



LAND *for* TOMORROW

RECOMMENDATIONS  
for  
LAND CONSERVATION,  
WATER QUALITY PROTECTION,  
HISTORIC PRESERVATION  
and  
JOB CREATION  
PROGRAMS  
in  
NORTH CAROLINA

May 2006

## State Funding and Program Needs to Meet Five-Year Conservation Goals

---

After developing goals for the amount of land and number of historic properties to protect over a five-year period and estimating how much it would cost to reach those goals, Land for Tomorrow assessed the state's land conservation and historic preservation programs to determine:

- how much additional funding would be needed from the state and
- whether the state's excellent conservation funding programs would need any adjustments if we hope to:
  - achieve dramatic increases in the rate of land protection and historic preservation and
  - help communities use the protected land and historic places to strengthen their economies, create jobs, enhance public health and quality of life

### Additional State Funding Needed

In the previous section, we estimated that it would cost \$3.9 billion to accomplish the five-year conservation goals that we recommend. We estimate that this funding need can be met if the State of North Carolina provides **an additional \$1 billion over five years** for a total funding level of \$1.7 billion over five years.

We estimate that the State's total \$1.8 billion would **leverage an additional \$2.2 billion in federal, local and private sources**. Our leverage estimate is based on the state conservation trust fund's record of leveraging \$1.20 for every \$1.00 they grant and on information developed by the Environmental Finance Center on the cost of achieving the State's million acre protection goal. This leveraging capacity would mean that the State's \$1.805 billion would leverage \$2.3 billion **to meet the total \$3.9 billion need**.

### Recommended Program Adjustments

As we explained in earlier sections of this report, North Carolina has developed an excellent system of funding land conservation that is efficient, encourages local initiative and invests in outstanding projects. We strongly recommend that this system be kept substantially as it exists today. Adjustments will be necessary, however, to help these programs handle the increased workload that would come from these larger conservation goals. We, therefore, recommend:

- Building the **capacity of the state's conservation programs** to handle the increased work load required to efficiently and effectively protect more land and historic properties and to administer more grant funding.
- **Promoting continued independence of the trust fund boards** to review grant applications against their established criteria.

In addition, a careful comparison of our conservation goals against the funding guidelines of each trust fund clearly showed that several of the nine types of properties do not have adequate or reliable funding sources. We also discussed how more could be done statewide to use land conservation and historic preservation efforts to provide jobs and enhance quality of life for all citizens. We therefore recommend:

- Providing **reliable state funding** by dedicating funding sources and/or through a bond referendum. Because land and historic protection projects can take years of planning and negotiations to complete, stable funding sources are critical to the overall success of these efforts. Several of our state funding sources are funded through annual appropriations and are, therefore, too unreliable to support effective, efficient programs.
- Providing **funding sources for all nine types** of "places that matter" identified in this report. In particular, farmland, working forests, urban forests and land visible from scenic highways have almost no

funding now. No dedicated funding exists now for restoration of historic properties or for protection of rivers, wetlands, floodplains and coastal waters.

- Strengthening and expanding programs to **help communities strengthen their economies and provide jobs** by taking advantage of the economic value of their protected land and historic places.

As we reviewed programs and talked with experts, it became clear what an important role One North Carolina *Naturally* has to play in the State's land conservation and historic preservation programs. Unfortunately, this critical program has not received the funding or broad-based support it needs to fulfill its mission. We are therefore recommending that the program receive steady funding so that it can:

- **Provide state leadership** to encourage local governments and private organizations, donors and landowners to do their part.
- Increase **visibility** of state, local and private conservation programs.
- **Expand the state agencies and interest groups involved in land conservation and historic preservation.** Land and history are critical to North Carolina's economy, public health, quality of life and protection of wildlife. However, government agencies and nonprofit organizations actively involved with the trust funds are limited primarily to state agencies within the NC Department of Environment and Natural Resources, land conservation nonprofits and local parks and recreation departments. To implement the changes recommended in this report, a broad base of support and involvement is needed beyond the land conservation and parks community. Members of the tourism, economic development, public health, agriculture and historic preservation communities, for example, all have a stake in land conservation and historic preservation and should be actively involved.
- Develop a **plan** for which land and historic properties are the most important to protect. Local plans and preferences should have a major influence on determining state priorities, and North Carolina should continue to help local organizations and governments develop and implement local plans.
- **Monitor progress** on meeting goals and communicate those to the public.
- Provide **planning and implementation funding** to economically-distressed communities, including tier one and two counties, and to multi-county projects to help them take advantage of the economic and quality of life benefits of land and historic preservation projects.

