation Programs' Marketing Strategies and Content

Agency	Marketing Tools Identified Specific Uses for Donated Land	Marketing Tools Provided an Explanation of Program and Various Gift Types	Marketing Tools Provided a Process Description	Marketing Tools Recommended Legal Consultation for Potential Donors	Marketing Tools Discuss Incentives	Marketing Program Include Outreach through Social Media	Program Information Included An Online Application Submittal Process	Marketing Tools Discussed Assessment and Criteria for Prospective Land Donation
Missouri Department of Conservation Website: http://mdc.mo.gov/about-us/get-involved/land-gifts	YES					Facebook Twitter	YES	
Vermont Land Trust Website: http://www.vlt.org/support/gifts-of-land	YES				YES	Facebook Twitter	YES	YES
Nature Conservancy Website: http://www.nature.org/gift-planning/all-giving-options/gifts-of-assets/gifts-of-real-estate/index.html	YES		YES	YES	YES	Facebook Twitter Instagram LinkedIn FlipBoard Flicker	YES	
North Carolina Wildlife Resources Commission Website: http://www.ncwildlife.org/Conserving/LandManagement/LandDonation.aspx	YES				YES	Facebook Twitter Flicker		
Greenwich Land Trust Website: https://gltrust.org/donate/donate-land/	YES	YES	YES	YES	YES	Facebook Twitter	YES	YES
Wisconsin Department of Natural Resources Website: http://dnr.wi.gov/topic/lands/realestate/gift.html	YES	YES		YES	YES	Facebook Twitter Instagram LinkedIn FlipBoard Flicker Pinterest		YES

Land Trust of Tennessee Website: http://landtrusttn.org/get-involved/donate-land/	YES	YES	YES	YES	YES	Facebook Twitter Instagram	YES	YES
Conservation Trust for Florida Website: http://conserveflorida.org/what-we-do/	YES	YES			YES	Facebook Twitter		

Appendix 2

Product #2 Technical Research on Virginia Conservation Tax Credit Program and Charitable Donations to Public Entities

Examples on Tax Benefits for Donating Waterfront Land for Public Access

One benefit for an individual donating private land for public water access is realizing significant deductions in Federal and Virginia state income taxes. These examples are for illustrative purposes only. For more information on how these benefits apply to your situation, contact your tax professional.

Summarizing Tax Benefits

The donation of conservation land is considered a charitable gift and the value of the donation may be deducted from the donor's income. Here's how the deduction is calculated.

1. Adjusted Gross Income (AGI) is Lowered by 30%.

This 30% reduction in your AGI applies to your Federal and Virginia state tax filing. For example, if your current AGI is \$50,000, after donation, it would be reduced by 30%, and your new AGI would be \$35,000.

2. This Reduction May be Applied Over Multiple Years.

The reduced AGI can be used for up to six years or until the total tax savings equals the value of the donated land. Using the example above, lowering your tax benefit by 30% means you've lowered your AGI by \$15,000 per year. At this rate, over 6 years, you will have had a total reduction of \$90,000: 6 years x \$15,000/year = \$90,000. If the value of the land donated is greater than that amount, you will receive reduced AGI for 6 years. If the value of donated land is less than that amount, you will only carry over the reduction until your total savings equals the value of the land. If the land was valued at \$60,000 for example, you will only receive a reduced AGI for four years: 4 years x \$15,000/year = \$60,000.

3. Virginia Offers Additional Tax Credits.

The Virginia Land Conservation Incentives Act of 1999, as amended, offers a state income tax credit for those who donate land for conservation purposes. The credit is 40% of the value of the donated land and unused credit in year one can be carried over for 10 more years. Unused credit may be sold or transferred.

Examples of Tax Benefits

The examples on the next page describe tax benefit scenarios.

Example #1: \$250,000 Adjusted Gross Income, \$500,000 Value of Donated Land

In this example, the land donor can reduce the original adjusted gross income by 30% for the maximum allowed six years. The donor will have unused Virginia tax credits that can be sold.

Lower Adjusted Gross Income by 30%

$$\begin{aligned}\text{New AGI} &= \text{Original AGI} - (\text{Original AGI} \times 30\%) \\ &= \$250,000 - (\$250,000 \times 30\%) \\ &= \$175,000\end{aligned}$$

Apply the Lower AGI Over Multiple Years on Federal and Virginia Taxes

The New AGI calculated in the above step can be used in year 1 and carried over for as many as 5 more years, or until the total income reduction equals the value of donated land. In this example, the income reduction is calculated at \$75,000: of the Original AGI x 30%. After 6 years, the total reduction will be \$450,000: \$75,000/year x 6 years. Because the total reduction (\$450,000) is less than the value of the donated land (\$500,000), the reduction may be taken each of the 6 years. The table below demonstrates the tax savings that occurs due to the charitable contribution.

	Federal Income Tax	Virginia Income Tax
Before Donation Tax	\$82,500	\$14,117
(Original AGI x Tax Rate)	(\$250,000 x 33%)	(((\$250,000 – \$17,000) x 5.75% + \$720)
After Donation Tax	\$57,750	\$9,805
(New AGI x Tax Rate)	(\$175,000 x 33%)	(((\$175,000 – \$17,000) x 5.75% + \$720)
Annual Tax Savings	\$24,750	\$4,312
(Before Tax – After Tax)	(\$82,500 – \$57,750)	(\$14,117 – \$9,805)
Tax Savings Over 6 Years	\$148,500	\$25,872
(Annual Credit x 6)	(\$24,750 x 6)	(\$4,312 x 6)
Combined Tax Savings	\$174,375	
(Federal + Virginia)	(\$148,500 + \$25,872)	

Calculate Virginia Tax Credit Benefit

Virginia tax credits may be used up to 11 years or can be sold. If sold, the tax credits are subject to a transfer fee, and the sale will be subject to Federal tax. In this example, Virginia Income Tax is calculated at \$9,805/year (table above). The available tax credit is \$200,000: 40% of the value of the donated land. The available tax credits (\$200,000) are greater than the estimated taxes collected during 11 years (\$9,805/year x 11 = \$107,855). Therefore there will be unused credits. Let's say the land donor decides to apply \$100,000 credits to their Virginia taxes and sell the remaining \$100,000.

$$\begin{aligned}\text{Income from sale of Virginia Tax Credits} &= \text{Tax credit original value} \times \text{Sale rate} \\ &= \$100,000 \times \$0.91 \\ &= \$91,000\end{aligned}$$

$$\begin{aligned}\text{Transfer fee for sale of Tax Credits} &= \text{Tax credit original value} \times \text{VA Dept. of Taxation transfer fee} \\ &= \$100,000 \times 2\% \\ &= \$2,000\end{aligned}$$

$$\text{Increase in Federal income tax from sale of credits} = \$13,530$$

Total Benefit from Land Donation

Total Benefit = Lowered AGI + Credits Applied + Credits Sold – Transfer Fee – Tax from Credit Sale

Example #2: \$150,000 Adjusted Gross Income, \$500,000 Value of Donated Land

$$\begin{aligned} &= \$174,470 + \$100,000 + \$91,000 - \$2,000 - \$13,530 \\ &= \mathbf{\$349,845} \end{aligned}$$

In this example, the land donor can reduce the original adjusted gross income by 30% for the maximum allowed six years, moving the donor into a lower Federal tax bracket. The donor will have unused Virginia tax credits that can be sold.

