

The Ruxton-Riderwood-Lake Roland Area Improvement Association, Inc.

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Land Trust Issues May 25, 1999 Annual Meeting

For years, our extended neighborhood has sought to retain its unique, unspoiled qualities in the face of the pressures of land development. Nearly every issue that comes before the association's board is somehow entangled in land use issues. Usually, the neighborhood and the board are reacting to a matter. Seldom does the opportunity arise for the neighborhood at large and the Board to be proactive. But the opportunity to do so is now here.

This year's Annual Meeting marks the kickoff of RRLRAIA's official program to encourage the preservation of undeveloped land. As most of you know, there are very substantial tax benefits available to a landowner who chooses to restrict further development of a piece of property. To preserve our neighborhood's open qualities, the Board has recently joined forces with an organization called Land Preservation Trust to encourage landowners to avail themselves of these generous tax provisions.

Land Preservation Trust was formed in 1984; its goal then and now is the preservation of undeveloped land, with the trust's primary focus being land in Baltimore County. The members of its board include Skip Cochran, Ned Halle, Dorsey Brown, Mike Hankin, Nancy Martin, Charlie Fenwick, and Pedie Killebrew.

When our Board began searching for a partner in our goal of preserving open space in our neighborhood, LPT's size and focus made it imme-

diately attractive. LPT has been instrumental in establishing conservation easements on many tracts of land, large and small. The main thrust of its efforts has been to our north, but LPT has done properties within the RRLRAIA boundaries, and is in fact now in the process of establishing a conservation easement on a property in our Joppa Road corridor. Unlike some other land trust organizations, LPT is willing to work with landowners whose developable land is quite modest in size. So long as an unused development right exists, the property will be considered, whether it is your backyard, acres of woods, or anything in between.

The program that our Board is sponsoring through LPT is a conservation easement program. There are many ways to conserve open space. But for the needs of our community, the most attractive and flexible is the charitable donation of a conservation easement, particularly for landowners who wish to retain title to the land and to continue to use and enjoy it.

The basic premise of the conservation easement is this: open space is a public good, but even landowners who might like to preserve their open land find themselves tempted to develop it because of the profits to be made and because property taxes on developable land are so high. So, to encourage you to surrender your valuable development right on your open land, the government offers the same tax incentives that spur other charitable donations. You

donate your development right and receive federal and state tax deductions for the value of the right you surrender. For a residential building lot in our area, that value can easily be \$100,000. Your donation is deducted from income. Any portion that cannot be deducted immediately because of IRS limits on annual donations can be carried over to succeeding years, like any other charitable donation.

The Nuts and Bolts of our Program:

If you have a property with unused development potential, start by contacting the RRLRAIA Board. We will act as a liaison between you and the LPT so that your costs are kept to a minimum.

To streamline and standardize the process (and keep the donor's costs to a minimum) the Board has agreed to act as a liaison between the landowner and LPT. The landowner fills out an application; the terms of the donation and use restrictions are settled upon; the property is appraised (landowner's cost); a fee is paid to LPT to defray its legal costs (generally about \$1,000); a deed is executed and recorded. Upon completion of the transaction, the landowner's conservation easement donation has been made, and the tax deduction is available. At this stage a modest monetary donation to LPT by the landowner will be strongly encouraged by the Board.

More information about whom to contact and how to get started will be available at the annual meeting.

Mission Statement

Our mission is to assist landowners in the Ruxton, Riderwood, and Lake Roland areas in the preservation of open land for future generations. Acting as a liaison between area property owners and Land Preservation Trust, our board will assist in establishing conservation easements between property owners and LPT for the purpose of limiting further development on parcels of land in perpetuity while providing tax benefits to donors.

In evaluating and targeting specific properties for protection, we will emphasize resources important to land conservation, to include: strategies for Lake Roland watershed protection, preservation of woodlands, streams and wetlands, enhancement of wildlife habitat, and documentation of soil types, topographical features, vegetation, aquifers and other ground water resources, wildlife, historical characteristics, scenic value, agricultural and recreational uses. Both large and small properties will be considered. We will encourage the creation of easements and restrictive covenants on area properties, will solicit easements on targeted properties, and will monitor easements and covenants on LPT properties in the Ruxton, Riderwood, and Lake Roland areas.

Features of Conservation Easement Donations

- Eligibility:** Any land with development potential is eligible in theory.
- Valuation:** Performed by your professional appraiser. The difference between your property's value before and after the donation is the tax value of your donation.
- Ownership:** You retain title and use of the property. The public acquires no rights as to your property.
- Restrictions on Use:** Basically no further residential or commercial development. The precise restrictions are individual to each donation. If you retain the right to erect small outbuildings, tennis courts, pool, etc., or to fell timber or otherwise "take" from the land, the value of your donation may be lower than if you lock up the land as untouchable for any purpose.
- Maintenance:** Continues to be your responsibility.
- Liability:** Insurance liability continues to be your responsibility.
- Duration:** Perpetual. Once it's done, it's done. The restrictions bind all future owners as well, and are a matter of public record, just as neighborhood covenants or utility easements are.
- Alienability:** After the donation, the property may be freely bought and sold, just as before, without any notice to the trust that holds the donated development right. The trust's interests are protected by the priority rules of the land records.

What we can do as individuals and as an organization to promote the conservation easement program:

TALK IT UP -- specifically, talk about the program to the people who would benefit from the program.

Points to mention :

- ✦ Permanent "open space" protection for land of almost any kind--wetlands, farm, pasture, "empty" building lots
- ✦ Federal and state income tax benefits--just like any other charitable deduction. Unused deduction can be "carried forward" to subsequent years.
- ✦ Estate tax benefits -- a conservation easement decreases the "market value" of the restricted land. This is later reflected in a lower estate value at death of donor.
- ✦ Flexibility -- each donation can be tailored to fit the donor's needs and long term plans for the property. Many uses can be retained (farming, out buildings, playing fields, lumber, etc.)

The program that our Board is sponsoring through LPT is a conservation easement program. There are other ways to conserve open space, including donation of the land itself in fee (title passes to donee), remainder trust (title passes to donee upon death of donor, with donor retaining use while alive), bargain sale (seller is considered to have "donated" the difference between sale price and fair market value), and donation by will. These other vehicles for land conservation certainly have their uses. However, for the needs of our community, the most attractive and flexible is the charitable donation of a conservation easement, particularly for landowners who wish to retain title to the land, and to continue to use and enjoy it. Anyone wishing information about other ways to protect open space should contact a member of the board for information.