### Private Working Lands

Throughout most of our history, America’s privately-owned forests and ranchlands have comprised a working landscape providing valuable public benefits, including a flow of ecosystem services, critical wildlife habitat, wood and agricultural products, recreational access, landscape connectivity, and support for rural green jobs and economies. Today, however, the nation’s private working landscapes are facing unprecedented and complex challenges, resulting in increasing fragmentation, real estate development, and conversion to other uses. Ownership of the vast majority of industrial forestland has transferred from vertically-integrated forest-based corporations—often with historical ties to the local community—to ownership by Timber Investment Management Organizations (TIMOs) and Real Estate Investment Trusts (REITs). These transfers make future land management strategies uncertain and often result in increased residential development and reduced investments in local infrastructure. Speculative real estate opportunities and high estate tax burdens have also led many forest and rangeland owners to subdivide, develop, or divest their land. At the same time, generational turnover in forest and ranch ownership, combined with a reluctance on the part of heirs to remain on the land, has resulted in a new demographic of landowners with different values and a lack of knowledge and resources for stewardship and land management. These changes put pressure on private forests and rangelands, leading to fragmentation and conversion, and resulting in competing land management goals especially in the wildland-urban interface.

Rural communities, and the urban communities they serve, are quickly losing the many public benefits that private lands have long provided. Our nation can maintain the public benefits that private working lands provide with the right mix of tools, resources, and incentives. Federal policies that help to develop access to ecosystem service markets, fully fund private land conservation programs, reduce the tax burdens of maintaining family or community-owned working lands, and prevent conversion from forest and rangeland uses are integral to this process. Ensuring access to ecosystem service markets and fully funding conservation programs provides landowners with incentives for responsible long-term sustainable land management, an alternative source of income, green job opportunities, and economic recognition of the public values provided by private land stewardship. Supporting community-based organizations ensures that these collaborative entities have the resources they need to add value to ecosystem service markets and conservation programs by educating landowners, connecting them with relevant technical and financial resources, and aggregating participation through the coordination of multiple smaller landowners. Reducing tax liabilities for landowners who maintain inherited working land decreases the conversion pressure for many private forest and range landowners as they plan for their future. Finally, in cases where large blocks of the working landscape are in danger of being lost through conversion to other uses, rural communities need tools and financial resources to acquire land for community benefits.

### Key Recommendations

1. **Ensure that legislation or programs that create markets for carbon and other ecosystem services** support access for small landowners.
2. **Fund and grow new and existing financial and technical assistance programs** that compensate private landowners for the public benefits and services that their land stewardship provides.
3. **Fund community-based organizations** that assist private landowners in accessing ecosystem service markets and conservation programs.
4. **Pass estate tax reform** that reduces the federal tax burden on those landowners whose heirs conserve working lands through conservation easements or other mechanisms that maintain the multiple benefits of working lands.
5. **Provide $10 million in funding for the Community Forest and Open Space Conservation Program** and provide robust funding for other federal programs that prevent land conversion and generate community benefits.
6. **Pass the Community Forestry Conservation Act** to create tax-exempt revenue bonds for private acquisition of working forest land.
7. **Fully fund, at the authorized level of $900 million, the Land and Water Conservation Fund (LWCF)** in order to conserve lands that protect water quality, habitat, and provide economic benefit for rural communities.

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1 Western Forestry Leadership Coalition. 2009. Threats to Western Private Forests (http://www.wflccenter.org/forestthreats)
3 Western Forestry Leadership Coalition. 2009. Threats to Western Private Forests (http://www.wflccenter.org/forestthreats)
Acquisition and conservation easements are important mechanisms for maintaining the values associated with private working lands.

The Importance of Privately-Owned Working Lands in the West

Western forests are 30% privately owned, constituting more than 230 million acres. More than half of western grazing lands are in private hands, many of which support livestock production. Many of these private forests and rangelands are adjacent to or intermixed with public lands and are critical to the overall health of western ecosystems and communities.

1. Private lands provide important ecosystem services.

Western private lands provide key public benefits, such as clean water, flood and erosion protection, wildlife habitat and connectivity, recreational opportunities, and carbon sequestration for climate change mitigation. Privately owned lands harbor the majority of habitat for our most endangered and threatened species and contain most of the nation’s riparian zones and wetlands. These services have traditionally been provided at little or no cost for the public good and have been maintained through the stewardship activities of private landowners.