Lower Adjusted Gross Income by 30%

$$\begin{aligned} \text{New AGI} &= \text{Original AGI} - (\text{Original AGI} \times 30\%) \\ &= \$150,000 - (\$150,000 \times 30\%) \\ &= \$105,000 \end{aligned}$$

Apply the Lower AGI Over Multiple Years on Federal and Virginia Taxes

In this example, the New AGI results in a lower Federal tax bracket. Because the land donation value is greater than the savings in Federal tax, the New AGI can be applied for all six allowed years.

	Federal Income Tax	Virginia Income Tax
Before Donation Tax	\$42,000	\$8,367.50
(Original AGI x Tax Rate)	(\$150,000 x 28%)	(((\$150,000 – \$17,000) x 5.75% + \$720)
After Donation Tax	\$26,250	\$5,780
(New AGI x Tax Rate)	(\$105,000 x 25%)	(((\$105,000 – \$17,000) x 5.75% + \$720)
Annual Tax Savings	\$15,750	\$2,587.50
(Before Tax – After Tax)	(\$42,000 – \$26,250)	(\$8,367 – \$5,780)
Tax Savings Over 6 Years	\$94,500	\$15,525
(Annual Credit x 6)	(\$15,750 x 6)	(\$2,587.50 x 6)
Combined Tax Savings	\$110,025	
(Federal + Virginia)	(\$94,500 + \$15,525)	

Calculate Virginia Tax Credit Benefit

Virginia tax credits may be used up to 11 years or can be sold. If sold, the tax credits are subject to a transfer fee, and the sale will be subject to Federal tax. In this example, Virginia Income Tax is calculated at \$5,780/year (table above). The available tax credit is \$200,000, which is 40% of the value of the donated land. The available tax credits (\$200,000) are greater than the estimated taxes collected during 11 years (\$5,780/year x 11 = \$63,580). Therefore there will be unused credits. Let's say the land donor decides to apply \$60,000 of credits to Virginia tax and sell the remaining \$140,000.

$$\begin{aligned} \text{Income from sale of Virginia Tax Credits} &= \text{Tax credit original value} \times \text{Sale rate} \\ &= \$140,000 \times 0.91 \end{aligned}$$

$$= \$127,400$$

$$\begin{aligned}\text{Transfer fee for sale of Tax Credits} &= \text{Tax credit original value} \times \text{VA Dept. of Taxation transfer fee} \\ &= \$140,000 \times 2\% \\ &= \$2,800\end{aligned}$$

Increase in Federal income tax from sale of credits = \$24,500

Total Benefit from Land Donation

Total Benefit = Lowered AGI + Credits Applied + Credits Sold – Transfer Fee – Tax from Credit

Example #3: \$450,000 Adjusted Gross Income, \$500,000 Value of Donated Land

Sale

$$\begin{aligned}&= \$110,025 + \$60,000 + \$127,400 - \$2,800 - \$24,500 \\ &= \mathbf{\$270,125}\end{aligned}$$

In this example, the land donor will reduce their original adjusted gross income by the full 30% in the first years and a partial reduction in year four. (Total reduction over this timeframe is equal to the value of donated land.) The donor will use Virginia tax credits within eight years.

Lower Adjusted Gross Income by 30%

$$\begin{aligned}\text{New AGI} &= \text{Original AGI} - (\text{Original AGI} \times 30\%) \\ &= \$450,000 - (\$450,000 \times 30\%) \\ &= \$315,000\end{aligned}$$

Apply the Lower AGI Over Multiple Years on Federal and Virginia Taxes

The reduced AGI may only be applied until the total AGI reduction equals the value of the donated land. In this case, a 30% reduction of the Original AGI is \$135,000. Over the first three years, the total reduction equals \$405,000. Therefore in year four, the donor cannot take the entire 30% reduction. Instead year four AGI will be reduced by \$95,000: the value of donated land minus the total reduction in years one through three. The table below calculates tax savings for years one through three and year four for Virginia and Federal income tax.

	Federal Income Tax	Virginia Income Tax
Before Donation Tax	\$178,200	\$25,617.50
(Original AGI x Tax Rate)	(\$450,000 x 39.6%)	(((\$450,000 – \$17,000) x 5.75% + \$720)
After Donation Tax (Yrs1-3)	\$103,950	\$17,855
(New AGI x Tax Rate)	(\$315,000 x 33%)	(((\$315,000 – \$17,000) x 5.75% + \$720)
Tax Savings (Yrs1-3)	\$222,750	\$23,287.50
(Before Tax – After Tax yr1-3) x 3	(\$178,200 – \$26,250) x 3	(\$25,617.50 – \$17,855) x 3
After Donation Tax (Yr4)	\$117,150	\$20,155
(Remaining AGI x Tax Rate)	(\$355,000 x 33%)	(((\$355,000 – \$17,000) x 5.75% + \$720)
Tax Savings (Yr4)	\$61,050	\$5,462.50
(Before Tax – After Tax Yr4)	(\$178,200 – \$117,150)	(\$25,617.50 – \$20,155)
Tax Savings Over 4 Years	\$283,800	\$28,750

(Tax Savings Yrs1-3 + Tax Savings Yr4)	(\$222,750 + \$61,050)	(\$23,387.50 + \$5,462.50)
Combined Tax Savings	\$312,550	
(Federal + Virginia)	(\$283,800 + \$28,750)	

Calculate Virginia Tax Credit Benefit

Virginia tax credits may be used up to 11 years or can be sold. In this case, the donor has \$200,000 tax credits available: 40% of value of donated land. The donor will use all of these credits within an eight-year time frame, and opts to not sell any of these credits

Total Benefit from Land Donation

Total Benefit = Lowered AGI + Credits Applied
= \$312,550 + \$200,000
= **\$512,550**

Appendix 3

Product #3 Altruistic Giving Media Outreach Campaign



Donate Waterfront Land for Public Benefit

Only one percent of Virginia's coastal land is publicly owned. For those who don't live on the water, getting access could be impossible.

Increasing access to the Chesapeake Bay and its tributaries is the goal of the Middle Peninsula Chesapeake Bay Public Access Authority, and thanks to the generosity of land donors, Virginians are gaining access to the water.

The Middle Peninsula Chesapeake Bay Public Access Authority began accepting land donations in 2006. Since then we've increased our public land along the coast by 100s of acres, expanding the public spaces where Virginians can kayak, hike, and participate in other outdoor activities. (For a map of sites, visit www.mppaa.com.)

Today, the Public Access Authority gratefully accepts land donations to support its mission in providing Virginians with access to the water.

Why Donate?

