

Federal Farm and Ranch Lands Protection Program



The Farm and Ranch Lands Protection Program (FRPP) is a federal program managed by the USDA Natural Resources Conservation Service (NRCS). The goal of the program is to protect farm and ranch lands that contain prime, unique, or statewide and locally important soils or historic and archaeological resources from conversion to non-agricultural uses. The program preserves valuable farm and ranch lands for future generations. NRCS achieves this goal by working cooperatively with state, tribal and local governments, and non-governmental organizations.

Through this program, the NRCS has provided the SADC with federal cost-share grants for the preservation of farmland. The federal cost-share must be based on the current fair-market value of the development easement. The SADC can use this funding to provide:

- a decrease in local cost shares – typically split in the same percentages as the cost-share breakdown pursuant to N.J.A.C. 2:76-6.11 – resulting in a significant savings to the county and/or municipality; or
- a supplemental cost share if there is a shortfall of funding; or
- a decrease in the SADC's own cost share.

Although the use of FRPP funds can provide much relief, there are a number of details to be addressed and qualifications to be satisfied in order to utilize an FRPP grant. This document is intended to assist local, county and nonprofit farmland preservation partners in understanding the process for obtaining federal funding.



Farm _____ SADC ID# _____

Block/Lot _____ Program _____

Municipality _____ County _____

Checklist to Determine Eligibility for a Federal Grant

- Ownership:** Land must be privately owned, or recently publicly acquired and scheduled to be resold to private ownership.
 - Resources:** At least 50 percent of the farm must be classified as prime, unique, statewide, or locally important soil, or the farm must contain historical or archaeological resources.
 - Forested acreage** cannot exceed two-thirds of the farm.
 - Forest management plans are required on all parcels with forest cover on greater than 10 acres or 10 percent of the easement area (whichever is greater), except parcels totaling 100 acres or more with less than 10 acres of forest cover. The maximum forest cover is 66 percent of the easement area.
 - Adjusted Gross Income** (Form CCC-926): Form must be completed by owner(s):
 - http://www.sc.nrcs.usda.gov/programs/WRP/CCC0526_AGI.pdf
 - The average of the adjusted gross income for the past three years must be \$1 million or less.
 - If not, the average of the amount reported to be from farming, ranching, or forestry operations on IRS Form 1040 for the past three years, must be at least 66 percent of the amount represented as adjusted gross income on the Form 1040.
 - Impervious Surface Restriction:** Landowner must agree to accept an impervious cover restriction.
 - A 2 percent limitation on impervious surfaces is standard for easements funded by FRPP. There is a provision to waive this restriction on a parcel-by-parcel basis, up to a 10 percent maximum impervious surface limitation. Waiver considerations include population density, ratio of open prime and important farmland to the impervious surfaces, impact to water quality, type of agricultural operation and parcel size. The waiver must be requested in advance of final deed preparation, and the approved limitation must be stated in the deed.
 - <http://www.nj.nrcs.usda.gov/programs/frpp/documents/ImperviousSurfaceCalculation.xls>
 - Impervious surface within exception areas does not count toward the restriction.
 - Impervious surface, for purposes of the Deed of Easement, is defined as permanent, non-seasonal rooftops, concrete and asphalt surfaces including residential buildings, agricultural buildings (with and without flooring), and paved areas located on the Premises. Conservation practices listed in the U.S. Department of Agriculture's Natural Resources Conservation Service Field Office Technical Guide are not considered impervious surface.
 - Compliance with NRCS Highly Erodible Land Conservation and Wetland Conservation Certification:**
 - Landowners must report their lands to the local Farm Service Agency.
 - http://forms.sc.egov.usda.gov/efcommon/eFileServices/Forms/AD1026_060420V01.pdf
- Find your local Farm Service Agency at <http://offices.sc.egov.usda.gov/locator/app?state=nj&agency=fsa>
- Appraisal(s)** of Current Value.

Coordination With NRCS

Once appraisals are in we begin to work cooperatively with the NRCS to finalize approvals and prepare for closing on the easement. Following are steps that must be completed as part of that process:

- Establish existing impervious surface (or best estimate prior to survey).
- Establish “building envelope.” The NRCS must approve all agricultural construction on FRPP-preserved farms unless the construction is within an approved building envelope. Building envelopes are pre-approved areas on the preserved farm where future agricultural construction may occur. Typically, these areas are identified on a map or aerial image and are located where there are existing buildings, easy access from existing roadways, and minimal impacts to prime, statewide, unique, or important soils.

