Geographic Area Rate Caps (GARCs)

Wetlands Reserve Program

Easement Compensation Values
Agricultural Conservation Easement Program (ACEP)

• **Wetland Reserve Easements (WRE)** – to protect, restore, and enhance wetlands on their property

• **Agricultural Land Easements (ALE)** – to protect, restore, and enhance wetlands, grasslands, and working farms and ranches through conservation easements
Easement Defined

• **Easement** – the right of use over the property of another

• Under ACEP, NRCS purchases, or helps another entity purchase, certain development and use rights of a property.
Property Rights

- To use and enjoy
- To extract minerals
- To transfer by sale or gift
- To possess
- To subdivide
- To develop
Agricultural Conservation Easement Program (ACEP)

- Under a permanent easement option, NRCS purchases the development rights to the property.

Permanent Easement = conservation in perpetuity
Permanent Easement

The easement payment will be the lesser of:

1) the fair market value of the land determined by a Uniform Standards of Professional Appraisal Practice (USPAP) appraisal OR

2) area wide market analysis, an established payment cap, or an amount offered by the landowner.

In addition to paying for the easement, USDA pays 100% of the costs of restoring the wetland.
ACEP Costs

• Under ALE, the landowner is being compensated for the difference between the price of the land before the easement and after the easement.

• All agricultural rights and most use rights stay with the landowner.
ACEP Costs

• Under WRE, the landowner is only retaining the right to quiet enjoyment and non-impact recreation.

• All agricultural and development rights are forfeited.
ACEP Costs

The landowner still reserves certain land use rights; therefore, the easement price will always be less than the full, fair-market value (FMV) of the land.
ACEP Costs

It is not practicable for Alaska to do an Area Wide Market Analysis:

• No neighboring states for comparison

• Wide variations in land prices
ACEP Costs

Alaska NRCS obtains USPAP appraisals on a case-by-case basis to determine FMV for the easement applications tentatively selected for funding.
ACEP-WRE Costs

NRCS sets a Geographic Area Rate Cap (GARC) as a ratio of the FMV appraisal, with a not-to-exceed (NTE) cost per acre for Wetland Reserve Easements.

The per-acre cap provides market certainty for United States taxpayers.
ACEP-WRE Costs

• The current Alaska GARC ratio is set at 80% FMV

• The current NTE cap is set at $5,000
ACEP-WRE Costs

WRE purchase offers are the lesser of three values:

1. $5,000 cap per acre;
2. 80% FMV; or
3. Landowner offer (rarely happens anywhere).
Until last year, Alaska NRCS had no WRE applications for a GARC dataset.

The current WRE application 80% FMV appraisal was returned at $5,158 per acre.