Land donors cite several reasons and benefits for donating property:

- Leave a Legacy
- Inspire the Next Generation
- Support Your Economy
- Receive Tax Benefits

Criteria for Donation

To be eligible to donate land to the Middle Peninsula Chesapeake Bay Public Access Authority, your land must meet these three criteria

- Have clear property title
- Be adjacent to the water
- Be in Virginia's Middle Peninsula

Leave a Coastal Legacy

Whether you are considering land donation as a piece of your long-term estate planning or you are considering donating today, your donation supports the cultural heritage of the Middle Peninsula.

Since the founding of America, Middle Peninsula residents have had close ties to the water. Fishing, seafood processing, and boat building have supported families for centuries.

Today, fewer individuals are employed in these coastal industries—and that's why coastal access is so important! Access to the water is the only thing standing between coastal residents and their coastal heritage. The next generation might not work the water, but they can still achieve pride in the region's cultural heritage through recreational activities.

Foster the Next Generation of Environmental Stewards

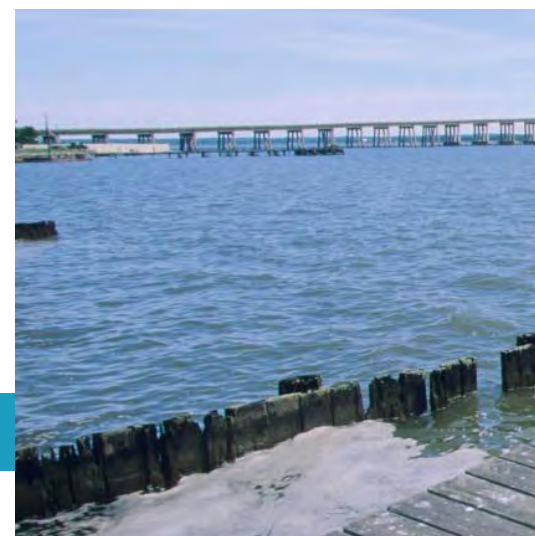
When children have positive, first-hand experiences in nature, they are more likely to become adults who value and care for their environment. And when they have children, they are more likely to bring their children out into nature. This connection to the natural world sparks more outdoor experiences, and research shows that playing in nature has even greater benefits for children, including stronger

- awareness, reasoning, and observational skills
- balance, coordination, and agility
- immune systems
- creativity and imagination

Support Your Local Economy

Conserving public space can actually be good for the local economy. Research shows that natural areas can

- increase property values
- encourage tourism
- improve community health
- reduce your community's overall premiums for federal flood insurance



Receive Tax Benefits*

Federal Income Tax Benefit

Donated land is considered a noncash contribution meeting the conservation purposes of IRS regulations. Under this definition the value of donated land may be deducted at a rate of 30% of the donor's adjusted gross income per year, and the unused deduction may be carried forward for an additional five years, for a total of six years.

State Income Tax Benefit

Those who donate conservation land receive a tax credit equal to 40% of the value of the donated land ("Virginia Land Conservation Incentives Act of 1999"). Any unused credit may be carried forward for an additional 10 years, for a total of 11 years. More information is available on the Virginia Department of Taxation website:

<http://www.tax.virginia.gov/content/land-preservation-tax-credit>

Some Fine Print:

- \$100,000 is the maximum amount of tax credit that a land donor can apply in a given year.
- Donors who have more tax credits than they can use may transfer or sell the credits to other taxpayers, subject to fees.
- An appraiser who has earned an appraisal designation from a recognized professional appraiser organization can be used to determine the value of the land.
- Land that generates more than \$1 million in tax credits requires verification by the Department of Conservation and Recreation.
- \$100 million is the maximum amount tax credits the Virginia Department of Taxation will authorize in a year; credits are issued on a first-come-first-serve basis until the cap is reached.

*This is meant for informational purposes only. Those considering land donation should consult their accountant or attorney to learn more about how these tax benefits may apply.





Ready to Leave a Coastal Legacy?

Making a difference is easy as one, two, three!

1. Contact the Public Access Authority to discuss land donation for public benefit.

The Middle Peninsula Chesapeake Bay Public Access Authority is grateful that you're considering donating your property, and we're here to help talk through any of your questions and concerns to help you decide whether land donation is right for you—and the authority.

2. Work with the Public Access Authority to arrange an appraisal.

When you're ready, the Public Access Authority can suggest specialists who may be available to assist, such as conservation land attorneys and appraisers. A qualified appraiser holds an appraisal designation from a recognized professional appraisal organization, and this designation is required to donate land to the Public Access Authority.

3. The land will be legally transferred to the Public Access Authority.

The final step in land donation is the legal transfer of land, which is similar to closing on a house. The donor will sign over the property to the Middle Peninsula Chesapeake Bay Public Access Authority.

Contact Us

Learn more about the process of donating land to the Middle Peninsula Chesapeake Bay Public Access Authority.

Lewie Lawrence

804-758-2311

LLawrence@mppdc.com

www.mppaa.com



Virginia Coastal Zone
MANAGEMENT PROGRAM



Donate Waterfront Land for Public Benefit

Only one percent of Virginia's coastal land is publicly owned. For those who don't live on the water, getting access could be impossible.

Increasing access to the Chesapeake Bay and its tributaries is the goal of the Middle Peninsula Chesapeake Bay Public Access Authority, and thanks to the generosity of land donors, Virginians are gaining access to the water.

The Middle Peninsula Chesapeake Bay Public Access Authority began accepting land donations in 2006. Since then we've increased our public land along the coast by 100s of acres, expanding the public spaces where Virginians can kayak, hike, and participate in other outdoor activities. (For a map of sites, visit www.mppaa.com.)

Today, the Public Access Authority gratefully accepts land donations to support its mission in providing Virginians with access to the water.

Why Donate?

Land donors cite several reasons and benefits for donating property:

- Leave a Legacy
- Inspire the Next Generation
- Support Your Economy
- Receive Tax Benefits

Criteria for Donation

To be eligible to donate land to the Middle Peninsula Chesapeake Bay Public Access Authority, your land must meet these three criteria

- Have clear property title
- Be adjacent to the water
- Be in Virginia's Middle Peninsula

Leave a Coastal Legacy

Whether you are considering land donation as a piece of your long-term estate planning or you are considering donating today, your donation supports the cultural heritage of the Middle Peninsula.

Since the founding of America, Middle Peninsula residents have had close ties to the water. Fishing, seafood processing, and boat building have supported families for centuries.

Today, fewer individuals are employed in these coastal industries—and that's why coastal access is so important! Access to the water is the only thing standing between coastal residents and their coastal heritage. The next generation might not work the water, but they can still achieve pride in the region's cultural heritage through recreational activities.