Finally, we discussed low-income counties' concerns about losing part of their property-tax base when land is purchased for conservation. To address this concern, we are recommending that:

- **Low-income (tier one and two) counties be reimbursed for lost property taxes** with one-time compensation of ten times the annual loss in taxes if property is purchased fee simple through a trust fund.

Finally, we discussed and recommended funding levels for each of the following purposes:

- Coordination and planning
- An initiative to help communities use their land and historic assets to create jobs
- Clean water and air
- Natural and cultural heritage
- Parks and recreation
- Working farms and forests

**Existing and Proposed Funding Levels for Land Conservation, Historic Preservation and Investment in Communities and Jobs**

Program	Purpose	Annual Funding Level		
		Current Funding/Year	Proposed Additional Funding/Year	Proposed Total Funding/Year
One NC <i>Naturally</i>	Provide leadership for land conservation and historic preservation in North Carolina; coordinate work of all NC departments and trust funds in land and historic preservation; encourage participation by local governments and nonprofits; evaluate North Carolina's progress in protecting important land and historic properties	\$0	\$3 million	\$3 million
Landing Jobs	New initiative to fund creation and retention of jobs and related economic and community development in ways that promote land conservation, historic preservation, parks and recreation, and related facilities and programs	\$0	\$30 million	\$30 million
Clean Water Mgmt Trust Fund	Enhance and restore degraded water, protect unpolluted water, contribute toward network of riparian buffers and trails for water quality improvement and other environmental, educational and recreational benefits	\$100 million	\$39.5 million	\$139.5 million
Natural and Cultural Heritage Trust Fund	Protect the state's ecological diversity and cultural heritage and inventory the natural areas and historic properties of the state	\$19 million	\$62.5 million	\$78.5 million
Parks and Recreation Trust Fund	Improve and expand state and local parks and provide access to coastal and estuarine waters; special emphasis on trails and urban forest protection	\$45 million	\$35 million	\$80 million
Agricultural Development and Farmland Preservation Trust Fund	Conservation and protection of farm and forest land and viable agricultural communities	\$0	\$30 million	\$30 million
<b>EXISTING AND PROPOSED STATE FUNDING</b>		<b>\$164 million/yr OR \$820 million/5 yrs</b>	<b>\$200 million/yr OR \$1 billion/5 yrs</b>	<b>\$364 million/year</b>

## One North Carolina *Naturally*<sup>1</sup>

### **Mission:**

Provide leadership, vision and a comprehensive strategic plan for land and water conservation in North Carolina; to coordinate the work of all state agencies and trust funds associated with land and water conservation; to encourage participation, coordination, and integration by state, federal, and local governments and nonprofits; and to evaluate North Carolina's progress in protection of the network of natural systems required to sustain the state's economy, its natural assets and a high quality of life for all those who live in North Carolina.

### **Places the Program Will Help Protect:**

All nine types of places through leadership, planning and education. (The program would not fund direct land protection.)

