

The Land Trust, & its Appraisal Needs



for the

Appraisal Institute of Canada

Pamela Wight, Executive Director

pamwight@ealt.ca

October 7, 2008



Edmonton's Consultation & Research Revealed:

- Strong support for a Land Trust to focus on natural areas conservation
- Focus to be on land preservation, or conservation of the region's unique habitat & biodiversity
- A regional approach preferred
- Strong support for start-up funding from City
- Support for services in kind from City



Founding Partners

- **Edmonton Community Foundation**
- **City of Edmonton**
- **Land Stewardship Centre of Canada**
- **Legacy Lands Conservation Society**
- **Edmonton Nature Club**
- **Urban Development Institute - Greater Edmonton Chapter**



Acknowledgements

- City Council
- Stakeholders from the conservation & development industry
- City of Edmonton
 - \$345,000 (start up funding)
 - \$2.5 million (endowment)
- Alberta Real Estate Foundation
 - \$40,000 project grant
- Other Donors - \$ 511,275

Primary Objective

To create an independent, charitable not-for-profit, supported by the community, to lead in selecting, securing, and stewarding natural area systems and cultural heritage landscapes in the Edmonton area



Vision

- An Edmonton region where natural area systems are valued, preserved for future generations and play a key role in the social, economic, and environmental life of the residents of the area



Purpose

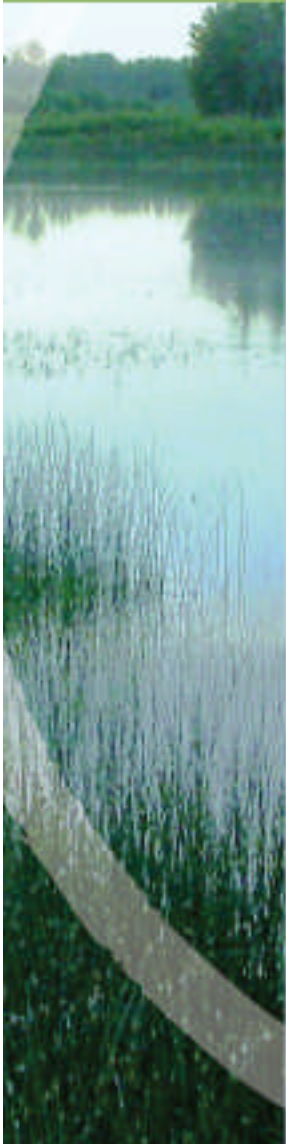
- **Conserve, protect & restore natural areas of ecological significance**
 - Raise & maintain funds to support operations & educational outreach
 - Advance environmentally sound stewardship among landowners
 - Increase public's understanding of natural area conservation
 - Encourage & conduct research to support land conservation decisions



Benefits

For landowners and developers:

- a non-adversarial partner to proactively conserve natural area systems *ahead* of the development process
- voluntary landowner conservation initiatives through *purchase* or gifting
- charitable agency capable of providing *tax benefits* to individual donors



Benefits

For the community:

- enhanced opportunities to access, experience and enjoy natural areas within an urban and suburban environment
- healthier environment (clean air & water) and wildlife habitat
- direct and indirect social, economic, psychological, spiritual and physical health benefits



Benefits

For the municipality

- a not-for-profit partner bringing conservation experience to municipal planning
- a specialized set of private charitable land conservation tools and volunteer stewards
- increased opportunities for nature interpretation and education
- more opportunities to reduce storm water management costs
- higher property taxes for properties with proximity to these appealing spaces



Local Environmental Charity

- EALT is currently the only regional environmental charity (land trust) focused on conservation of natural areas