Foster the Next Generation of Environmental Stewards

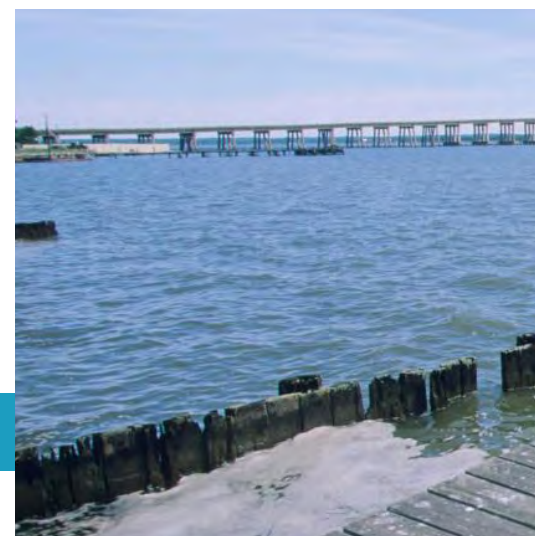
When children have positive, first-hand experiences in nature, they are more likely to become adults who value and care for their environment. And when they have children, they are more likely to bring their children out into nature. This connection to the natural world sparks more outdoor experiences, and research shows that playing in nature has even greater benefits for children, including stronger

- awareness, reasoning, and observational skills
- balance, coordination, and agility
- immune systems
- creativity and imagination

Support Your Local Economy

Conserving public space can actually be good for the local economy. Research shows that natural areas can

- increase property values
- encourage tourism
- improve community health
- reduce your community's overall premiums for federal flood insurance



Receive Tax Benefits*

Federal Income Tax Benefit

Donated land is considered a noncash contribution meeting the conservation purposes of IRS regulations. Under this definition the value of donated land may be deducted at a rate of 30% of the donor's adjusted gross income per year, and the unused deduction may be carried forward for an additional five years, for a total of six years.

State Income Tax Benefit

Those who donate conservation land receive a tax credit equal to 40% of the value of the donated land ("Virginia Land Conservation Incentives Act of 1999"). Any unused credit may be carried forward for an additional 10 years, for a total of 11 years. More information is available on the Virginia Department of Taxation website:

<http://www.tax.virginia.gov/content/land-preservation-tax-credit>

Some Fine Print:

- \$100,000 is the maximum amount of tax credit that a land donor can apply in a given year.
- Donors who have more tax credits than they can use may transfer or sell the credits to other taxpayers, subject to fees.
- An appraiser who has earned an appraisal designation from a recognized professional appraiser organization can be used to determine the value of the land.
- Land that generates more than \$1 million in tax credits requires verification by the Department of Conservation and Recreation.
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When you're ready, the Public Access Authority can suggest specialists who may be available to assist, such as conservation land attorneys and appraisers. A qualified appraiser holds an appraisal designation from a recognized professional appraisal organization, and this designation is required to donate land to the Public Access Authority.

3. The land will be legally transferred to the Public Access Authority.

The final step in land donation is the legal transfer of land, which is similar to closing on a house. The donor will sign over the property to the Middle Peninsula Chesapeake Bay Public Access Authority.

Contact Us

Learn more about the process of donating land to the Middle Peninsula Chesapeake Bay Public Access Authority.

Lewie Lawrence

804-758-2311

LLawrence@mppdc.com

www.mppaa.com



Virginia Coastal Zone
MANAGEMENT PROGRAM



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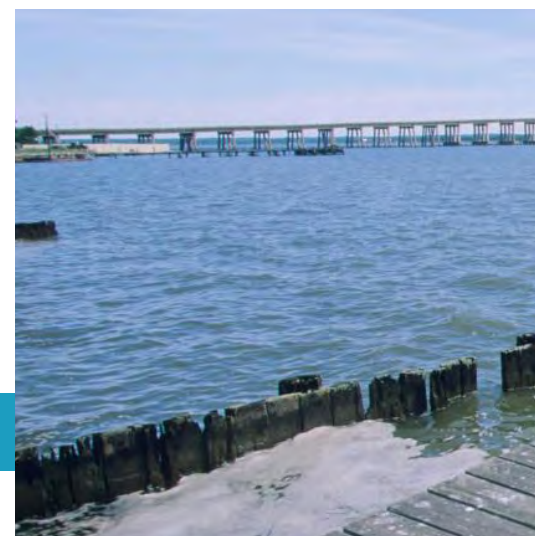
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Virginia Coastal Zone
MANAGEMENT PROGRAM

FOR IMMEDIATE RELEASE

For more information contact

Lewie Lawrence

Middle Peninsula Chesapeake Bay Public Access Authority

llawrence@mppdc.com

804-758-2311

Essex County Waterfront Property Owners Can Leave a Coastal Legacy through Land Donation

Since 2006, private landowners have donated 35 parcels of waterfront land to provide public access to the water. None have been donated in Essex County—yet.

The Middle Peninsula Chesapeake Bay Public Access Authority (PAA) works to preserve public access to enable recreational activities important to the economy. The PAA is appealing to land owners along the Rappahannock River and tributaries, including creeks, swamps, other small water bodies, who can consider donating coastal property for public benefit as part of their immediate or long-term estate planning process.

For the PAA, property donors have been instrumental in increasing public access in Virginia, where only 1% of coastal land is publically owned. Thanks to the generosity of land donors, the PAA now has sites along the Chesapeake Bay from Gloucester to Deltaville, giving the public many options and opportunities for reaching and enjoying the water.

“It’s a distributed network of new public waterfront holdings that didn’t exist before—that’s the value of public giving,” says Lewie Lawrence. As the Chief Planner and Secretary at the PAA, Lawrence serves as point of contact for landowners interested in donation.

For the property owner, land donation is a way to leave a coastal legacy by supporting the cultural heritage of the Middle Peninsula.

Also, research indicates that outdoor spaces help engender environmental concern in adults and children. Children who play outdoors have greater awareness, reasoning, and observational skills and increased creativity and imagination.

Public recreational spaces are also shown to have benefits to local economy, through increasing quality of life, encouraging tourism, and may help reduce the community’s overall premiums for flood insurance.

Donating land for public access is considered a form of conservation, which provides significant income tax benefits too.

The largest site donated to date is the Captain Sinclair’s Recreational Area in Gloucester County. Donated in 2013, the 97-acre site already provides access for public activities. Waterfowl blinds are open, living shoreline in process of being build to stop erosion, and boat launch supports Gloucester High School rowing team. The site also has a

management strategy in place with plans to expand to include hiking trails and additional services as funding becomes available.

While Captain Sinclair's Recreational Area is the largest, the PAA has no restrictions on parcel size. PAA has accepted properties that were only a fraction of an acre, recognizing that having access options throughout the Middle Peninsula.

"Every site is different," says Lawrence. "You can have a 30-foot roadway that could be as beneficial to the public as dozens of acres."

Those interested in learning more about how to access the coast through public sites can visit the Middle Peninsula Chesapeake Bay Public Access Authority's website: www.mppaa.com.

Landowners who would like to learn more about land donation should contact Lewie Lawrence at llawrence@mppdc.com or 804-758-2311



What can you do...

when your client decides that it is too complicated to build on or sell their waterfront property?

It's a tough situation...

Sometimes owners of waterfront land discover their property isn't what they hoped.