### **Program:**

- Provide leadership and vision for land and water conservation in North Carolina through strengthening and expansion of existing priority programs (*Forever Natural* – conserving natural areas for future generations, *Working Lands* – stewardship of working farms and forests, and *Working on the Water* – protecting and restoring coastal habitats)
- Work with government agencies and nonprofits to seek funding, short term and long term, to bolster conservation action in priority program areas
- Increase effectiveness and visibility of conservation efforts in North Carolina through completion of natural heritage inventories
- Coordination of existing GIS mapping efforts and integration of GIS mapping into local and regional planning
- Initiation of ecosystem service mapping and development/implementation of ecosystem services plan and programs
- Coordination of conservation planning and working lands protection planning with planning in other programs and departments
- Coordination of regular meetings among conservation programs and trust funds
- Implement Conservation Easement Stewardship program to manage state conservation easements, and provide grants and technical assistance to help local governments and nonprofits to develop and implement plans
- Educate the public about the importance of land and water conservation and protection of working lands, and promote understanding of the state plan and goals
- Evaluate the state's progress in implementing the state plan and goals, and conduct periodic reviews, evaluations and updating of plan, vision and goals
- Provide grants and technical assistance to help local governments and nonprofits to develop and implement plans for land and water conservation and protection of working lands and waters. Priority for funding should be to Tier One/Two counties and to multi-county projects
- Provide clearinghouse services for conservation in North Carolina through marketing of trust fund successes and accomplishments, and standardizing grant contracts, acquisition procedures, reimbursement to nonprofits for expenses, and stewardship endowment contributions for all trust funds

### **Governance:**

- *One NC Naturally* will continue to be housed in and staffed by NC DENR to ensure on-going leadership, support, planning, implementation, evaluation and communications

- An inter-agency advisory committee may be established to ensure coordination of *One NC Naturally* programs, funding, and efforts

**Funding Level:**

- Present: \$0
- Proposed Additional Funding: \$3 million per year

---

<sup>1</sup> Recommended changes from current practice are noted with an underline.

## Landing Jobs: a new initiative

### **Mission:**

Landing Jobs is recommended as a new initiative to help small businesses, nonprofits and local governments in North Carolina diversify and build economic sectors based upon sustainable use of:

- natural land and resources (e.g., forests, unique ecosystems, birds, game and other wildlife)
- water resources, fish and other aquatic species (rivers, streams, coastal areas including working waterfronts)
- working farms and agricultural lands
- working forests, timber and other forest products
- historic buildings, downtowns, rural communities, urban neighborhoods, land and archaeological sites
- cultural and artistic resources

### **Places the Program Will Help Protect:**

This program will focus on creation and retention of jobs and businesses that promote protection of natural, cultural, historic and community resources. All nine types of places will be protected through economic development that supports land conservation and historic preservation, and promotes a “triple bottom line” of measurable economic, social, and environmental returns-on-investment.

### **Program:**

Landing Jobs would help create, retain and sustain jobs and businesses through grants and loans that aid in development of the following industries:

- **Tourism** that creates local and regional destinations and attracts a broad range of visitors who are interested in natural resources (water, wildlife, forests), culture (food, music, special events), history (people, events, buildings) and farm resources (pick-your-own vegetables, native plants, educational programs).
- **Agriculture** that strengthens family farms and small businesses through specialty crops (e.g., herbs, native plants, organic vegetables or pasture-fed livestock), sustainable aquaculture, value-added products (processed foods) and finding new markets for products.
- **Forestry** that supports community ownership/management of forestlands and sustainable harvest of timber, wood products and non-timber forest products (e.g., pine straw, mushrooms) and value-added processing of those products.
- Attracting, training and retaining **entrepreneurs**, artists and other individuals or corporate entities committed to sustainable economic development in North Carolina. Special emphasis will focus on diversifying the state’s economy with “sectoral” economies: creative, knowledge-based, place-based, natural resource-based, and culture-based.
- Rehabilitation and re-use of **historic buildings** and downtown areas and redevelopment of previously-developed or under-utilized sites for new uses that support sustainable economic development (including workforce housing, job creation, small business development and community revitalization) and encourage entrepreneurship.
- **High-quality neighborhood development** targeted to low-wealth areas utilizing innovations and technologies consistent with environmental priorities such as land use, land conservation, water quality protection, forest cover protection, health issues related to interior air quality, and energy efficiency.