2. Working private lands are vital to sustainable rural economies and support rural green jobs.

Western private working lands are an economic anchor. Private lands produce goods that sustain local mills, livestock and agricultural processing operations, as well as recreational infrastructure. Economic activity stemming from private lands is critical for maintaining the infrastructure needed for public land management, food and fiber processing, value-added production, and the maintenance and creation of a viable local workforce. Privately-owned forests create, on average, 10.9 jobs per 1,000 acres in the Northwest, compared with 4.9 jobs per 1,000 acres for all forest ownerships as a whole.

3. The coordinated management of interdependent public and private lands will enhance public benefits. Public and private lands are interdependent – their coordinated management enhances public benefits.

In the western United States, land management is inherently cross-jurisdictional. Private lands often serve as buffers between towns or cities and nearby public lands. Invasive species, forest pests, and wildfires frequently cross public and private boundaries, particularly in areas characterized by a checkerboard of privately owned lands and publicly held lands. Many rural economies, including traditional resource management activities as well as tourism, guiding, and outfitting businesses, are directly tied to the contiguous landscapes that sustain intact ecosystems, wildlife populations, and healthy people. As such, advancing stewardship and cooperation at a landscape scale by taking an “all-lands approach,” as called for by the Secretary of the Department of Agriculture, is essential to realizing the highest benefits from our private and public landscape.

Threats to Western Rural Private Lands

In communities across the West, private forests and ranchlands are facing enormous development pressure, fueled in part by short-term real estate markets, changes in industrial ownership, and intergenerational transfer of rural lands. Intact forests, ranches, and agricultural lands are broken into smaller parcels and sold for development or speculation. Development and fragmentation of large-scale working landscapes creates unprecedented challenges to safeguarding the diverse benefits derived from working lands, compromising the ecosystem services that these and adjacent public lands provide, driving up the costs of fire suppression and other public services, and threatening the employment opportunities these lands help sustain. According to the U.S. Forest Service, “development of open space affects the Forest Service’s ability to manage the National Forests and Grasslands, as well as our ability to help private landowners and communities manage their land for public and private benefits.” Several factors contribute to these challenges:

1. Lack of access to markets for carbon and other ecosystem services that private lands provide.

Most private forest and rangeland owners are not compensated for the valuable ecosystem services their lands provide, such as storing carbon, providing clean water and habitat biodiversity. The decline of processing facilities and loss of traditional markets has significantly changed the financial realities associated with owning and managing these lands. As such, the pressure to convert working lands to other uses can be great, leading to the loss of valuable ecosystem services. To effectively counter the pressure to develop their lands, private landowners need to be able to...

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to access value streams other than those available through traditional forest and rangeland management. Small landowners can have difficulty accessing existing ecosystem services markets because they lack the “economies of scale” necessary to overcome transaction costs associated with inventories and monitoring.

2. Insufficient federal assistance to small private forest and rangeland owners.

Funding for stewardship programs, technical assistance, and financial incentives for private landowners remains insufficient. For example, the U.S. Forest Service’s State and Private Forestry initiatives and the Natural Resource Conservation Service’s conservation programs provide critical technical and financial assistance opportunities; however, these programs are continuously underfunded. Underfunding programs that incentivize good stewardship of private land put at risk the provision of clean air and water, stable soils, wildlife and fish habitat, high quality food and fiber, and reduced unnatural wildfire hazard.

The lack of these assets for private landowners also limits the development and maintenance of the workforce and infrastructure that sustains rural resource-based economies. During uncertain economic times, the employment opportunities that result from stewardship activities on private lands should not be overlooked.

3. Lack of skills and knowledge to effectively steward and manage working landscapes among the new generation of small private forest and rangeland owners.

Demographic shifts are changing the composition of small private forest and rangeland owners, as younger generations inherit land from aging parents and as urban residents move to rural areas in search of the amenities forests and rangelands provide. According to 2006 data, more than 60% of family-owned forestlands belong to people age 55 or older, and the rate of land ownership turnover is accelerating. Frequently, as lands are sold and change hands, the new generation of landowners brings a different land use ethic and a lack of knowledge about and resources for sustainable land management.

