IV. Conclusions and Discussion

The fear of massive losses of lands which hold low economic value, such as open space, scenic or historic lands and farmland, thereby decreasing the ‘livability’ of an area, has led to a proliferation of organizations intending to protect these lands from development. To inspire landowners to donate the development rights of their property non-profit land trusts have appealed to the altruistic and philanthropic qualities of the landowner. Land trusts have been effective in saving large amounts of land from development with this focus. Yet, by concentrating on philanthropic and altruistic motivations as impetus for development right donation by a landholder, the land trusts are limiting their efforts to landowners that derive more satisfaction from preserving the land in open space than from the economic return of selling the land to development.

Public concern for the decreasing livability of suburban areas has resulted in large amounts of funding being created at the local level through bond referendums, as well as federal funding at the national level. Governmental organizations have been effective in saving open space through the purchase of development rights. Yet, through the complete financial compensation for extinguishing the landowner’s development rights, the governmental organizations are essentially ignoring any altruistic or philanthropic value held by landowners.

The model presented here acknowledges the altruistic motivation of development right donation and presents a corollary method for benefit evaluation that includes an economic motivation. This thesis is intended to determine if economic benefits currently exist which could allow for land preservation by the philanthropic landowner with minimal landowner economic loss. Furthermore, this thesis presents a theory for landowner compensation by governmental organizations which compensates landowners with different demographic profiles equally.

This model shows that certain landowner profiles exist which make conservation easement donation economically beneficial. Case scenarios 1, 3, 4 and 5 use landowner profiles that yield a positive economic effect from conservation easement donation.
While the landowners in these case scenarios have incomes greater than that of the average farmer, the profiles in these positive scenarios could describe landowners with substantial off-farm income.\(^1\) Case scenarios 2, 6 and 7 use landowner income profiles closer to that of the average farm household. Using income levels closer to the average agrarian income can still yield positive results evidenced by scenarios 6 and 7. These scenarios use land profiles with lower development right values and landowner demographics with longer investment horizons.

The case scenarios illustrate that donors with higher incomes can receive more benefits from tax deductions than lower income donors can. Although this fact is probably intuitive, focus on this truism helps direct the applicable use of this study. Landowners with large off-farm income or farmers with exceedingly high income will have the highest probability of donating a conservation easement and being fully compensated for it through investment of the resulting tax benefits. Landowners with lower incomes will need additional funding in order to be fully compensated for their development rights. A governmental or conservation organization could insert funds into the landowner’s investment stream to meet this goal. The tax implication of this additional funding is a useful direction for further research.