They find that they can't sell their property because flood insurance premiums scare away buyers.

They discover that septic system installation would be too costly.

Whatever the reason, there are times when a coastal landowner's plans get usurped by the water.

...but there are options.

Talk to Property Owners About Donating Waterfront Land for Public Use

Say

One option to consider is land donation.

Odds are when landowners contact a surveyor, soil scientist, or real-estate agent, they don't intend to donate their land. While the situation is not ideal, land donation is an option they should be aware of as they make the next decision.

Say

Land donation offers tax benefits that help offset the loss of the property.

The value of donated land may be deducted on federal and state income taxes, and Virginia provides an additional income tax credit for the value of the donation. For more information, refer the landowner to their tax professional.

Say

For more information, go to www.mppaa.com.

From the front page of the website, landowners can find links to more about the benefits and process of donating land to the Middle Peninsula Chesapeake Bay Public Access Authority.



Virginia Coastal Zone
MANAGEMENT PROGRAM

Appendix 4

Product #4 Donated Lands Legal Closing and Real Estate Legal Framework

Donated Lands Legal Closing and Real-estate Legal Research Framework

To assist with managing and coordinating of possible private land donations for public benefit, Public Access Authorities will benefit from a step by step process that can standardize many aspects of the donation process. The framework will set forth the guidance and standards necessary for use by any PAA enabled within the Commonwealth to facilitate legal closings for private donations.

Conceptual Framework for a Public Access Authority to accept donate lands for public benefit

Donating land for public access and conservation purposes is generally a straightforward process with a set of sequential steps. These steps ensure clear communication between a potential donor, legal representatives, title search company, title insurance provider and the donee. It should also be understood that the real estate donation process will vary from property to property and all parties involved should remain flexible as the due diligence process often uncovers unknown or unanticipated issues or encumbrances placed on the land such as civil liens to unpaid property taxes that must be addressed before closing occurs.

As a general rule, a donor is responsible for all of the regular costs associated with the property until the acquisition of the property is recorded and ownership transfers to the Public Access Authority. This may include, but not be limited to all taxes, bills and mortgages. There are of course exceptions to this and each participating Public Access Authorities should have a policy or operating principles which discuss how to handle pre-existing encumbrances.

To reduce future problems, please consider meeting with each locality Commissioner of Revenue in advance of any donations and seek agreement that a Public Access Authority is a political subdivision of the Commonwealth and therefore tax exempt. Establishing this point early will greatly reduce future legal costs to defend the tax exempt status of a PAA.

Steps needed to bring a property to closing

1. Initial Contact (No legal cost associated with this step)

Through a variety of ways, donors will make an outreach offer to donate land to a public access authority. Staff for the authority must evaluate the donation from a policy and functional perspective. As a rule, it is necessary to have a set of criteria by which to evaluate the proposed donation site to determine whether it will meet the stated goals and objectives of the PAA, i.e. does the site provide public recreational opportunities. This will ensure that the PAA is receiving useful properties to further its goals and not being used as a dumping ground for bad land.

Policy: Does the donation conflict with any local policy? PAA staff should advise the host locality of the possible donation and inquire at the planning and zoning level as well as the governing board level to ascertain if there are problems associated with the proposed use of the land as PAA site.

Functional: PAA Staff should prepare a site background packet, including real-estate assessment; zoning; aerials, copies of deeds and or survey plats for distribution to the PAA governing body for review. An electronic binder of all documents for each donation needs to be cataloged.

2. Resolution of Acceptance (minor legal cost to review resolution for form and function)

PAA staff should consult with legal counsel in advance of any donation and develop a standard resolution that authorizes the PAA to accept a deed of gift. The resolution should be used for every donation and include: reason why the PAA was created; the PAA is authorized to accept the gift; a legal description of the land; declaration of public need for the donation; and lastly acceptance of the gift with authorization of the Chairman to receive and execute any and all necessary documents.

3. Initiate Legal Counsel

Developing a relationship with one primary attorney, who has experience in land conservation and easements transactions. Spend time with the attorney so that he or she can understand what a Public Access Authority is and how it's enabled. Discuss the attorney's willingness to represent the PAA or the donor or both and how that relationship will work? Attorneys prefer to only represent one client, but there are situations where a land donation can be facilitated by only one attorney.

4. Due Diligence

Two Attorneys involved

Donor Side: Generally, the Donor's legal counsel prepares a draft deed of gift and transmits the deed of gift which specifies specific terms of the gift. The Donee will need to review the draft deed to ensure the terms are correct, all appurtenances as the Donee unstands are included and any restrictions that may be placed on the deed do not hinder or affect the use of the site to meet PAA purpose and objectives.

Appraiser. In Virginia, depending on the specific tax situation of the donor, an appraisal of land may be needed. The Appraisal sets the valuation of the land for tax purposes. This cost is generally born by the Donor as it often relates to tax credits and other incentives that the owner may receive in the future. The PAA generally does not care about the value of the donation, however the information may prove to be beneficial when determining the worth of PAA's assets for future instances, i.e. sell of land, use for matching funds.

Donee Side: A title search is necessary to identify any encumbrances that may be associated with the land and should always be required by the Donee. Encumbrance can include any rights or interest that others may have to in the property. While some encumbrances may be transferable, others may hinder or impede the land transfer

process. The title search will give the Donee an opportunity to determine if and how they want to handle the issue and what options may be available to remedy the issue. Generally the closing agent or Donee solicits a Title Company to conduct Title search. Note that the remedy may come with additional costs.

One Attorney involved

Donor and Donee: Both can work together to collect various legal documents to help inform the terms of the deed of gift. A legal description and property title review is commissioned. A title search is needed to determine if there are title-related issues that need to be addressed, such as estate ownership issues, past due taxes, third-party ownership of natural resources (gas, oil, and/or minerals), access easements, mortgage subordination, liens, and other potential complexities. In cases where there is one attorney, the title company is selected by the Donee.

Once clear title is ensured, the Donee can then request title insurance be ordered and becomes part of the title binder for closing. Every property received should have a title insurance policy to protect the Public Access Authority against future claims against the land. Title insurance only covers what is part of the public record.

5. Tax Ramifications to the Donor

- a. **Accountant.** The tax ramifications of a charitable donation/tax credit will be different for each person. The Public Access Authority should never offer any tax advice. Seek an accountant who is experienced in this area.
- b. **Appraiser.** In Virginia, depending on the specific tax situation of the donor, an appraisal of land may be needed. The Appraisal sets the valuation of the land for tax purposes. This cost is generally born by the Donor. The PAA generally does not care about the value of the donation.
- c. **IRS Form 8283.** The PAA will be asked to sign an IRS form 8283 at some point after closing if the Donor desires to leverage the tax donations value. Form 8283 certifies the value of the donation.

6. Closing

A date and time of mutual benefit will be established by legal counsel. A deed of gift will first be signed by the Donor. The Donee will follow with signatures to legally close on the donation. The PAA will be the legal owner upon signing, but not “of record” until the deed is recorded in the land records of the corresponding locality of record for the donation.

