

**A Starting Point for Discussion: A Summary
of Preliminary Conservation Incentive Ideas
for Private Landowners**

*Prepared for the Steering Committee
of the*

Cooperative Conservation Blueprint

August 29, 2008, Meeting

DOCUMENT'S PURPOSE

Outlined in the following pages is a summary of preliminary ideas from two outreach efforts for the Cooperative Conservation Blueprint (Blueprint). The two outreach efforts are:

1. An assessment of existing conservation incentives for private landowners, being developed by Defenders of Wildlife
2. The identification of preliminary ideas for potential new conservation incentives for private landowners, being developed by three Creative Working Groups that are exploring opportunities for incentives related to land use, water, and energy.

This summary is intended to serve as background information for the Blueprint steering committee's August 29, 2008 meeting. It is a starting point for the discussion at the meeting about what existing incentives are working and what new innovative incentive ideas could enhance conservation on privately held natural and working landscapes.

This document is not a full report of all the Blueprint activities and outreach. The steering committee will examine the progress of all three Blueprint elements.

The Cooperative Conservation Blueprint is a process that builds agreement between government and private interests to use common priorities as the basis for statewide conservation decisions. When complete, it will consist of the following elements:

1. a fully unified set of Geographic Information System (GIS) data layers of priority statewide natural land and water resource areas, working landscapes and conservation areas, as well as areas not having those attributes
2. an online application to make the GIS data layer(s) available to all Floridians, and
3. a package of recommended landowner incentives needed to apply the integrated natural land and water resource, working landscapes and conservation strategies statewide.

The focus is on incentives to help conserve lands identified as state priorities by the Blueprint GIS database. This report refers to priority lands in the database as 'CLIP/Blueprint priorities'. CLIP is the Critical Lands and Waters Identification Project natural resource inventory and database, which is still in the vetting and input process. CLIP is the science-based starting point for developing the Blueprint GIS product, which is not yet developed. An underlying assumption in the incentive ideas discussions is that they would apply to lands identified by CLIP/Blueprint as priorities.

More detail about the Cooperative Conservation Blueprint, the work plan, outreach efforts, working group products, including meeting agendas, minutes, and summaries, are on the Florida Fish and Wildlife Conservation Commissions, Cooperative Conservation Blueprint sharepoint website. Go to <http://share2.myfwc.com/CCB/default.aspx>, log in as Contributor.ccb@myfwc.com [not a functioning e-mail address], and enter the password CB110CCB [case sensitive].

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EXISTING PRIVATE LANDOWNER CONSERVATION INCENTIVES

As a part of its Blueprint outreach work, Defenders of Wildlife has been leading an initiative to identify and evaluate existing conservation incentives. Their final product will be a *Cooperative Conservation Blueprint Toolkit*. (Defenders of Wildlife is also charged with helping to conduct outreach on the CLIP and the Blueprint, which will be a part of its presentation to the Blueprint Steering Committee on August 29th.)

In early August, Defenders produced a draft compendium of Florida and federal government-sponsored land conservation incentive programs that, in addition to conserving natural resources, would bring higher value to working lands, such as ranches and forests, and help retain a healthy agricultural industry. Called the *Conservation Incentives Toolkit: Current Conservation and Incentive Mechanisms for Biodiversity Conservation*, the 72-page report contains:

- Descriptions of existing Federal and Florida conservation incentives and spending levels
- A quick reference chart to programs and uses
- Links to program information and administrators
- A Glossary of Terms

Defenders has been soliciting feedback on the existing incentives programs from a broad group of stakeholder organizations and members of the three Blueprint's creative working groups. The intent is to identify the programs that are viewed as being the most helpful, less useful, or having some impediment to usage.

Feedback on the toolkit has been favorable. "The toolkit," one reviewer observed, "is the best collection of available tools I have seen to date." A sampling of comments is highlighted in the box to the right. Common themes include the need to:

- Add other forms of income for private landowners desiring to stay in agriculture by paying landowners for environmental services that governments need in order to serve the public.
- Use existing taxes and regulations to tailor conservation solutions to the needs of each landowner.

Defenders' next steps include continuing to collect feedback from landowner organizations, the conservation community, land use experts, and other constituencies. It will use that feedback to further refine the toolkit and develop a set of recommended changes to make the programs more tailored to the needs of Florida's landowners and conservationists.