Land Donations

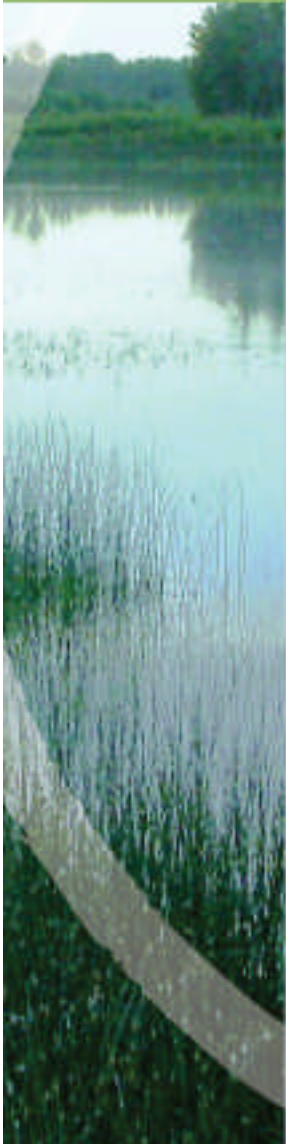
- Endowment & Non-endowed Fund established at Edmonton Community Foundation for acquisition & maintenance
- EALT accepts land directly as a donation for:
 - preservation or restoration, or
 - as an investment that could be sold to procure more suitable land for conservation
- Establishes and implements appropriate stewardship practices for all land held
 - Could deliver directly, or by contracting others



Securing 'first site' = important priority

Current work includes:

- **Administration**
 - Establish presence - office, website, outreach and partnerships
 - Review Board size and advisory committee requirements
 - Continue to build the endowment fund
- **Establish procedures for identification of natural areas**
 - Identify representative natural areas & corridors including wetlands & streams
 - Link new areas to established natural areas
- **Establish procedures for acquisition of natural areas**
 - Conservation easements, donated or purchased
- **Establish procedures for management of natural areas**
 - Develop and implement land management planning framework
 - Develop specific site management plans



Challenges of an Urban Land Trust

- Site Selection:
 - general perception natural sites & urban areas are mutually exclusive
 - sufficient size & connectivity is VIP
 - significant controversy is common
- Site Securement:
 - high land market values, so challenge to raise funds
 - criteria of Ecological Gifts program sometimes not applicable to urban natural area situations (Inventory Land)
 - expropriation possibilities
- Site Stewardship:
 - long-term maintenance, paying taxes & liability insurance, preventative maintenance, etc, higher levels of abuse or misuse, so high resources and time required
- Outreach:
 - difficulty engaging media interest

Appraisal Challenges

- Land values are very dynamic
- Tremendous pressures on lands in urban & adjacent areas
- Ecological appraisals not so common in Alberta
- Appraisals for the Eco Gifts program are subject to certification as being ecologically sensitive, & to Appraisal panel review as to fair market value of the donation




Types of Appraisal Needs

1. Qualified Independent Appraisal:

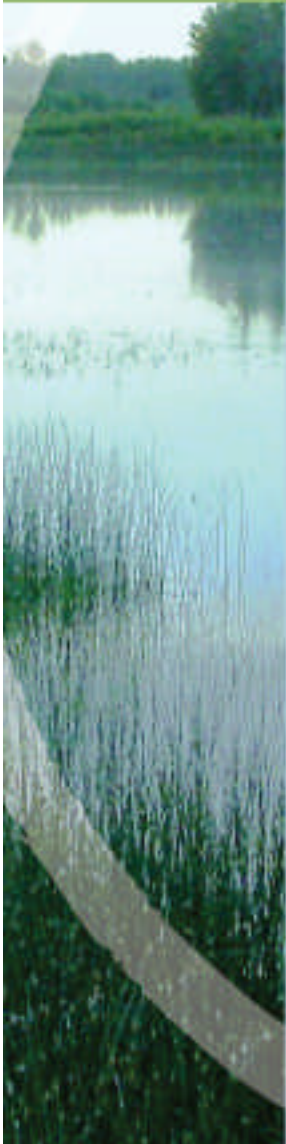
- When buying land, *conservation agreements* or other real property, needed to justify the purchase price
- Should be prepared in compliance with the Canadian Uniform Standards of Professional Appraisal Practice by a certified appraiser who has verifiable *conservation agreement* or *conservation real estate* experience

Types of Appraisal Needs

- 
- 2. Short Narrative:** a written estimation of a property's value usually prepared by a qualified appraiser (occasionally by a highly experienced real estate professional).
 - May be used instead of a *qualified independent appraisal* when the economic value of the property is so low as to negate concerns about *private benefits*, or in other circumstances. (A *short narrative* is not sufficient in the case of transactions with *insiders*.)