Disclaimer: The information contained in this (document/brochure/handout/flyer) is for informational purposes only and should not be construed as legal advice on any subject matter. Recipients of this information should not act upon it without consulting legal counsel as individual situations and facts vary.

Appendix 5

Product #5 Quantify the Benefit and Loss of Public Land Donations

Quantifying Benefits of Land Donated for Public Use

This document provides an overview of the benefits associated with parks and open space in their respective communities and explores several methodologies used to quantify the economic benefits of parks and open space in various community settings in other areas. The information included in this document also provides insight into how to use those methods, where applicable, to quantify the economic value of parks and open space in rural communities in the Middle Peninsula. This information may be used to better understand the contributions to the local economies by protected parcels of land used for public parks and open space and the need for additional study and data collection essential in determining these economic values.

Benefits of Private Donated Land

Many environmental, social and health benefits have been linked to open space protection. While these benefits have been studied and documented extensively, a majority of the economic benefits associated with each are not as easily quantifiable as those that have an identifiable economic value associated with them. While coastal zones cover a small percentage of the earth, they provide a significant amount of the total value of worldwide ecosystem services. These include provisioning services such as food, clothing, genetic resources, and clean water; regulating services such as air quality, climate regulation, water and erosion management, disease and pest regulation; and cultural services such as recreation, ecotourism, aesthetic value, and spiritual significance. For all these services, measurable benefits include:

- Water supply protection
- Flood control
- Fish and wildlife habitat
- Recreation (hunting, fishing, hiking, wildlife watching, etc.)
- Carbon sequestration
- Dilution of waste water
- Erosion control
- Agricultural crop production

Through increased revenues generated by agriculture, forestry, tourism and outdoor recreation, the protection of public open space enhances Virginia's largest industries and supports local economies. Conserved open lands also save localities the ongoing costs associated with support-service infrastructure and ensure sustainable working landscapes into the future. As an additional benefit, conserved lands protects water quality, offsets cost for managing storm water and protects drinking water supplies.

Natural Benefits: Environmental Controls

Protected open space or “green infrastructure” significantly reduces municipal government costs while protecting the environment by operating as natural filtration systems for water and air. Vegetation on protected parks and open space lands removes pollutants from the air, stores carbon, protects and enhances water quality, provides irreplaceable habitat, produces food, and provides other necessary functions. Researchers from the Georgia Institute of Technology and the University of Georgia analyzed lands conserved by the state and found that every \$1 invested in land and water conservation returned \$5 in economic value in natural goods and services. Conserved wetlands, grasslands and open space save local taxpayers money while protecting the environment by mitigating the impacts of flooding of polluted water in the same way that pipes and treatment systems do in highly urbanized areas, but with greater cost savings to municipalities.

The Middle Peninsula coastal area is especially vulnerable to flooding and stormwater runoff issues due to low lying topography and lack of ditch maintenance in some areas. Protecting water quality promotes the commercial fishing and seafood industries which make up an important sector of the Middle Peninsula local economies. Protected open space such as wetlands and grassy areas function as stormwater management control devices by slowing the flow process and allowing water to be filtered prior to entering into local supply sources.

During large storms, capacity at treatment plants can be exceeded, resulting in untreated wastewater being released into waterways. Parks and protected open space capture precipitation and slow runoff, reducing the amount of nutrients entering into lakes and streams. In parks unpaved, pervious surfaces absorb rainwater, recharging ground water supplies and allowing storm runoff to be released more slowly. Vegetation stores water and allows some to be evaporated. Reduced runoff and increased water storage can decrease the necessary size of a community’s storm water management system and lead to significant savings in water treatment costs. Without these natural services millions of dollars would be required to manage and treat storm water to improve water quality in the region.

Another example of natural filtration provided by protected open space is the process by which trees and vegetation on these lands reduce the amount of carbon in the air thus reducing air pollution. Air pollution is a significant problem that has been linked to health problems. State and federal agencies spend millions each year on researching and mitigating the impacts of carbon emissions in densely populated regions. Trees and shrubs remove other harmful pollutants from the air including carbon monoxide, ozone, and nitrogen dioxide.

Protect Native Plant and Wildlife Habitat

Rapid consumption of land threatens the survival of numerous species of plants and wildlife. As communities succumb to sprawl and dense development, plant and wildlife habitat becomes more endangered causing unsafe living conditions for both people and animals. Animals that are

displaced and forced to relocate often times venture into residential and commercial communities creating safety issues for both species. Protected parks and open space create a safe haven for wildlife and promote planning tools such as smart and sustainable growth.

Property Value

Parks and open space often increases neighboring property values, especially in more urban communities. Such factors as quality of the park and density of the surrounding neighborhood are generally considered in the valuation process. Parks in densely settled neighborhoods, where private yards and gardens are scarce or miniscule are valued more highly than parks in sparsely settled areas. In 2010, the Public Land Trust interviewed park professionals, park users, real estate agents, assessors, and law enforcement officials and determined that there is no practical methodology to measure park quality and its effect on property values.

Promote Healthier Communities

Access to open space can promote good health, active living and more vibrant communities. A report by the National Center for Disease Control and Prevention (CDC) estimated that in 2008, \$147 billion in health care costs could be attributed to obesity. Research suggests that nearby parks, playgrounds, and other walkable environments can help people increase their level of physical activity and reduce their medical expenses. Other studies show that people who live in communities with active recreational open space have a better quality of life than those with little to no access to neighborhood open space.

Promote stronger more diverse natural resource based economies

The Middle Peninsula's rural character is strengthened and complimented by open space preservation. Protected parks and open space strengthen the economy by providing active and passive recreational uses that promote ecotourism, one of the region's top economic bases. The strength of local economies is directly related to the number of visitors attracted to the region and their support of use of local businesses.

Ecotourism is essential to the Middle Peninsula's economy. The conservation and preservation of natural parks and open space help to promote ecotourism by providing revenue generating amenities that often provide more revenue through protected recreational space than would potential residential development. Natural areas and nature-based recreation areas provide direct recreational value to ecotourism through such activities as walking, boating, hiking, biking, and wildlife watching. Residents save money by using these nature-based recreation areas at no or low-cost instead of having to pay to participate in these activities elsewhere. Most of the popular forms of outdoor recreation for tourism in the Middle Peninsula region are either dependent on resource lands and waters or enhanced by their proximity to them. Land protection is essential for ensuring outdoor recreation opportunities for visitors and for Virginia's growing population. These properties afford opportunities to enjoy the outdoors and experience Virginia's diverse

landscapes and landmarks. Long-term support for land conservation and open space protection is strongly tied to outdoor recreation experiences for all ages.

Long-term support for land conservation and open space protection are strongly tied to outdoor recreation experiences for all ages. Most of the popular forms of outdoor recreation for tourism are either dependent on resource lands and waters or enhanced by their proximity to them. Open space protection is essential for ensuring outdoor recreation opportunities for visitors and for Virginia's growing population, and to afford opportunities to enjoy the outdoors and experience Virginia's diverse landscapes and landmarks.

