

Government & Nonprofit Space Acquisition			
TECHNIQUE	EXPLANATION	ADVANTAGES	DISADVANTAGES
NONPROFIT PURCHASE & OWNERSHIP ENTITY OPTIONS			
NON-PROFIT AQUISITION/ CONVEYANCE TO PUBLIC AGENCY	A nonprofit can help to implement govern- ment programs by acquiring and hold- ing land until a public agency is able to purchase	A nonprofit can enter the real estate market more easily than government, and can often sell to government at under fair market value if property was acquired through bargain sale.	Must have a public agency willing and able to buy within a reasonable time frame.
NON-PROFIT ACQUISITION/ CONVEYANCE TO LAND TRUST	A national or regional non-profit can ac- quire and hold land until a local land trust has been established or is able to finance acquisition.	A nonprofit can finance an immediate acquisition and hold property until a land trust has been established or has acquired funds.	If a land trust does not exist, community must establish one. A land trust needs solid support funding and the ability to manage land.
NON-PROFIT ACQUISITION/ MANAGEMENT	A national/regional non-profit or local land trust retains ownership and assumes man- agement responsibilities.	Local land trusts allow for ownership within the com- munity: local citizens can provide responsible care and management of site.	Land must fit criteria of acquiring organization. It must be prepared to assume long-term management responsibilities and costs.
NON-PROFIT ACQUISITION/ SALEBACK OR LEASEBACK	A non-profit can purchase property, limit future development through restrictive easements or covenants, and resell or lease back part or all property. May involve sub- division of property.	Acquisition is financed by resale or leaseback. Resale at less than fair market value (because of restrictions) makes land affordable for buyer. Sale can finance pres- ervation of part of site.	Complex negotiations. A leaseback means the nonprofit retain responsibility for land.
TYPE OF OWNERSHIP OPTIONS			
FEE SIMPLE	Outright purchase of full title to the land and all rights associated with land	Owner has full control of land. Allows for permanent protection and public access.	Acquisition can be costly. Removes land from tax base. Ownership responsibility includes liability and maintenance.
CONSERVATION EASEMENT/ DEVELOPMENT RIGHTS	A partial interest in property transferred to an appropriate nonprofit or governmental entity either by gift or purchase. As own- ership changes, the land remains subject to the easement restrictions.	Less expensive for purchasers than fee simple. Land- owner retains ownership and property remains on tax rolls, often at a lower rate because of restricted use. Easement may allow for some development. Potential income and estate tax benefits from donation.	Public access allowed only upon landowner approval. Ease- ment must be enforced. Restricted use may lower resale value.
FEE SIMPLE/LEASEBACK	Purchase of full title and leaseback to previ- ous owner or other, subject to restrictions	Allows for comprehensive preservation program of land banking. Income through leaseback. Liability and man- agement responsibilities assigned to lessee.	Leaseback would not necessarily provide public access. Land must be appropriate for leaseback (e.g., agricultural land).
LEASE	Short or long-term rental of land	Low cost for use of land. Landowner receives income and retains control of property.	Lease does not provide equity and affords only limited con- trol of property. Temporary nature of lease does not assure permanent protection.
UNDIVIDED INTEREST	Ownership is split between different own- ers, with each fractional interest extending over the whole parcel. Each owner has equal rights to the entire property	Prevents one owner from acting without the consent of the other(s).	Several landowners can complicate property management issues, especially payment of taxes.
TRANSFER OF TITLE OPTIONS			
FAIR MARKET VALUE SALE	Land is sold at a price equivalent to its value at highest and best use.	Highest safe income (cash inflow) to seller.	Can be expensive to acquire.
BARGAIN SALE	Part donation/part sale-property is sold at less than fair market value.	Tax benefits to seller since difference between fair market value and sale price is considered a charitable contribution. Smaller capital gains tax.	Seller must be willing to sell at less than fair market value. Bargain sale price may be high.
OUTRIGHT DONATION	A donation by landowners of all or partial interest in property.	Allows for permanent protection without direct public expenditure. Tax benefits to seller since property's fair market value is considered a charitable contribution.	A receiving agency or donation must be willing to accept donation, and capable of management responsibilities.
OTHER DONATION	By Devise: Landowner retains ownership until death. Reserved Life Estate: Landowner donates during lifetime but has lifetime use.	Management responsibility for acquiring entity often deferred until donor's death. (Reserved Life Estate: Landowner retains use but receives tax benefits from donation.)	Date of acquisition is uncertain with either option. (By De- vise: Donor does not benefit from income tax deductions.)