Grants and loans would be awarded in two different categories:

- **Planning Grants** would be awarded to nonprofits and local governments to develop community-based plans for supporting the creation and retention of jobs and businesses through sustainable use of their natural, historic, and cultural resources. For example, a nonprofit organization and local

government might develop a plan for a youth conservation corps that would teach job skills to young adults while engaging them in building trails and boardwalks and creating or improving local park facilities. Or, several communities located along a river might apply together for a planning grant for cleaning up the river for ecotourism, or for developing and implementing attractions, events and businesses that attract tourists to visit the river and stay in their historic towns. These plans might outline infrastructure, organizational capacity, enterprise development, financial capital, marketing, timeframe and other needs to implement the vision.

- **Project Implementation Loans and Grants** would be made to small businesses, nonprofits and local governments to help communities, regions, and public-private partnerships implement their plans to build economic sectors based on their natural, agricultural, forestry, historic and cultural resources.
  - **Grants** would be available to nonprofits and local governments to build agency or organizational capacity, and to operate and implement programs that create, retain and sustain jobs and enterprises that help protect the resource base. Grants may also be made available to help construct important parts of the infrastructure of a project that are not expected to generate a profit directly (e.g., a visitor's center or a canoe launch). Grants which invest directly in job-related skill-building in the community would also be available to eligible applicants.
  - **Loans** would be available to small businesses for projects expected to generate a public benefit or private profit (e.g., renovating a historic home into a bed and breakfast, renovating a food- or forest-product processing facility, or up-fitting a downtown building as a business incubator).

#### **Governance:**

We recommend that Landing Jobs be administered as a special project of the NC Community Development Initiative (NCCDI), a highly-respected statewide nonprofit that already receives a portion of its funding through the NC Department of Commerce. The NCCDI Board of Directors would have final authority to approve recommendations about grants and loans made by an 11-member Landing Jobs Council. The Council will seek members with expertise in natural, agricultural, forestry, historic and cultural resources, and in economic development and tourism. The Council would be appointed by the NCCDI Board of Directors based on nominations:

- Two members selected from nominations by the NC Governor.
- Two members selected from nominations by the President Pro Tem of the NC Senate.
- Two members selected from nominations by the Speaker of the NC House.
- Four stakeholder organizations representing communities of low-wealth and/or historic preservation/downtown revitalization/entrepreneurship and related constituencies.
- The Chair appointed by the Board of Directors of the NCCDI (only position not based on outside nomination).

At its discretion, the Landing Jobs Council may make grants and loans to other organizations with expertise to regrant or reloan them for individual projects. We recommend that the Landing Jobs Council be authorized to spend up to 3% of its annual funding on staffing and administrative costs.

#### **Funding Level:**

- FY 2005-2006: \$0
- Proposed Funding: \$30 million per year for five years

## **NC Clean Water Management Trust Fund<sup>1</sup>**

### **Mission:**

Enhance and restore degraded water, protect unpolluted water, contribute toward network of urban tree cover, riparian buffers and trails for water quality improvement and other environmental, educational and recreational benefits

### **Property Types Program Will Help Protect:**

Primary Focus Would Be:

- Rivers, Wetlands, Floodplains and Estuaries

Would also help protect all other property types if the properties help improve or protect water quality

### **Program:**

Grants will be made to state and local governments and to nonprofit conservation and planning organizations for:

- Prevention of nonpoint source pollution, the largest source of water pollution in the state, by permanent protection of vegetated buffers along streams and rivers
- Improvements to wastewater and storm water facilities

### **Governance:**

Same governance structure as now

### **Funding Level:**

- FY 2005-2006: \$100 million per year
- Proposed Additional Funding: \$39.5 million per year

---

<sup>1</sup> Recommended changes from current practice are noted with an underline.

## **NC Natural Heritage Trust Fund**

**Mission:** Protect the state's ecological diversity and cultural heritage and inventory the natural resources of the state

Types of Property Protected:

- State Parks
- Game Lands, State Forests, and Other Natural Areas
- Historic Land within or adjacent to Historic Sites or Historic Districts
- Historic Structures Routinely Open to the Public
- Land Visible from Scenic Highways

### **Program:**

The trust fund will only make grants for protection of properties in which the State of North Carolina is acquiring or has a property interest, either in fee or easement.