Tax Consequences: Appraisals

- The land trust informs potential land or *conservation agreement* donors, in writing, of the following:
 - Canada Revenue Agency appraisal requires a qualified appraisal for gifts of property valued at > \$1,000, & timing of appraisal (as the beneficiary of the tax receipt the donor has the primary responsibility for any determination of the value of the donation, even in the case where the appraisal has been arranged for or commissioned by the land trust)
 - an independent qualified appraiser certified by the AIC should be used by the donor
 - the land trust will request a copy of the completed appraisal
 - the land trust will not knowingly participate in projects where it has significant concerns about the tax deduction
 - Ecological Gift appraisals must be done to meet Environment Canada's criteria and will be reviewed independently by the Appraisal Review Panel.

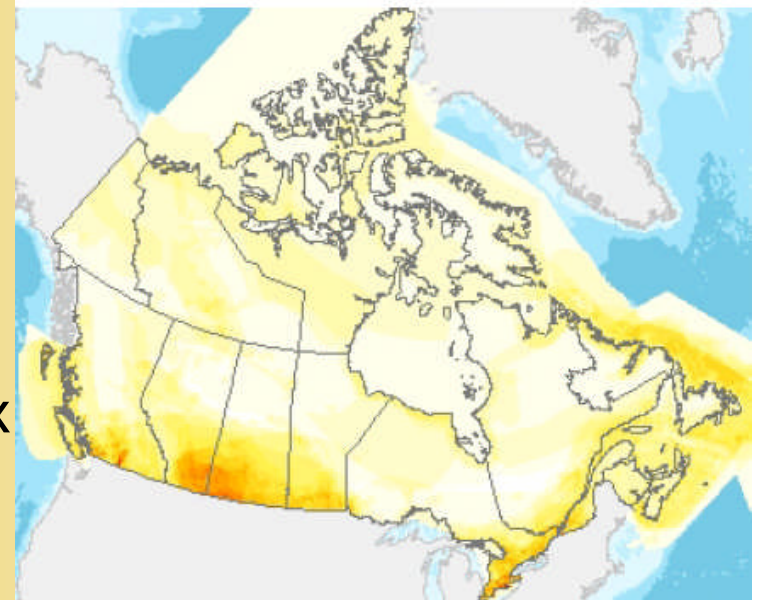


Tax Consequences: Ecological Gifts

- The land trust ensures that properties donated under the Ecological Gifts Program are appraised and certified according to the standards of Environment Canada (& possibly provincial standards)
- Where appropriate, the land trust informs potential donors about the Ecological Gifts Program including the increased tax benefits associated with making a gift under the program.
- Land trusts are aware of, and where necessary, advise potential donors about, the consequences of unauthorized disposal or change in land use of Ecological Gifts

Ecological Gifts Program

- Acquisition & regulation insufficient to achieve conservation goals
- Private or corporate landowners can donate land to a qualified agency & receive tax benefits
- Non-refundable federal tax credit
- Split-receipts (“bargain-sales”) can also qualify as ecological gifts
- Inventory land does not receive the same tax treatment.

