



INSIDE THIS ISSUE:

<i>Conservation Easements</i>	1
<i>Property Management</i>	3
<i>Featured Property</i>	3
<i>Appraisal Corner</i>	4

Land Conservation Web Sites:

The Nature Conservancy
www.tnc.org

California Rangeland Trust
www.rangelandtrust.org

American Farmland Trust
www.farmland.org

American Land Conservancy
www.alcnet.org

Trust for Public Lands
www.tpl.org

Ag Conservation Innovation Center
www.agconserv.com

Land Trust for Santa Barbara County
805-966-4520

The Land Conservancy of SLO County
www.special-places.org

Ventura County Agricultural Land Trust and Conservancy
805-647-2262

Center for Natural Lands Management
www.cnlm.org

Natural Resource Education Foundation
www.nref.org

RINCON SELLS FARM GROUND 103 ACRES, SANTA MARIA WEST SIDE

Rincon was the exclusive broker in the recent sale of 103 acres of prime farm land west of Santa Maria. The seller of the property was the Sheehy family of Santa Maria Berry Farms, a long time farming family in the Santa Maria Valley. The buyers were another long time farming family from the Santa Maria Valley. Rincon represented both buyers and sellers in the transaction.

According to Rob Sheehy, "I am impressed with Rincon's depth of involvement and expertise. They maximized the value of our property and used their skills to conclude the transaction ahead of schedule. Rincon met all of our expectations and much more. Agricultural land sales have traditionally been an 'insider' type transactions, but we found it made for good business to list our property with professionals. I have and will continue to recommend Rincon highly."

The Sheehy family was able to take advantage of Rincon's reduced commission program with this transaction. Rincon has programs to reduce its commission in the event of a quick sale, or in the event Rincon represents both the buyer and the seller.

Frank Ferrero of Rincon says, "In this market, everyone pretty well knows who all the local sellers and buyers are. We constantly maintain relationships



Rincon recently sold this prime farm ground in a recent transaction between two long time farming families from the Santa Maria Valley

with both, so that we can best present a property within this market. However, we also feel it is important to expose these properties to interested buyers outside the local area in order to make sure the property receives its full market value potential. Sometimes these out-of-area buyers are growers, and sometimes they are investors. "

"We had several serious offers on this property in a short amount of time. For those unsuccessful buyers, we are continuing to look for more good farm ground," said Ferrero.

Please contact us for more information about selling your property, or Rincon's reduced commission programs.

LAND CONSERVATION EASEMENTS

It is no secret to the agricultural community that environmental stewardship and agricultural production go hand in hand. We understand the inextricable link between a healthy environment and our ability to create income by growing crops and livestock in partnership with mother nature. Growers and ranchers have a deep respect and understanding of the ways of the environment, and live it daily as part of their work lives.

Unfortunately, the current mode of government regulators and environmental activist often put the agriculturist at odds, not over the end goal, but over the means to attain it. I know of no agriculturists who are opposed to the preservation of oak trees or threatened species. The friction comes over who dictates the methods to attain the preservation goals, and who is going to pay for it.

(Continued on page 2)

CONSERVATION EASEMENTS (CONTINUED)

(Continued from page 1)

Despite some backlash within the agricultural community, we are now seeing major agricultural organizations embrace the concept of land conservation easements as a powerful tool for landowners to meet their basic objectives for owning and operating agricultural lands.

Conservation easements come in a variety of types. Actually, they are less like an easement, and more like CC&R's or deed restrictions. Essentially, they all create permanent conditions or restrictions which run with the land in perpetuity, and are evidenced by documents recorded with the land. This means any subsequent buyer of the property must take it subject to the conditions established in the conservation easement. It also means that an existing lender would have to subordinate to it, unless the grantee would take it subject to the lien of the lender. There is some misperception from the use of the word "easement" that a conservation easement requires public access. While some organizations may try to acquire public access in their conservation easements, this is definitely not necessary. What is necessary is to allow the entity receiving the conservation easement (grantee) the right to inspect the property periodically, generally annually, to ensure that the conditions of the conservation easement are being adhered to.

The types of conservation easements can vary considerably. One variation that we are all familiar with is the Williamson Act, or Ag Preserve. This is not a permanent restriction since it automatically renews annually for a ten year period, but it does require that the landowner keeps the property in ag

POTENTIAL BENEFITS:

- Cash Payment
- Income tax deductions
- Reduced estate tax
- Reduce property tax
- Ensure long term viability of agricultural operation

production and out of development for the next ten years. The permanent conservation easement may be an "agricultural easement", with conditions similar to the Williams Act. Alternatively, it might be for the preservation of all or a portion of a ranch for wildlife habitat, scenic or view shed purposes, watershed purposes, or historic purposes. Some conservation easements may require that a ranch be used only for grazing purposes in the future. The conditions and restrictions of a conservation easement are negotiated between the landowner and the grantee and will vary depending upon the both the landowner's and grantee's objectives. For this reason it is important to have someone experienced representing you during these negotiations.