- A building envelope should be established around all existing structures.
- The landowner may choose not to establish a building envelope prior to closing, however he or she is required to coordinate with NRCS when ready to begin establishing agricultural infrastructure.
- The building envelope can be moved with NRCS approval.
- NRCS approval for the construction of agricultural buildings outside this building envelope can be sought at any time.
- Any agricultural construction in building envelopes (like exception areas) is subject to local ordinances.



Please note that a building envelope is not the same as an exception area. The building envelope is an approved area for agricultural construction within the easement area. An exception is an area not restricted by the deed of easement except for specific limited purposes. SADC staff will work with the landowner to establish these envelopes, if requested, and seek NRCS approval.

- NRCS confirms that parcel is eligible for funding (signs off on **FRPP Parcel Acceptance Date Sheet**). NRCS completes a site inspection and the **Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification and Hazardous Site Worksheet**.

- Ensure Deed of Easement contains specific NRCS standards:

- Implementation of Farm Conservation Plan to address Highly Erodible soils. If Highly Erodible soils are in a pasture use, generally, no further practices are necessary since the soils are protected from erosion.
- Specific language for acknowledgments noting SADC and NRCS funding levels.
- Rights of the USDA, NRCS language.
- Impervious cover restriction; survey must reflect existing impervious cover on the plat, and the Deed of Easement must include a statement of existing impervious cover and maximum allowed.
- Indemnification clause added.
- Environmental Warranty language added.

NRCS will have all review and approval authority for any actions contained in the Deed of Easement.

Closing

- The survey must be certified to the United States of America. Secure an additional two copies of the survey for NRCS purposes.
- Landowner must fill out Confirmation of Matching Funds Form; SADC to provide prior to closing.
- Closing Agent Requirements; SADC will provide prior to closing.
- Title: An American Land Title Association (ALTA) U.S. Policy (1991) must be obtained to insure the United States' interest in the easement based on the amount paid for the conservation easement. This is a separate policy from the title policy secured by the county or SADC. However, it should be obtained from the same title company.
- Copies of the title commitment and any other supporting materials (subordinations, endorsements, etc.) must be sent to NRCS for review by the Office of the General Counsel (OGC) prior to closing. Ample time (a few weeks) must be allowed for this review to be completed.



Applying a Federal Cost-Share Grant

Acreage in Application: 68 Acres

Value Conclusions - Zoning and Environmental regulations as of 1/1/04 Conditions (Per Acre)

Appraiser	Date	Before	After	Easement
R.C.	9/12/2006	\$19,500	\$11,500	\$8,000
H. B.	9/12/2006	\$20,000	\$13,000	\$7,000
SADC REVIEWER	9/12/2006	\$20,000	\$12,500	\$7,500

Per N.J.A.C. 2:76-6.11(d):

1. The Committee cost-share shall be based upon the following:

Certified Market Value	SADC % Cost-Share
From \$0.00 to \$1,000	80% of the first \$1,000 of easement value
From \$1,000 to \$3,000	\$800 + 70% over \$1,000
From \$3,000 to \$5,000	\$2,200 + 60% over \$3,000
From \$5,000 to \$9,000	\$3,400 + 50% over \$5,000
From \$9,000 to \$50,000	60%
From \$50,000 to \$75,000	\$30,000 + 55% of easement value over \$50,000
From \$75,000 to \$85,000	\$43,750 + 50% of easement value over \$75,000
From \$85,000 to \$95,000	\$48,750 + 40% of easement value over \$85,000
From \$95,000 to \$105,000	\$52,750 + 30% of easement value over \$95,000
From \$105,000 to \$115,000	\$55,750 + 20% of easement value over \$105,000
Over \$115,000	\$57,750 + 10% of easement value over \$115,000

Please Note:

If the easement is preacquired, the Committee cost-share will be based on the acquisition price or certified market value, whichever is lower.

If a governmental entity has preacquired the land in fee simple title, the Committee's cost-share grant shall be subject to N.J.A.C. 2:76-6.23.