Sample Comments about Existing Incentives

Summary of Suggested Actions:

- Consider including more private market-based incentives (e.g., payments for ecosystem services) that can be used to enhance agricultural income in exchange for providing public benefits.
- Expand the current local business tax exemption for "natural persons" to include companies and corporations engaged in agriculture.
- Add information on the Internal Revenue Service's "like kind exchange" provision in the tax code.
- Use land use planning strategies and incentives to help ensure that conserved land is of value to landowners.
- Consider lifting the current cap on the Optional Sector Plan program and enable a system whereby values are driven by environmental and agricultural qualities.
- Allow wetland mitigation at the ecosystem level and increase the number of mitigation credits available to protect priority CLIP/Blueprint land.

Other Comments:

- Address the federal conservation incentive programs that are not used because they are cost sharing-based and require an upfront capital outlay (and a lot of paperwork).
- Local agricultural stewardship programs should be supported by the state.

CREATIVE WORKING GROUPS: PRELIMINARY INCENTIVE IDEAS

The role of the three Blueprint creative working groups was to identify some initial ideas for potential new incentives that could result in private landowners' decisions to conserve large portions of their land.

A top intention is to conserve priority CLIP/Blueprint lands that are in private ownership. All of the new incentive ideas ultimately developed through the Blueprint process would apply to lands that first must qualify as statewide CLIP/Blueprint priorities.

Another underlying assumption was that the ideas are new or innovative ways to conserve the priority natural resources. Incentive ideas must be voluntary, - non-regulatory, market-based approaches and/or public-private partnerships or programs.

The three creative working groups were the Land Incentives Group, chaired by Ernie Cox; the Water Incentives Group, chaired by Steve Suau; and the Energy Incentives Group, chaired by Andy McLeod.

Working group participants came from different parts of the state, had different areas of expertise, and represented a wide variety of views. The groups met throughout the summer of 2008 to gain an understanding of the issues related to conserving privately owned lands and to develop some preliminary ideas for new incentives.

After many collaborative discussions, each working group prioritized two preliminary ideas to bring to the attention of the Blueprint steering committee (itemized in the box to the upper right). The groups view those ideas as initial concepts only. They should not be construed to be final in any way; rather, they are intended to serve as starting discussion points. Any ideas prioritized by the steering committee will need to be more fully assessed and more fully developed as part of the overall outreach for the Blueprint.

The preliminary ideas from each of the three groups and their thoughts about possible next steps are highlighted on the following pages. The Land and Water working groups evaluated their ideas against a list of 12 guiding principles (Appendix) originally developed by the Land Incentives Group.

Preliminary Ideas for Potential New Private Landowner Incentives for CLIP/Blueprint priority resources

Land

1. A Safe Haven Master "Blueprint" (for large landholdings)
2. Conservation Development for smaller landholdings (80-1,000 acres)

Water

1. Hydrologic restoration of natural systems
2. Self Supply Water Security & Resource Restoration Partnerships

Energy

1. Carbon offset program
2. Inventorying carbon credits

Land Incentives Group

After much discussion about alternatives, the Land Incentives Working Group focused on two potentially new private landowner incentives - one for larger landholdings and the other for smaller.

IDEA #1: Large Landholdings – Safe Haven Master “Blueprint” Process

How It Might Work – Offer these landowners the opportunity to participate in a safe evaluation and planning process (or haven). Safe would mean no mid-process rule changes for the landowner (protection from adverse land use, regulation, and permitting changes) or the public (no landowner attempts to change land use intensity or density). Features include a process that:

- Is voluntary for and coordinated by the landowner, with specified government and public involvement, and occurs for a specified period of time (e.g., two to five years).
- Begins with a public-private collaborative evaluation that includes further identifying and mapping the land’s natural resources and those that could be restored as such.
- Results in the creation and eventual approval and implementation of a comprehensive cooperative working lands conservation “blueprint” for that large parcel of land.

Who Might Participate – A single owner (or group of owners) of large areas (potentially 25,000 acres or more) identified as priority by the CLIP/Blueprint database; partnerships with environmental, agricultural non-governmental organizations, the public, and local, regional, and state governments and agencies.

Benefits – *Landowner*: Enhanced economic value for conserved land, expedited access to data and incentives; *Public*: Protection of strategic conservation land without public acquisition and improved quality of life; *Public and Private*: Safe process for creating a master “blueprint”, predictable outcomes, and continued private land ownership and management and agricultural production.

IDEA #2: Smaller Landholdings – Conservation Development Strategies

How It Might Work – As an alternative to large lot ranchettes or larger conventional divisions, it gives a landowner who agrees to permanently protect (through a recorded conservation easement) 50 percent or more of a site with high natural resource values, as determined by further identification and mapping, the ability to concentrate development in areas with lower natural resource values through the transfer of development rights. A conservation plan would identify the areas to be protected and how, and the areas to be developed and how (to avoid negative impacts on the conserved land). Density bonuses could be used as appropriate to incentivize participation, increasing the bonus to encourage a group of landowners to join together so that more CLIP lands and landscape level connections are conserved.

