



Natural Resources Conservation Service
 Portland State Office
 1201 NE Lloyd Boulevard, Suite 900
 Portland, Oregon 97232

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October 20, 2011

SUBJECT: Proposed LTP – GRASSLAND RESERVE PROGRAM (WRP) GEOGRAPHIC AREA CAP RATES (GARCS) FOR FY 2012

TO: OTAC

In the table below are Oregon's Fiscal Year 2012 Geographic Area Rate Caps (GARCs). For the GRP easement compensation process in 2012, the June and July 2011 NW Farm Credit Services market analysis was purchased and reviewed to determine if there was significant differences that would necessitate new GARCs for 2012. The most current market analysis was reviewed and it was determined that the values remained consistent for grasslands and the GARCs would remain the same as in 2009 through 2011.

This process has been approved by Oregon Technical Advisory Committee and no suggestions for modifying the process have been submitted to Oregon NRCS. The GARCS are used for easement compensation under NRCS GRP easement signup. These rates have been reviewed by the Oregon Technical Advisory Committee (OTAC). The valuations are based on the following compensation model:

- Identify market areas for GRP GARCs with consideration of the likelihood of GRP easement applicants, location differences, and added value of more segmentation.
- Estimate the fair market value (FMV) of an acre of grassland based on the market analysis, a comparison with FY 12 WRP GARCs, USDA-NASS data, and discussions with NRCS field staff with local knowledge of grassland market values.
- Estimate the portion of the FMV attributable to development rights and the right to change landuse to non-grassland agricultural uses.
- Estimate the portion of the FMV of grassland encumbered by an easement.
- Determine a Geographic Area Rate Caps (GARCs).

GRP Geographic Region	Landuse	Average Fair Market Value (FMV) (\$/ac)	Estimated FMV of Grassland w/ easement (\$/ac)	Estimated FMV of Development Rights on Grassland (\$/ac)	GRP GARC (\$/ac)
Eastside	Grassland	\$800	\$480	\$320	\$300
Westside	Grassland	\$2100	\$1050	\$1050	\$1000

The estimated conversion value was calculated as a percentage of the FMV. For the Eastside, 40% of the FMV was estimated as attributable to the right to convert the grassland to non-agricultural or non-grasslands uses. Accordingly, the GRP easement value, that is, the right to keep the land in its grassland dependent uses, is 60% of the FMV. For the Westside, 50% of the FMV was estimated as attributable to

the right to convert the grassland to non-agricultural or non-grasslands uses. Accordingly, the value of grassland encumbered with an easement value, that is, the right to keep the land in its grassland dependent uses, is 50% of the FMV.

The GARC is set to approximate the per acre easement value for applications from those areas of the state most likely to rank high enough to participate in GRP. The Eastside areas are on the lower end of the market value spectrum, as they tend to be more remote, subject to relatively less development pressure, and less likely to convert to non-grassland agricultural land uses. The Westside values are higher due to higher development pressures to convert from grasslands. Westside applicants for GRP easements are expected to be minimal. Unique to Oregon is the impact of Measure 37 and Measure 49 appeals to land use laws. These appeals could increase the developmental expectations on lands on both Westside and Eastside properties.

Sincerely,

RONALD ALVARADO
State Conservationist
NRCS Oregon State