4. Lack of financial support for community-based organizations that assist private landowners to access federal programs and emerging markets.

Community-based organizations (CBOs) are increasingly playing an important role in the conservation of landscapes, improving the effectiveness of conservation programs and ecosystem service markets. CBOs can provide vital support to private landowners, helping them to understand and access the wide, and often confusing, variety of programs and markets they can use to sustain their lands, compensating them for the public values their lands provide. While community-based organizations are able to bring together a variety of resources and people to achieve conservation objectives, they often struggle to maintain business operations (for examples see, “Community-based Natural Resource Organizations: A Strategic Asset in the Business of Western Conservation”14). Funders often support only on-the-ground project implementation, leaving community-based organization partners without sufficient operating resources. Lack of support for CBOs

LAND CONVERSION FACTS

• Every day, America loses more than 4,000 acres of open space to development. That means we lose around three acres of open space per minute1.

• Over the past decade land used for grazing has decreased by 1.6 million acres each year2.

• Approximately 44 million acres of private forest land could be converted to urban/developed uses or see increases in housing density by 2030. That could mean as many as 1.7 million acres of private forests lost each year3.

• Between 1995 and 2004, half of the nearly 70 million acres of private industrial timberland ownership in the U.S. changed hands4.


compromises their ability to conduct outreach, and provide coordination and monitoring, all of which add significant value to conservation programs and emerging ecosystem service markets.

5. The high cost of estate taxes on increasingly valuable family forest and ranchlands.

The current estate tax structure is a significant factor in driving fragmentation and development of small private landholdings. When land transfers occur within families, estate tax liabilities often contribute to the inheriting generation’s decision to divest, develop, and/or subdivide the land. As a result, each year approximately 1.3 million acres of forestland are sold to pay estate taxes, and 400,000 of these acres are converted to more developed uses15. This represents a significant portion of all private forested land lost to development annually.

6. The risk of large-scale fragmentation created by corporate divestment of forestland.

In the last ten years, ownership of the majority of the privately owned industrial forested land in the United States has shifted from vertically-integrated companies to Timber Investment Management Organizations (TIMOs) and Real Estate Investment Trusts (REITs)16. TIMOs and REITs operate with high return expectations and short investment horizons, and frequently have less connection with the local landscape and community than the vertically-integrated timber corporations they replace. For both economic and cultural reasons, TIMOs and REITs are turning over land rapidly, often for ‘higher and better use’ real estate development. These activities contribute to the fragmentation of critical habitat and open space, which expedite the unraveling of the fabric of rural economies, resulting in loss of jobs and infrastructure.

Home building and development on private lands will increase the costs of municipal and other services. For example, development of private forestlands adjacent to public land could nearly double annual federal firefighting costs17. The increase in costs for federal fire suppression and other services will reduce the amount of funds available for important federal programs that protect and invest in the public values of our working landscape through private land stewardship18.

SOLUTIONS FOR MAINTAINING PRIVATE WORKING LANDS

The federal government plays a key role in ensuring the conservation and maintenance of private working lands in the United States. Resources for private landowners include technical assistance, financial incentives for land stewardship, and land easement and acquisition programs to stem development pressures and protect vital habitat and resources. The following recommendations for policy action will begin to address some of the most critical land management and conservation needs of private, rural lands in the West.

RECOMMENDATIONS FOR CONGRESS AND THE ADMINISTRATION

1. Ensure that legislation or programs that create markets for carbon and other ecosystem services support access for small landowners.