Who Might Participate – Owners of smaller land parcels (800-1,000 acres) identified as priority by the CLIP/Blueprint database.

Benefits – *Landowner*: a simple, as of right, alternative pattern for potential development and conservation with higher economic value; *Public*: Because of more compact development patterns, more conserved land, less stormwater runoff, lower infrastructure costs, and the higher values paid by home buyers because of the proximity to conserved open space.

Water Incentive Group

The goal of the Water Incentives Group was to develop initial ideas for water-based incentives that could be used to protect the state's most valuable water resources, as identified by CLIP/Blueprint. At their first meeting, group members agreed that the water-based incentive program would best be framed in the context of watershed and aquifer management. In addition to protecting water resources, the group expressed an interest in restoring water resources and their functions where opportunities availed themselves (i.e., impaired waters and hydrologically altered sites).

IDEA #1: Self Supply Water Security & Resource Restoration Partnerships

How It Might Work – Give landowners who have water use permits for self supply and who agree to protect CLIP/Blueprint-identified ecologic lands of regional significance (possibly CLIP priority 1 and 2):

- A long-term (negotiable and to run for the duration of the land protection) water use permit for their existing permitted quantities
- Eligibility to participate in regional resource restoration partnerships with other water users

Who Might Participate – Agriculture, mining, and power operations that have permitted water quantities and property that contains high value ecologic lands of regional significance identified in the Blueprint.

Benefits – *Environment*: Protection of CLIP/Blueprint lands; potential recovery of water resources; *Public*: Deferment of and/or cost-effective alternative to new water source development; incentivized water conservation; *Participant*: Water security.

IDEA #2: Hydrologic Restoration of Natural Systems

How It Might Work – To incentivize private investment for the restoration of potential hydrologic restoration target areas (PHRTA), once they are identified and included in CLIP/Blueprint priorities, through density bonuses when and if the private sector invests in community infrastructure associated with land development.

Who Might Participate – Rural lands that contain PHRTAs that could subsequently be included in the CLIP/Blueprint.

Benefits – *Environment*: Restoration of natural system hydro-periods; potential restoration of water quality impairment; *Public*: Enhanced floodplain storage/protection; potential for alternative water supply development; *Participant*: Density bonus.

Energy Incentive Group

The Energy Incentives Working Group built upon the state's existing efforts to address climate change by focusing on carbon-related ideas that could potentially incentivize Florida's private landowners to further engage in natural resource conservation. The group identified two areas for recommendations, (1) carbon offsets and (2) inventorying of carbon credits. The group conceptualized a set of principles and best practices that could be used in more fully developing the energy incentive ideas.

IDEA #1: Carbon Offset Program

How It Might Work – Establish an unlimited carbon offset program (to expand the market) as an integral part of a cap-and-trade program (and other regulatory systems intended to limit emissions of greenhouse gases). Emitters of carbon dioxide would gain the ability to offset their excess emissions through off-site sequestration of carbon in natural below ground (such as roots) and above ground (such as soils and forests) carbon sinks. Additional carbon credits should be given to carbon sequestration that has co-conservation benefits and makes natural systems more able to adapt to climate change. (Per HB 7135, Florida is moving to adopt rules for a state cap-and-trade program to be implemented as early as 2010.)

IDEA #2: Inventory Carbon Credits

How It Might Work – Establish an accounting of carbon credits to enable private landowners to benefit financially from emerging carbon markets. The valuing and trading of credits and the creation of baselines and inventories should:

- Be accurate, transparent, permanent, predictable, and fully documented
- Acknowledge complementary environmental co-benefits
- Allow low density storage over a larger land area to incentivize large landowner participation and acknowledge that low density storage has the same total storage capacity as higher density storage in a smaller land area

(Per SB 542, by July 2008 the Florida Department of Environmental Protection (FDEP) must inventory and report on the value of carbon capture and carbon sequestration on state-owned lands and how such values can vary with different land uses and land management strategies. FDEP is also in the process of creating an inventory of carbon capacity and opportunities on private land.)

Who Might Participate – Owners of agricultural lands (pasture and crop), wetlands, commercial woodlands, and other existing natural carbon sinks. Small tract owners could participate by working through aggregating services that pool credits for sale. Another potential participant is the Everglades, including the privately-owned Everglades Agricultural Area that, if soundly managed and restored, potentially offers significant carbon storage capacity.