A part of enjoying the Middle Peninsula is the enjoying its scenic views. The aesthetics of the region adds scenic value to the rural traditional landscape. Protected parks and open space contribute to the preservation and enhancement of this scenic value in helping the region retain its predominantly rural character.

Outdoor recreation participants spend money in local communities on food, lodging, rentals, and equipment. This spending has a ripple effect throughout the economy and contributes to more than just sales at local establishments. The tourism industry generates billions of dollars annually to the Commonwealth's economy. Active outdoor recreation, which includes activities such as biking, hiking, camping, and fishing, generates millions a year in revenue for local businesses. Many businesses rely on outdoor recreation and tourism spending as a building block for the success of their businesses. These businesses are a significant source of employment, especially in rural areas.

Private lands donated for public use in the Middle Peninsula provide public recreation access to water which also helps support local maritime industry sectors in the region. According to the Virginia Department of Revenue, there are a significant number of businesses in the Middle Peninsula that provide boat manufacturing, maintenance, storage and other services to customers inside and outside the region. Majority of these businesses supported tourism. Local governments that have instituted business license requirements generate revenue from these businesses through a business tax or assessed fee; the amount is based on gross revenue of the business.

Hunting and fishing are outdoor activities supported by the rural character of the Middle Peninsula region. Protected open space provides plant, fish and wildlife habitat and refuge for species that promote these recreational activities and the economy. Without public access to open space and waterways, public accessibility would be greatly reduced, adversely impacting the need for goods and services provided by these businesses.

Protected open space has far-reaching economic impacts on other key industry sectors such as agriculture and forestry by creating long-term stability in these sectors which make up a large portion of the region's economy. Open space helps to mitigate the impacts of farming and sustain the agriculture industry, supporting an economic stimulus to rural communities. The forestry

industry provides a substantial number of jobs and contributes billions of dollars to the state's economy.

The Middle Peninsula's coastal shoreline supports the commercial fishing and shellfish industry, a major contributor to the region's economy. Protected open space provides public access to working waterfronts that support the local fishing and shellfish industries important to the economy and identity of the Middle Peninsula.

Quantifying Economic Impacts for Private Land Donations Use for Parks and Open Space

Landowners' property rights give them the option, within local planning rules, to either develop their land to the maximum extent feasible or to protect the natural values of the property. Land protection is often placed in opposition to development when communities are considering how land should be used as a revenue generator. Most often, the assumption is that conservation costs government agencies money either through land acquisition or the removal of property from tax rolls, while development is thought to bring communities new revenue in the form of additional taxes. This may not always be the case in rural area such as the Middle Peninsula where the cost to render necessary services to fewer residents over a greater, more sparse spatial area. Open space preservation may generate financial returns for local governments and communities and create significant cost savings as well, especially when those properties are donated at little to no cost to government while providing an economic driver for local economies.

The measurement of economic significance is used to make resource allocation decisions and to demonstrate the need and benefit to the social welfare, economic development and the environment. Although there is an abundance of economic value that comes from parks and open space protection, quantifying those benefits to show an economic value is a complex task, specifically when the data needed to make such determinations is unavailable. Estimating the return on investment on donated land without actual figures on past long term investment or collection of data on revenues generated through activity is difficult to quantify.

Previous studies have identified several ways to quantify the return on investment of land for conservation and/or recreational purposes acquired through either private gift or purchase. In researching information to assist with economic valuation of open space, the majority of the readily available information was from the analysis of parks and open space values and contributions in urban areas where undeveloped land is scarce and in high demand. In urban areas, researchers have been able to quantify economic impacts such as increases in property tax revenue, tourism spending and savings from use of natural environmental filtration systems due to appropriate mechanisms in place for data collections. However, much of this data is either unavailable or inconclusive when studying the impacts of open space in more rural areas such as the Middle Peninsula.

Recognizing the importance of quantifying the economic value of open space on the local economy and the lack of information on the topic, numerous localities across the country have

conducted independent studies which required collection of extensive visitor profiles and spending habits. Several of the studies conducted by the Public Land Trust were used to compile information for this document. In 2003, the Center for City Park Excellence on Virginia Beach, Virginia hosted a forum of economists and other experts to determine how parks and open space economically impact cities. Participants identified seven attributes of parks that provide cities with measurable economic benefits.

- Hedonic (Property) Value
- Tourism Value
- Direct Use Value
- Health Value
- Community Cohesion Value
- Air Pollution Removal
- Stormwater Management Value

In 2010, the City of Virginia Beach requested that The Trust for Public Land (TPL) carry out a study of its park and recreation system based upon these seven factors. Their report provides a description and estimate of the economic value of each park attribute in Virginia Beach.

Methodologies

The next several sections explore several methodologies used to quantify the economic benefits of protected open space used for public recreational activities. While each provides insight into how other organizations have used available information to quantify economic impact, the effectiveness of each methodology is directly related to the data that is available during the time of the analysis. Deficiencies in the authenticity of the available data may either negate or enhance the quality of the values provided. As stated above, the information provided in previous studies was derived from research and data collection relative to a specific test area and may not be adequate applicable to the areas.

Direct Use Value

Direct use valuation is a commonly used method of calculating the return on investment for public open space. A direct use value is the value of the service provided to the public. Most direct uses of public parks are free of charge, but economists can still calculate their value by determining the consumer's willingness to pay for the recreation experience in the private marketplace. Rather than income, the direct use value represents the amount of money residents save by not having to pay market rates for the park activities they enjoy.

In their 2010 study on Virginia Beach, TPL used the model for quantifying direct use benefits based on the "unit day value" method documented in the U.S. Army Corps of Engineers' Water Resources Council recreation valuation procedure. The unit day value model categorizes park visits by activity, then assigns each activity a dollar value. For example, playing in a playground

is worth \$3.50 per user per visit. Running, walking, or in-line skating on a park trail is worth \$4, as is playing a game of tennis on a public court. For activities for which a fee is charged—such as golfing or visiting an arboretum—they considered only the extra value; that is, if a round of golf costs \$20 on a public course and \$80 on a private course, the economic benefits of the Park and Recreation System of Virginia Beach's direct use value of the public course would be \$60. If an activity is priced at the full market value, the direct use value would be zero.

To calculate the economic benefit of public parks and open space in the Middle Peninsula using this method, one would have to estimate the value of the same services as actual values. One would assume that the values would be lower in a rural region compared to those in urban areas. While the Virginia Beach study provides estimates for value of services provided by public open space among its users, knowledge of the number of users, their activities, and their spending would be required to make the same or a similar assessment for the Middle Peninsula. Unfortunately, currently there is no immediate record of this type of information being collected for the Middle Peninsula region.

Benefit Transfer Methodology

The benefits transfer method is used to estimate economic values for ecosystem services by transferring available information from published studies in another location and/or context and making the values generalized. The basic goal of benefit transfer is to estimate benefits for one context by adapting an estimate of benefits from some other context. Benefit transfer is often used when it is too expensive and/or there is too little time available to conduct an original valuation study, yet some measure of benefits is needed. It is important to note that benefit transfers method can only be as accurate as the initial study.