Based on the SADC Certified Market Value of \$7,500 per acre or estimated \$510,000:

⇒ SADC grant of \$4,650 per acre (62%) or \$316,200

Typically the County and Municipality equally split the remaining cost share (\$193,800):

⇒ County/Municipality each grant \$1,425 per acre (19%) or estimated \$96,900 each

For eligible farms, a FRPP grant can be up to 50 percent of the "Current Easement Value."

Value Conclusions - Zoning and Environmental regulations as of Current Conditions (Per Acre)

Appraiser	Date	Before	After	Easement
R.C.	9/12/2006	\$17,550	\$11,500	\$6,050
H.B.	9/12/2006	\$18,500	\$13,000	\$5,500
SADC REVIEWER	9/12/2006	\$18,500	\$12,500	\$6,000

The FRPP grant must be based on the Current Value (up to 50%); subject to eligibility and availability of funds.

⇒ **FRPP grant of \$3,000/acre (based on eligibility & availability) or estimated \$204,000**

Option 1 – SADC Retains Grant Benefit

SADC uses entire federal grant, and Garden State Preservation Trust (GSPT) funds are retained within the Local(s) PIG Account for other applications. County and/or Municipality bring cost shares to the closing.

- ⇒ **SADC 100%:** \$3,000 per acre (estimated \$204,000) FRPP grant is put toward the SADC cost share and only \$1,650 per acre in GSPT funds are needed for the SADC cost-share grant.

Applying Federal Grant		Due at Closing	
SADC cost share	\$316,200	GSPT account funds	\$112,200
- federal grant	\$204,000	Federal funds	\$204,000
<hr/>		Local Funds	\$193,800
GSPT account funds	\$112,200	<hr/>	
		Total	\$510,000

Option 2 – Grant Benefit Is Passed Through

A portion of the Federal Grant Benefit is “passed through” directly to the Local(s). The FRPP grant is then distributed in the same percentages as the consideration for the easement.

- ⇒ **SADC 62%:** 62% x \$3,000 or \$1,860 per acre

This \$1,860 per acre (estimated \$126,480) is put toward the easement consideration and less GSPT funds are removed from the Municipal or County PIG account to cover that portion of the SADC’s cost share.

- ⇒ **Municipality/County each 19%:** 19% x \$3,000 or \$570 per acre

This \$570 per acre (estimated \$38,760) is put toward the easement and less local funds need to be brought to the closing.

- In the Municipal PIG, this would mean more PIG funds available for the Township to use on other farms.
- In the County PIG, less money would be drawn down from the base grant or competitive pot.

Applying Federal Grant		Due at Closing	
SADC cost share	\$316,200	GSPT account funds	\$189,720
- 62% of federal grant	\$126,480	Federal funds	\$204,000
<hr/>		Local funds	\$116,280
GSPT account funds	\$189,720	<hr/>	
		Total	\$510,000
Local cost share	\$193,800		
- 38% of federal grant	\$ 77,520		
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Local cash to closing	\$116,280		

Option 3 – Highlands/Pinelands Pass-Through

In the Highlands and Pinelands Areas, the SADC has agreed to pass through the State percentage of the grant to the Municipality and/or County. The SADC would cover its entire cost share using GSPT funds, and the County and Municipality would directly receive the benefit of the FRPP grant for the easement purchase. Using the same example:

The FRPP grant must be based on the Current Value (up to 50%):

- ⇒ FRPP grant of \$3,000 or estimated \$204,000 is then split between the County and Municipality (when appropriate).

This estimated \$204,000 is put toward the easement and less local funds need to be brought to the closing.

- In some cases the Federal grant may cover (one or both of) the local cost shares.
- Any FRPP funds in excess of the local cost share are retained for the SADC’s benefit.

Applying Federal Grant		Due at Closing	
Local cost share	\$193,800	GSPT account funds	\$306,000
- federal grant	\$204,000	Federal funds	\$204,000
<hr/>		Local funds	\$ 0
	- \$ 10,200 (to be applied to SADC cost share)	<hr/>	
		Total	\$510,000
SADC cost share	\$316,200		
- remainder federal grant	\$ 10,200		
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GSPT account funds	\$306,000		