Ecosystem services markets have the potential to provide additional streams of revenue to landowners by compensating them for the public benefits they provide through sustainable natural resource management. Markets are currently developing, particularly for carbon sequestration.

a. The Food, Conservation and Energy Act of 2008 established a federal government-wide Conservation and Land Management Environmental Services Board and a USDA Office of Ecosystem Services and Markets to create technical guidelines to assess the values of and create

17 Headwaters Economics (www.headwaterseconomics.org)
18 US Forest Service (http://www.fs.fed.us/aboutus/budget/)
markets for ecosystem services. As these entities develop policies and activities governing ecosystem services markets, we encourage them to provide incentives and assistance for conducting outreach to small landowners and for aggregating multiple small landowners for participation in these markets. This would reduce the costs of administering markets, provide assistance and guidance to eligible landowners, and help ensure the continued flow of ecosystem services from family-owned lands. These policies should recognize and support the role of intermediary organizations (such as community-based organizations) in providing outreach, aggregation assistance, and verification services to private landowners.

b. Establish compliance markets for forest and range carbon-offsets that encourage broad and diverse participation, provide access and opportunity for rural communities, and clearly address issues related to project scale, sustainability, and benefits to local communities.

2. Provide incentives and prioritize funding for new and existing programs that convey technical assistance and financial incentives to family forest and ranchland owners.

Technical and financial assistance programs provide forest and ranchland owners the opportunity to enhance the ecological and economic sustainability of their lands and livelihoods in recognition of the public values their stewardship provides. They can also assist the new generation of landowners to become more effective stewards of their lands.

a. We strongly support the incentives and resources provided to private forest and ranchland owners by the suite of Farm Bill conservation programs (e.g., Environmental Quality Incentives Program, Farm and Ranchland Protection Program) and the State and Private Forestry programs of the US Forest Service (e.g., Forest Stewardship, Forest Legacy). While we are encouraged to see increases to the President’s FY 2011 budget for Farm Bill conservation programs, we support full funding at levels authorized in the Food, Conservation and Energy Act of 2008.

b. The President’s FY 2011 budget decreases funding for the Wetlands Reserve, Wildlife Habitat Incentives, and Grassland Reserve programs. These programs are critical to the suite of conservation programs as they aim to conserve and restore disproportionately important lands for conservation (i.e., areas of high biodiversity). We strongly recommend growing and expanding these programs to the levels authorized in the Food, Conservation and Energy Act of 2008 to ensure that economic and conservation opportunities for critical habitats are available to family forest and ranchland owners.

3. Provide financial support to community-based organizations that coordinate landowners, adding strategic value to federal conservation programs and ecosystem service markets.

Community-based organizations add value to federal conservation priorities and ecosystem service markets by developing local strategies for coordinating and aggregating family forest and ranchland owners. Programs like NRCS’s Cooperative Conservation Partnership Initiative (CCPI) invite community-based organizations to partner with NRCS for the delivery of specific Farm Bill conservation programs to landowners in ways that meet and respond to local needs, opportunities, and customs. While federal programs like CCPI recognize the value that community-based organizations provide, currently no federal programs provide financial assistance to these partner organizations for the services they can and do provide.

a. All federal agencies that interface with natural resource-based communities (e.g. NRCS, FWS, FS, BLM and RD) should design their programs to:

• Enhance and expand partnerships with community-based organizations (CBOs);
• Provide financial assistance through grant and loan programs as appropriate to local landowners as well as CBOs; and
• Provide technical assistance and access to government research, data, and other relevant information to landowners as well as CBOs.

b. The Secretaries of Agriculture and Interior should direct their agencies to work with CBOs to increase inter-agency, inter-departmental protocols, staffing, and performance measures to ensure effective, non-duplicative, and integrated approaches to building and supporting these CBOs as catalysts for effective conservation and sustainable economic development.

4. Pass estate tax reform that reduces the federal tax burden on family forest and rangeland owners so that heirs are not forced to sell land when family lands pass from one generation to the next.

The estate tax burden creates a perverse incentive for heirs to sell and develop inherited forest or rangeland.

a. Congress should pass estate tax reform that includes an exemption for working forest and range lands so long as they remain in use as working lands or are covered by a conservation easement, exemplified in the Family Farm Preservation and Conservation Estate Tax Act (H.R. 3524) introduced by Representative Thompson of California.
5. **Pass legislation and provide full funding for new and existing programs for long-term stewardship of working forests and open space through easement and acquisition programs.**

Land acquisition and easement programs can help to protect private working lands that are under intense development pressure. These programs aid communities where large acreages of working lands are being sold for real estate development, particularly as TIMOs and REITs divest their landholdings. When implemented, these programs can also prevent the rate of expansion of the wildland-urban interface, thus ensuring that federal budgets are not directed away from landowner assistance or other important federal programs.