The benefits transfer methodology was used, which included a thorough review of literature relevant to New Hampshire's land cover types (e.g., forests and wetlands), to determine the natural goods and services and associated monetary values provided by state-funded land conservation projects. The TPL estimated the per-acre economic value of these natural goods and services to determine the economic values of the different land cover types identified from those sources. The TPL then calculated a return on investment by comparing the economic value of the natural goods and services provided by conserved lands to the state's contribution to the purchase price. Sustainable timber management programs with harvesting that includes foresters, logging contractors, and truckers create an average 1.7 jobs per 1,000 acres, which amounts to over ten timber-based jobs in the Errol Community Forest. Increased revenue resulting from long-term stewardship and sustainable forest management produces predictable and consistent timber revenue, as well as forest pulp and products. The sales impact of the industry was \$766 million. The industry supported 5,970 jobs and generated \$288 million in value-added impacts. The retail sector produced the greatest employment impacts, supporting 2,440 jobs. A similar process was used by the Trust for Public Land for the Virginia Beach study. In order to quantify the contribution of park vegetation to air quality, the Northeast Research Station of the

U.S. Forest Service in Syracuse, New York, designed a calculator to estimate the pollution removal value of trees in urban areas. This calculator, based on the Forest Service's Urban Forest Effects (UFORE) model, is location-specific and takes into account the air pollution characteristics particular to Virginia Beach. Cities generate different results based not only on trees but also on variances in ambient air quality.

TPL obtained land cover information for all Virginia Beach parks through analysis of the city's tree canopy using a digitized assessment of aerial photography. The analysis determined that 51.8 percent of the city's 33,640 acres of parkland is covered with trees. The TPL estimated the monetary value of pollution removal by trees using the median U.S. externality values for each pollutant. The externality value refers to the amount it would otherwise cost to prevent a unit of that pollutant from entering the atmosphere. For instance, the externality value of preventing the emission of a short ton of carbon dioxide is \$870; the externality value of the same amount of sulfur dioxide is \$1,500.

In order to apply the benefits transfer method by applying these values to tree coverage and other vegetation in the Middle Peninsula region, information such as the amount of tree coverage, the various types trees and vegetation would need to be collected. This information is currently unavailable.

Cost Benefit Through Revenue Generation

Another method is to look at before and after revenue generation and cost analysis. Through this methodology, comparisons are made on the public revenue generated on the use of a property under private ownership and the revenue generated as conserved land that is tax-exempted. Factors to consider when determining cost benefit include annual tax generation, cost of public services to the site, and develop ability.

A study conducted by MPPDC in 2010 through funding from Virginia Coastal Zone Management Program at the Department of Environmental Quality, Grant FY2009 NA09NOS4190163 Task 97.01 and Task 95 quantified the cumulative property tax fiscal loss on tax exempt properties compared to direct revenue generated through other federal and state programs. The study showed that reduction of revenue by thousands of acres of land protected under conservation easements throughout Middle Peninsula localities represented only a fraction of a percentage of the localities annual budget. In addition the study showed that the revenue generated from those same properties achieved a net return on investment through federal and state Payment in Lieu programs and subsidies from the Virginia Department of Education. Although not quantified, the study also identified indirect economic benefits of the conserved acreage through agricultural and forestry uses permitted on the properties.

Since most of the currently eased lands are wetlands, this does not have a significant impact on county revenues. For instance, at the time of the study, Mathews County had approximately

598.97 acres of conserved lands which equated to a loss of \$2,942 in total tax revenues annually. This represented approximately 0.01% of the county's budget of \$22,206,678 for 2009-2010.

In conjunction with assessing the fiscal impacts of conservation easements, MPPDC staff also considered the fiscal impacts of fee simple land ownership by tax-exempt organizations for conservation purposes in Gloucester County. At the time, approximately 3,114.95 acres of land in the county owned by tax-exempt organizations equated to approximately a \$16,779 loss of tax revenue. When conservation easements and lands owned by tax-exempt organization were looked at together, Gloucester County had approximately 4,124.97 acres of conserved lands which equated to a loss of approximately \$49,185 in total tax revenues annually. This represents less than 0.05% of the county's \$107,165,062 budget for 2009-2010.

The study also showed that despite minor losses in tax revenue, conserved tracts of land continued to generate revenue either through stipends from state programs, timbering on tracts where permitted and other fees for recreational use.

Direct Income Value

The direct income method is applied by calculating the sum of all revenue generated through the site then subtracting from that sum all necessary expenditures associated with the site. The expenditures may include acquisition cost, ongoing maintenance costs and associated overhead however, does not take into account unnecessary improvements. Revenue may come in the form of fees for use, rents or the sell of natural resources.

Because minimal information needed for this analysis, direct income value is the more appropriate method for calculating economic benefits on specific parks and open space properties. To illustrate the use of direct income value method to quantify the economic benefits of protected open space in the Middle Peninsula region, the ecosystem, revenue and expenditure history of the Brown Tract was analyzed. The Brown Tract is an approximately 146 acre forested tract of land located in Essex and King and Queen Counties acquired by the Middle Peninsula Chesapeake Bay Public Access Authority in 2006. The Brown Tract supports hunting and other outdoor recreational activities to the public for a fee which have averaged approximate \$1250 over the past two years. Although not yet timbered, the tract allows for timbering which supports the local forestry economy. Similar PAA properties have generated revenue from timbering which was used for maintenance and improvements on the tract, reducing costs to local government and fostering sustainability.

Another PAA property, the Sinclair Landing Recreational Area, a 97 acre site equipped with residential structures and waterfront infrastructure located in Gloucester County provides recreational open space, waterfront access, hunting, and facilities. Since July 2013, the site has generated \$67,622.36 gross in rental fees, timber harvesting and user registration fees for waterfowl hunting as protected public open space versus generating \$10,124 in property tax revenue in 2013 as a residential use. To date a total of \$40,901 has been expended on

maintenance, overhead and improvements to the site for a net return of approximately \$26,700 since 2013.

Conclusion

There is significant evidence of the benefits of public parks and open spaces ranging across a broad spectrum of important areas. Determining the economic value of an open space is a relatively young science. Few studies exist that evaluate the economic value of parks and open space and even fewer on the economic impacts they have on rural communities. More research and analysis are needed regarding park usership, tourism, property transactions, storm water, and other factors. Most reasoning on the economic impacts of parks and open space lack the pertinent information to make economic benefit determinations and would benefit from deeper investigation and analysis. By examining the information in this document, two things are evident.; Open space plays a critical role in the local economies of the Middle Peninsula and in order to accurately quantify the economic value of open space in the region, deficiencies in the availability of information required to make a more accurate determination of the economic effects of parks and open spaces on the communities they serve will need to be addressed. The ability to quantify this information plays an important role in helping local officials, potential donors and other stakeholders understand the advantages and disadvantages of donating private property for public open space.