



“Rural Lands Are Worth More Than You Think!”

Why?

Because farms and ranches often have *ecological assets* embedded in the land and water ecosystems. These potential assets can be revealed by assessing, developing and converting them into either cash, via mitigation credits, or land sale and estate value stemming from updated appraisals.

Ecological Assets – Frequently Asked Questions

1. What are ecological assets?

Ecological assets are represented in commercial paper such as:

- wetland & stream mitigation credits
- species & habitat conservation credits
- water quality credits
- soil and biomass carbon credits

Eco-assets (credits) are earned when a landowner (via **conservation easement**) creates a **mitigation bank** to protect, enhance, restore or create (PERC) any of the following:

- habitats such as wetlands, vernal pools, native grasslands, oak woodlands, scrub & shrub lands
- select rare species, especially in California, but including WA & OR, TX and FL
- watersheds including stream zones, bog lands, marshes and tidal zones
- carbon sequestered in soil, wetland sediments, timber or other biomass zones.

This earns the landowner **mitigation credits** that may be sold to various buyers who must *compensate, offset or mitigate* for construction impacts, or from operation and maintenance of infrastructure.

Buyers can include:

- Business and industry
- City and county governments
- Commercial and residential developers
- Non-government organizations (NGOs)



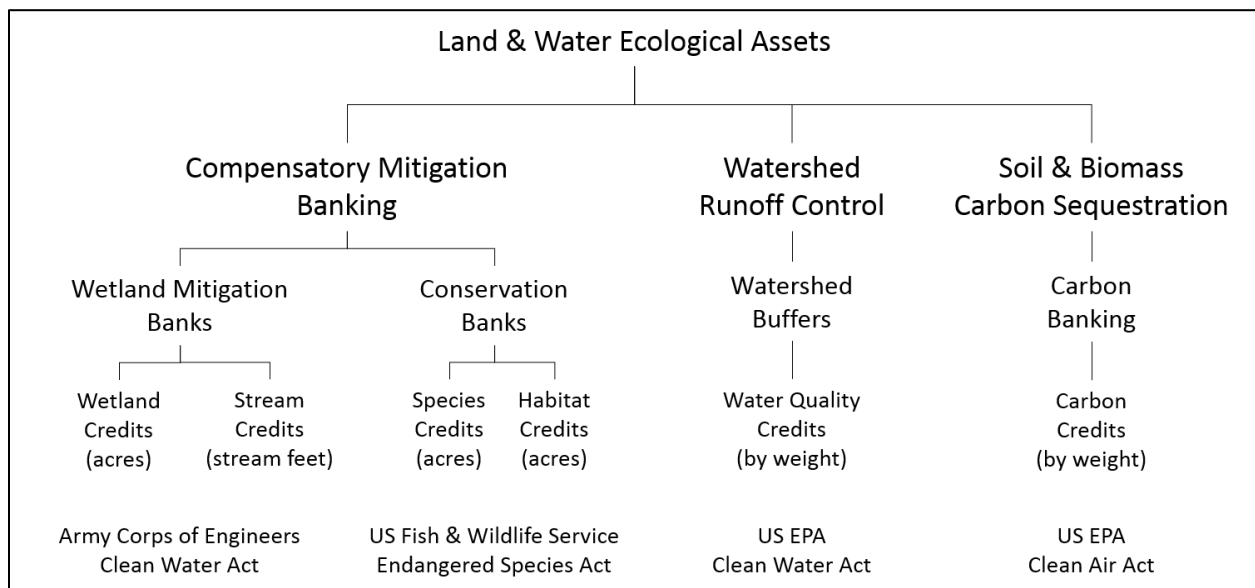
2. What are the mitigation banking opportunities for landowners?

There are two basic types of compensatory mitigation methods (see figure) – wetlands banking and conservation banking.

Next, there are water quality credits that can be earned by preventing or ‘buffering’ runoff into lakes and streams.

Lastly, carbon credits can be earned by enhancing soil carbon sequestration. This offsets carbon emissions to the atmosphere.

Each of the above methods leads to creation of ecological assets (credits) exchanged between sellers and buyers in the environmental marketplace.



3. How many kinds of compensatory mitigation credits are there?

Depending on the ecological or hydrological characteristics of your land, there may be many types of compensatory mitigation credits available for development.

Wetland credits – whether open or forested, perennial or seasonal, fresh water or marine, lake or stream habitat types

Species credits for rare birds, mammals, turtles, frogs, snakes, fish... typically state or federal listed where habitat impacts could occur and compensation is required

Habitat credits – for vernal pools, grasslands, forest lands, scrub or shrub lands... state or federal listed, where impacts could occur



4. How do I know which mitigation banking opportunities could be present?

Reach out to EASI, or to an environmental consulting firm, or to a local qualified biologist. Better still, develop in-house knowledge and capability. Ecological assets are only going to diversify over time.

5. How much are mitigation credits worth?

In California species or habitat mitigation can be worth upwards of \$10,000 per credit-acre; some wetland/species credits can be worth \$100,000+ per credit-acre; wetland credits in Southern California can be worth \$1M+ per credit-acre. In other states, credits may be worth several times the traditional values associated with ranch or farm land.

6. What determines mitigation credit value?

The marketplace determines the revenue potential of commercial mitigation banks; supply, demand and willingness-to-pay for mitigation credits. The market has been opaque (non-transparent) for many years. In some areas mitigation credit supply has been tight. Price volatility is often high as a result.

7. How do I find out about mitigation credit prices?

EASI offers a variety of price packages for data contained in its Mitigation Credit Price Report (MCPR); go to <http://www.easillc.com/mitigation-credit-price-report-mcpr/>. Otherwise, credit price points can be researched on the Internet.

8. How does all of this contribute to land appraisal value?

Mitigation banking is a specialized business with its own language and methodology. Gross mitigation credit value (potential revenue) must be figured against mitigation bank development costs, competition from other mitigation credit sellers, as well as overall demand for mitigation credits. Credit demand (use rate) is usually tightly linked to regional growth. Decision about preferred yield rates are critical if a “fair and reasonable” net present value / return on investment is to be determined. These results may then be compared to alternative land use choices available to the landowner:

- urban or residential development
- nonrenewable resource development
- conservation, recreation, education



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Consider all the potential revenue streams from this hypothetical landscape.

Landowners should know their full market value.