Benefits – *General:* Reduced greenhouse gas emissions, reduced global warming impacts, and another form of income for participating landowners, leading to the retention of agricultural land. *Specific Natural Environment and Wildlife:* include restored and retained natural wetlands, soil conservation, and improved water filtration and, therefore, quality; in forests, it would include avoided deforestation, afforestation, reforestation, and well managed woodlands.

New Incentive Ideas: Possible Next Steps

The three creative working groups discussed potential ways for how to move forward with any concepts for new incentives. Their initial thoughts are listed below and included as suggestions for the steering committee to consider as possible next steps:

- Reconvening the working groups in September 2008 to more fully develop those incentives selected by the steering committee for further evaluation.
- Broadening the audience to test and further refine ideas that the steering committee approves, and potentially conceptualize more new incentives.
- Holding a series of conversations around the state to test and further refine incentives and/or add new ones. Those conversations could be held at two levels:
 - As part of statewide conferences of organizations and associations with an interest in Florida's conservation future (takes advantage of existing convenings)
 - Through smaller focus group discussions with representatives of key public and private stakeholder organizations. They could include, for example, representatives of local and state governments, regional planning agencies, the scientific community, and environmental and agricultural organizations.
- Partnering with a university to develop a science-based understanding of public preferences, attitudes, and knowledge of agricultural and conservation land services and other related issues. Two possible techniques are contingent valuation surveys (sometimes called a stated preference model) and choice modeling. Both provide a way to evaluate non-market resources (for example, the benefits received from certain environmental services or a particular view). These tools help measure how people perceive a resource and help predict behavior in different hypothetical scenarios. Contingent valuation surveys have been used in Florida to find out how much people would be willing to pay for specific environmental or agricultural services.

APPENDIX: GUIDING PRINCIPLES FOR EVALUATING PRIVATE LANDOWNER CONSERVATION INCENTIVES

Land Incentives Group: Guiding Principles for Evaluating Private Landowner Conservation Incentives

Incentives should:

1. *Be transformational.* (Incentives should have the potential to protect and conserve hundreds of thousands of acres – potentially millions of acres – of natural resources and working landscapes, as identified in the CCB and CLIP.)
2. *Be voluntary.*
3. *Maintain and preferably enhance current and future landowner benefits, rights, and land values.* (Incentives should have positive, not negative, results. That is, they should not result in the aggregate reduction of landowners' rights, benefits, or values [taking nothing away] and should add enough value that they create a real inducement to conserve land.)
4. *Capable of being implemented immediately.* (Because of the current market lull, ownership patterns, next generational shift, etc., time is of the essence. Florida has a limited window of opportunity to conserve a connected system of the state's important natural systems. The next ten years will determine the course of the next 50 years.)
5. *Be simple to understand and use.* (Landowners should be able to choose from a clearly displayed menu of options.)
6. *Bring higher economic value to an owner of priority lands that are protected and conserved.* (To create a system where conservation lands are an asset instead of a liability and are perceived to be an asset by the landowners, higher priority land should be eligible for the greatest incentives. An example is to provide additional development rights [or another financial incentive such as decreased transportation concurrency requirements] in return for preserving high value lands by developing less valuable areas at an increased density.)
7. *Encourage denser, more compact development in areas that have a lower conservation value or are already developed.* (Landowners willing to develop more efficiently, based on the principles of good urbanism, should receive additional incentives. Developing more compactly is the flip side of conserving large areas of natural lands and should be encouraged.)
8. *Capable of being implemented on at least a regional and preferably a statewide scale.* (Once they are ground-truthed, the CLIP and the CCB maps should be used as the basis for creating a state and regional network of functionally intact conserved lands that is appropriately managed in perpetuity. Such a result could be realized through techniques such as public acquisition in fee simple and less than fee and new incentives and the ability to transfer development rights within a watershed or ecosystem.)
9. *Advance the conservation of a large portion of an area with high priority conservation lands by providing predictable advance development rights to lands of lesser environmental value.* (Advance development rights should be coupled with streamlined and coordinated permitting and clear standards and requirements for both conservation management and development form.)
10. *Integrate state land conservation priorities into local and regional plans and regulations, including incentives.* (To conserve a connected system of high priority state lands, local and regional plans as well as incentives need to use a common frame of reference.)
11. *Complement state and other public funding and be self-funded.*
12. *Be capable of being combined with local, regional, state, and federal incentives.* (To create the added value needed for many landowners to keep their land in natural uses, it will be important that they have the ability to use a number of incentives at the same time. Those incentives should be displayed as a clear menu of choices, with the ability to choose more than one – to “layer” various incentives on top of each other.)