- Protection of natural heritage inventory sites
- Protection of land along designated scenic highways and land visible from national, state, and local parks and historic sites
- Restoration of natural heritage sites (e.g., prescribed burning, removal of exotics)
- Inventories of natural heritage sites
- Up to 25% of funds may be granted for protection of historic buildings, land and archeological sites and for rehabilitation and repair of historic structures routinely open to the public
- Any grants for rehabilitation and repair of historic structures will be made for a fixed contract price

### **Governance:**

- No changes to the board structure or size
- No changes to current criteria for land acquisition prioritization.
- Any local government or nonprofit interested in a grant to protect land or an historic property must partner with an eligible state agencies (DENR, DCR, Department of Agriculture, and Wildlife Resources Commission). The state agency will evaluate and rank projects through its process and will submit the project for funding to the trust fund board.
- Monitoring of historic preservation efforts will be undertaken by the Department of Cultural Resources.
- The board may spend up to 3% of annual funding on administrative costs. If needed, these funds may be used to cover additional staffing in the agencies to help in evaluating and ranking projects, and in the State Property Office, Attorney General's office or the NC Center for Geographic Information and Analysis.

### **Funding Level:**

- FY 2005-2006: \$19 million per year
- Proposed Additional Funding: \$62.5 million per year

## **NC Parks and Recreation Trust Fund**

**Mission:** Improve and expand state and local parks and provide access to coastal and estuarine waters

### **Property Types Program Will Help Protect:**

Primary focus is:

- State Parks and Trails
- Local Parks and Trails

Also helps protect:

- If such property types fall within state or local parks, fund may also help protect rivers, urban forests, land visible from scenic highways, and historic properties

### **Program:**

Grants are made for:

- Land and facilities for state parks
- Land and facilities for public access to beaches and sounds
- Land and facilities for local parks, recreation and trails
- Grant applicants from local governments for urban forest protection and creation, tree planting, and trails and greenways that provide alternative transportation routes to reduce mileage driven will be given special consideration

### **Governance:**

Same governance structure as now

### **Funding Level:**

- FY2005-2006: \$45 million per year
- Proposed Additional Funding: \$35 million per year

## Working Lands and Sustainable Communities Trust Fund<sup>2</sup>

### **Mission:**

- Conserve and protect working farms and forests and viable agricultural and timber communities
- Give priority to productive soils in active farming communities, located in Voluntary Agricultural Districts (VADs), and managed to maximize protection of North Carolina's natural resources
- Emphasize purchasing easements that maximize the use of federal matching funds (Farm and Ranch Land Protection Program and Forest Legacy Program)
- Give priority to farms and forests with plans for transition to the next generation, those located in counties which incorporate a vision for working lands in their long range planning process, lands under threat of development, lands providing buffers for military bases, and other criteria that the board considers important for the long term prosperity and health of North Carolina's farm and forest sector.

### **Property Types Program Will Help Protect:**

Primary focus would be:

- Working Farms and Working Forests

Would also help protect:

- Rivers, wetlands, floodplains and estuaries, game lands, land visible from scenic highways, and historic properties if such property types fall within working farms or forests protected through the trust fund.

### **Program:**

- Purchase of permanent agricultural and working forest conservation easements on privately owned land. Private conservation organizations or units of government apply on behalf of landowners. Funds are not to be used for fee simple purchase of lands or to remove land from productive private use.
- Provide support to county planning and incentive programs to encourage viability of working lands. This can include, but is not limited to, local working lands protection plans, local working lands economic development plans, individual business and transition planning assistance, agritourism promotion, and financial or enterprise development assistance. Cost-share requirements tied to tier of county.
- Provide funding for expanded benefits in the enhanced Voluntary Agricultural Districts (VADs) program or to provide assistance for farm and forestry conservation cost-share and replanting practices for private landowners.

### **Governance:**

The current governance structure should be amended to:

- Give board members freedom to make independent decisions about grants

### **Funding Level:**

- FY 2005-2006: \$0
- Proposed Additional Funding: \$30 million per year

---

<sup>2</sup> Recommended changes from current practice are noted with an underline. This trust fund is currently called the Agricultural Development and Sustainable Communities Trust Fund.