a. **Pass the Community Forestry Conservation Act.** This new legislation would allow municipalities to issue tax-exempt revenue bonds to qualified non-profit conservation organizations to acquire working forestlands. This financial mechanism, called Community Forest Bonds, is designed to promote private investment in working land conservation. The low cost bonds would be backed by a revenue stream generated from sustainable forest management. This program would offer another important tool to conserve working lands facing rapid development pressures by increasing access to private capital markets for investment in and acquisition of working forestland. In addition to conserving open space and working lands, it would save 13,500 timber and related jobs, support local, community ownership of land, sustain supplies of timber for wood product manufacturing, and maintain tax revenue to local governments.\(^\text{19}\)

b. **Provide a minimum of $10 million in funding in FY2011 for the Community Forests and Open Space Conservation Program** includes the Food, Conservation and Energy Act of 2008. The Community Forest and Open Space Conservation Program supports local governments, tribes and non-profit organizations with matching grants for full fee acquisition of threatened forestlands that provide important community benefits. These lands are to be sustainably managed as community forests under a certified forest management plan.

c. **Provide robust funding for the Department of the Interior and the Department of Agriculture joint Land and Water Conservation Fund (LWCF).** We support the $619 million dollar level in the President’s budget for FY2011 and ask that Congress maintain program funding at the requested level with annual increases toward the fully authorized amount of $900 million. Specifically, we urge Congress to maintain the $24 million increase in the level for the USDA Forest Service, State and Private Forestry Forest Legacy Program, funded from the LWCF. This program assists states in protecting working forests that protect water quality, provide habitat, forest products, jobs, opportunities for recreation and other public benefits.

- **Maintain the Forest Service’s Land Acquisition line item at $74 million for working lands, lands for parks, wildlife refuges, and other conservation lands, helping to prevent the loss of these lands to development.**

### Conclusion

Private working lands and their steward provide the foundation for conservation of natural resources and resource-based economies in the rural West. As the long-term health of the West’s private lands comes under increasing pressure, the ability of rural communities and landowners to continue their role as landscape stewards is also threatened. To adequately address these threats, all levels of government must partner with the private and non-profit sector to promote the viability and sustainability of this invaluable part of America. Federal policy should support landowners and grow their capacity to conserve the land, provide ecosystem services and other public values, and maintain the productivity necessary to a healthy and sustainable future.

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**Coalition Partners**

**Arizona**
Forest Energy Corporation

**California**
Calaveras Healthy Impact Products Solutions
Fourth Sector Strategies
Trinity County Supervisor, District 3
Watershed Research and Training Center

**Idaho**
Framing Our Community, Inc.
Lemhi County Economic Development Association
Salmon Valley Stewardship
Shoshone County Board of Commissioners
Silver Valley Economic Development Corporation
Woody Biomass Utilization Partnership

**Maryland**
Communities Committee

**Montana**
Centennial Valley Association
Flathead Economic Policy Center
Madison Valley Ranchland Group
Northwest Connections
Restore Montana
Swan Ecosystem Center
Vander Meer’s Wildland Conservation Services

**Nebraska**
Native American Public Telecommunications, Inc.

**Nevada**
Boies Ranches, Inc.

**New Hampshire**
Northern Forest Center

**New Mexico**
Center for the Education and Study of Diverse Populations
Forest Guild
Gila Woodnet
Restoration Technologies
Santa Clara Woodworks
SBS Wood Shavings

**New York**
East Otto Farmers Collaborative

**Oregon**
A3 Energy Partners
Alliance of Forest Workers and Harvesters
Applegate Partnership and Watershed Council
Ecosystem Workforce Program
Grant County Court
Hells Canyon Preservation Council
Institute for Culture and Ecology

Integrated Biomass Resources LLC
Lake County Resources Initiative
Oregon Rural Action
Renewable Energy Solutions
Sioual Institute
Southern Oregon Small Diameter Collaborative
Sustainable Northwest
Wallowa Resources

**Washington**
Conservation Northwest
Gifford Pinchot Task Force
Mt. Adams Resource Stewards
Northwest Natural Resource Group

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