The entities who are obtaining conservation easements vary drastically as well. The 800 pound gorilla in this arena is The Nature Conservancy. They were founded on the principal that voluntary conservation, based upon an open transaction between a willing seller and willing buyer, should drive the economic engine of conservation. The Nature Conservancy receives its funding from both private donations and public grants.

A newer arrival in this game is the Rangeland Trust, established by the California Cattlemen's Association. This was set up to create a user-friendly vehicle for ranchers, by ranchers, interested in conservation easements. A more comprehensive list of organizations involved in conservation easements and their web sites, is located on the front page of this issue of *AgLand News*.

Of course it is much easier to contribute a conservation easement for a tax deduction, but many entities will secure cash grants to pay for your conservation easement. Like any buyer of real estate, these entities have limited amounts of cash and will spend their resources where they best accomplish their particular objectives. Knowing the entities and their particular likes and dislikes is helpful in obtaining funding.

Whether receiving tax deductions or cash, valuation is critical. See Ed Hawkes' article in this issue of *AgLand News* for further discussion of the valuation of conservation easements. Ed has received specialized training and has prior experience in appraising conservation easements.

For further information about how conservation easements might work for you, please feel free to contact us at Rincon.

"I am impressed with Rincon's depth of involvement and expertise. They maximized the value of our property and used their skills to conclude the transaction ahead of schedule I have and will continue to recommend Rincon highly."

Rob Sheehy

Santa Maria Berry Farms



Rob and Patrick Sheehy of Santa Maria Berry Farms

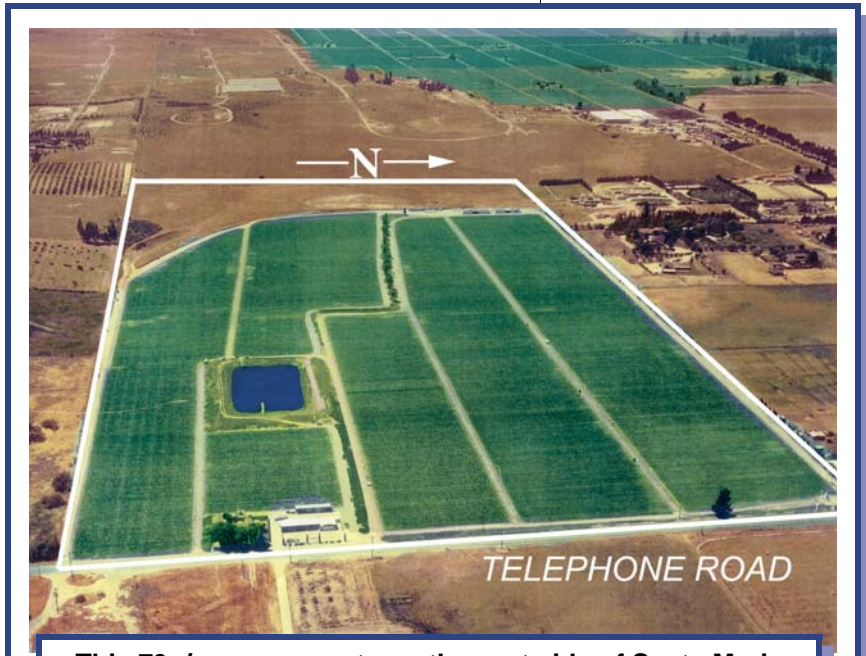
FEATURED PROPERTY:

79+/- ACRES FARM GROUND, SANTA MARIA

In this issue we are featuring one of our listings located in the rural east side of the Santa Maria Valley. The property is approximately 79 acres of mostly level irrigated farmland. The majority of the property is currently farmed to vegetable crops and strawberries. There are individual ranchettes are in the immediate vicinity. The property possesses both an agricultural well, capable of producing approximately 1,385 GPM with an underground irrigation system, a reservoir, plus a domestic water well. There is an existing manager's residence, shop, and some miscellaneous outbuildings.

Located on Telephone Road, this ranch is within an area of the Santa Maria Valley that has historically been devoted to production agriculture. The property offers 70+/- acres of irrigated farm ground, plus 9+/- acres of useable land. Much of the 9 acres, which gently rises to the west, is potentially developable to agriculture or a homesite. The unique location of the developable portion of this property holds high potential as a home site, with scenic views of the valley to the east.