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LAND EXCHANGE	Public agencies or nonprofits can exchange developable land for land with high conservation value.	Relatively cost-free technique if trade parcel is donated. Reduces capital gains tax for original owner of protected land.	Property owner must be willing to accept exchange. Property must be of comparable value. Complicated and time-consuming transaction.
EMINENT DOMAIN (GOVT.)	The right of the government to take private property for public purpose upon payment of just compensation.	Provides government with a tool to acquire desired properties if other acquisition techniques are not workable.	High acquisition costs. Can result in speculation on target properties. Potentially expensive and time-consuming litigation.
TAX FORECLOSURE (GOVT.)	Government acquires land by tax payment default.	Limited government expenditure.	Land acquired from tax foreclosure might not be appropriate for public open space, but can be sold to provide funds for open space acquisition. Cumbersome process.
AGENCY TRANSFER (GOVT.)	Certain government agencies may have surplus property inappropriate for their needs which could be transferred to a parks agency for park use.	Agency transfer eliminates the need for any expenditures on parkland acquisition.	Surplus property available may not be appropriate for park use or the owning agency may want to sell to a private party to generate revenues.
RESTRICTED AUCTION (NON-PROFIT)	Government can restrict the future use of their sale property to open space.	Property still sold to highest bidder but restriction lowers price and competition.	It may be difficult for a nonprofit to convince government that a restriction will serve to benefit the general public. Purchase price may still be expensive.
NONPROFIT FINANCING OPTIONS			
INSTITUTIONAL LENDER	Conventional loan from bank or savings and loan.	Less time-consuming process than fundraising.	Long-term financial commitment for nonprofit. Higher interest costs than owner financing. Mortgage lien.
INSTALLMENT SALE	Allows buyer to pay for property over time.	If seller-financed, can lower taxes for seller. Buyer can negotiate better sale terms (lower interest rates).	Long-term financial commitment for nonprofit. Mortgage lien.
FUNDRAISING	Through foundations, corporations and local community. Program-related investments (foundations), non-standard investments (corporations) or charitable creditors (community) can provide no- or low-interest loans for acquisition.	Fundraising creates publicity and support through community.	Obtaining grants and contributions is a long, uncertain and time-consuming process.
REVOLVING FUND/LOANS OR GRANTS	A public or private organization makes grants to localities or nonprofits for land acquisition based on a project's revenue-generating potential.	Encourages projects with revenue-generating potential.	Projects with low revenue-generating potential have lower priority.
PARTIAL DEVELOPMENT/SALE-BACK OR LEASE	A nonprofit can purchase property, limit future development through restrictive covenants, and resell or lease back part or all of property.	Acquisition is financed by resale or leaseback. Resale at less than fair market value (because of restrictions) makes land affordable for buyer. Sale can finance preservation of part of sale.	Complex negotiations. If leaseback, nonprofit retains responsibility for land. Finding a buyer for restricted property may be difficult.
GOVERNMENT FINANCING OPTIONS			
GENERAL FUND APPROPRIATION	Appropriation from general state or local government fund.	Avoids interest and debt service cost.	Unpredictably of budget projections. Might not allocatesufficient funds and conflict with other programs.
BOND ACT	Borrowing money through issuance of bonds is a common way to provide funds for open space. Usually approved through referendum on a local or statewide basis.	Availability of funds allows for immediate purchase of open space. Distributes cost of acquisition.	Requires approval of voting public. Can be expensive if elections charges are tacked onto cost of project.
LAND AND WATER CONSERVATION FUND	Federal funds are provided to local governments on a 50-50 matching basis for acquisition and development of outdoor recreation areas.	Cost of acquisition for local government is lowered by subsidy.	Receipt of funds is dependent upon federal approval. Limited funds available. Must have entire cost up front.
STATE GRANT/LOW INTEREST LOANS	States can provide marching grants or low interest loans for municipalities to acquire open space.	State funding encourages localities to preserve important open space by leveraging limited local funds. Donated lands may be used as a match.	Localities must compete for limited funds and be prepared to match state funds.

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REAL ESTATE TRANSFER TAX	Acquisition funds obtained from a tax on property transfers, which is a small percentage of purchase price. Percentage and amount exempted varies with locality.	Growth creates a substantial fund for open space acquisition. Enables local communities to generate their own funds for open space protection, reducing reliance on scarce state funds.	Discriminates between new and existing residents. Can impact real estate values. Works effectively only in growth situations.
LAND GAINS TAX	Capital gains tax on sale or exchange of undeveloped land held for a short period of time. Tax rate varies depending on holding period.	Discourages speculative development. Has a regulatory and revenue impact.	Can inflate real estate values in a slow market.
PAYMENT IN LIEU OF DEDICATION	Local government requires developers to pay an impact fee to a municipal trust fund for open space acquisition.	New construction pays for its impact on open space.	Acquisition funds depend on development. may be legal accountability for funds. Usability of method depends on relationship of open space to new development.
SPECIAL ASSESSMENT DISTRICT	Special tax district for area benefitted by an open space project.	Users finance acquisition and management.	Increases taxes. Can be costly to implement.
TAX RETURN CHECK-OFF	On state income tax forms, a filer may appropriate a small amount of taxes owed toward revenues for natural lands acquisitions.	Convenient and successful means of generating sufficient financial resources.	Vulnerable to competition from other worthwhile programs.
OTHER FUNDS/TAXES	Taxes on cigarettes, sales, gasoline and natural resource exploitation as well as revenue from fees and licenses can be used toward park acquisitions.	With income from fees and licenses for boat, off-road vehicle and snowmobile use, park entry and hunting, users pay for the resources they use.	Revenues from taxes can be diverted for other uses unless firmly dedicated to park and recreation purposes.
SALE OR TRANSFER OF DEFAULT PROPERTY	Sale of default property can provide a fund for acquisition. Also, if site meets criteria, it can be transferred to appropriate agency for park use.	Funds for acquisition are acquired with little cost to taxpayers.	need to assure that assets from proceeds are specifically allocated to open space acquisition. Very political process.