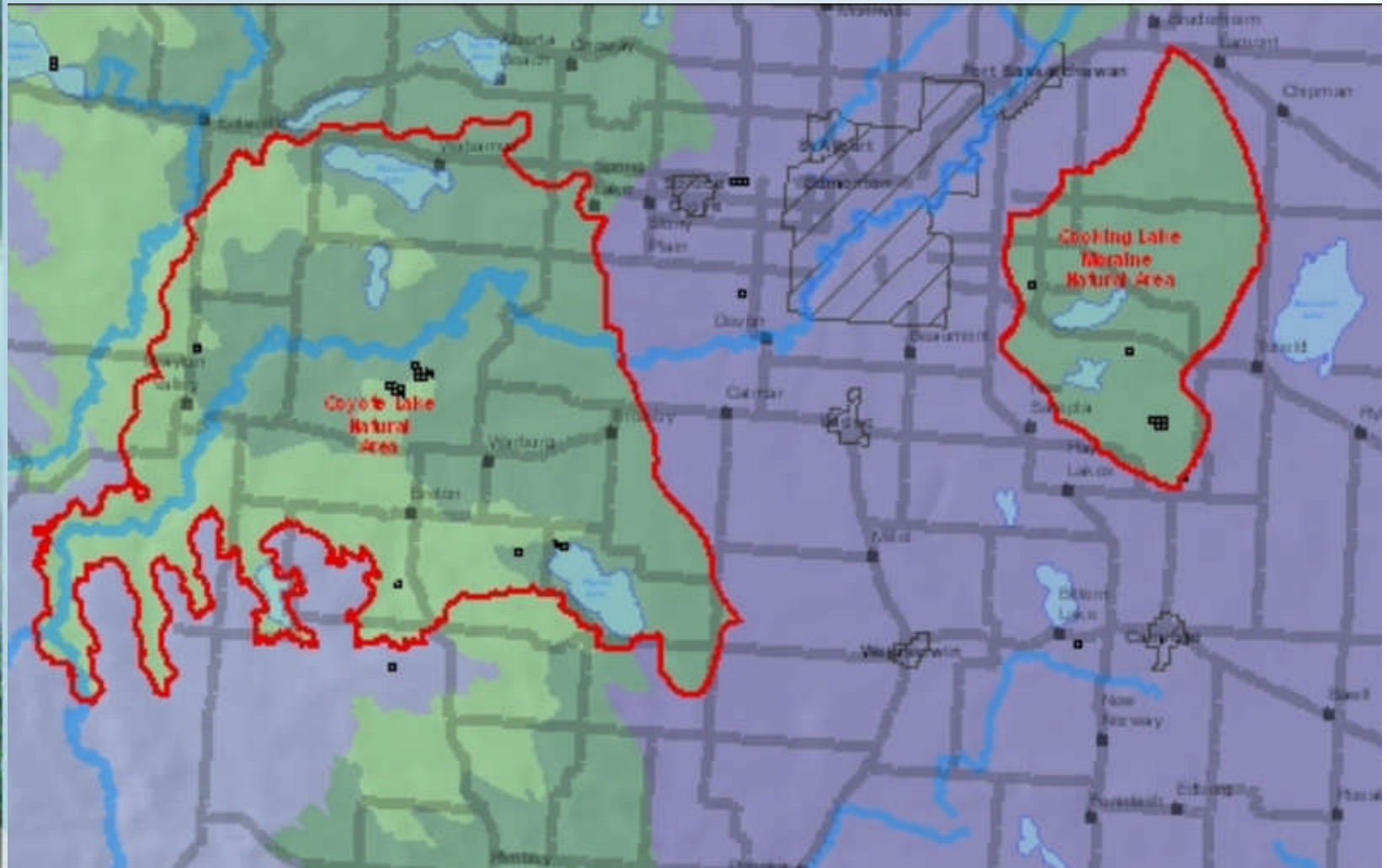


- ***Guidelines for Ecogift Appraisals*** on Environment Canada’s website



Edmonton & Area
Land Trust

Regional Conservation Framework



EALT is interested in Appraisers

- With appropriate credentials
- With sympathy towards EALT and to conservation of natural areas
- With ecological evaluation experience
- In the wider capital region
- Donors (of land/CEs) also need appraisers



Edmonton & Area
Land Trust

Thank you!
Any questions?

www.ealt.ca