"We are especially excited to once again offer such a unique property to our clientele," says Frank Ferrero, of Rincon Corporation. "Production properties of this size tend to attract a larger number of buyers within this market sector. We envision potential buyers ranging from growers of vegetables, strawberries, and wine grapes, to the investor who may be seeking land to build an executive home. The win-win for the investor comes in the enjoyment of a



This 79+/- acre property on the east side of Santa Maria Valley offers approximately 70 acres of irrigated farm ground, plus 9 acres of developable land.

rural lifestyle, while reaping the benefits of annual cash flow and land appreciation over time." For more information, see our web site, give us a call.

RINCON WILL MANAGE YOUR PROPERTY

Many owners of agricultural land lease their property to local area growers. For many of these landowners, it makes more sense to let a professional company like Rincon manage their property. For a nominal fee, typically 5% of rental income, Rincon will handle all aspects of dealing with the tenants and the property issues.

- **Increase rental income**
- **Avoid difficult negotiations**
- **Leave management problems to the professionals**
- **Ensure optimum use and value of your property**

When it comes time to negotiate the lease, Rincon is up to date on the latest market rents and activities. If you are seeking new tenants, Rincon will market your property to a full spectrum of reputable tenants. Issues such as who is responsible for what repairs, or the terms of an option to renew, are always negotiable. As a property manager, Rincon then monitors the activities of the tenant to ensure that they comply with the

terms of the lease. Rincon collects the rents, pays expenses as instructed by the landowner, and forwards the proceeds and a full accounting to the landowner. If a problem arises, Rincon works with the tenant to establish who is responsible for solving it. If the landowner is responsible for repairs, Rincon obtains bids and oversees the work of the contractors.

"The management fee we charge a landowner is more than made up for in the increased farm rental income we are able to generate. We also ensure that the value of the land is protected or enhanced through the activities of the tenant-grower," says Larry Lahr, President of Rincon. Contact Larry Lahr or Frank Ferrero for more information regarding this program.

"The management fee we charge a landowner is more than made up for in the increased farm rental income we are able to generate."

*Larry Lahr, President
Rincon Corporation*



2515 Professional Parkway
Suite C
Santa Maria, CA 93455

Phone: 805-937-2492
Fax: 805-937-0442
Email: info@rinconcorp.com

**Agricultural
Real Estate Professionals**

www.rinconcorp.com



Real Estate Brokerage

- [Property Sales](#)
- [Property Acquisitions](#)
- [Property Leasing](#)

Appraisal Services

- [Agricultural](#)
- [Commercial](#)
- [Industrial](#)
- [Residential](#)

Management Services

- [Property Management](#)
- [Project Management](#)
- [Partnership Mgmt.](#)
- [Real Estate Consulting](#)

Mailing Address Line 1
Mailing Address Line 2
Mailing Address Line 3
Mailing Address Line 4
Mailing Address Line 5

RINCON CORPORATION

APPRAISING CONSERVATION EASEMENTS

BY ED HAWKES, CERTIFIED GENERAL APPRAISER

So, you are considering placing a conservation easement on your property: what will the easement be worth? The answer is, "That depends." Conservation easement buyers rely heavily on appraisals to determine appropriate compensation. In most cases, appraisers follow a "before and after" analysis in which the value of the fee simple estate (before) is compared with the value of the encumbered property (after) in order to estimate the change in value attributable to the easement. The less the use or potential use of the property is affected by an easement, the smaller the effect on value of the conservation easement.

While the ideal candidate property for a conservation easement would have unique environmental habitat, an active agricultural enterprise, and numerous legal parcels that suit the property for development, there may be a benefit to an easement even if the property is without development potential. Easement buyers may be seeking to preserve habitat in certain areas or to acquire easements over single parcels just to reduce future development pressure. Even though the highest and best use of the property may remain unchanged, the encumbrance may detract from its value, since

market participants will understand that they are getting something less than they would if they purchased a similar but unencumbered property.

The value of an easement can also be affected by the entity that will hold the easement. Easement buyers include land trusts, environmental organizations, and government agencies. Easement buyers use the easement as a means to further a particular vision, whether it is preservation of habitat, view shed, greenbelt, or the retirement of development rights in the pursuit of growth management. Easement owners are entitled to ensure that the rights they have purchased do not continue to be exercised and will require monitoring of land uses after the transaction. Such monitoring can result in what is effectively joint management of the property, and the goals of the easement owner can potentially affect many aspects of farm and ranch management.

The issues involved in the valuation of conservation easements can be complex. A fair estimate of value, based on a sound understanding of market values, is a critically important part of establishing a successful and mutually beneficial relationship for both the landowner and the conservation easement owner.