

# Healthy Watersheds Forest/TMDL Project

## Incentivizing Forest Retention and Agriculture

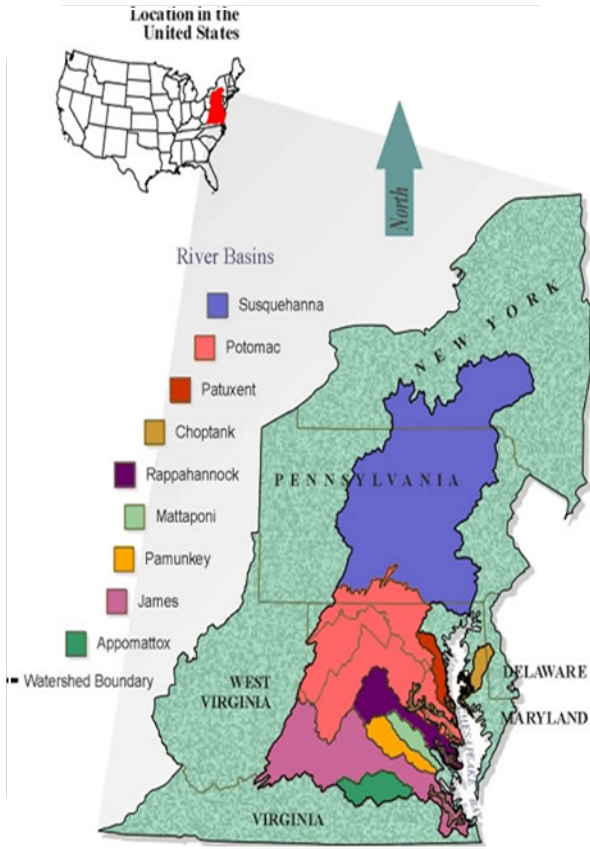
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Chesapeake Conservation Partnership  
October 24, 2017

# Background on Phase I and II

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# Project Approach



**Phase I:** Build economic case for crediting land conservation in the TMDL

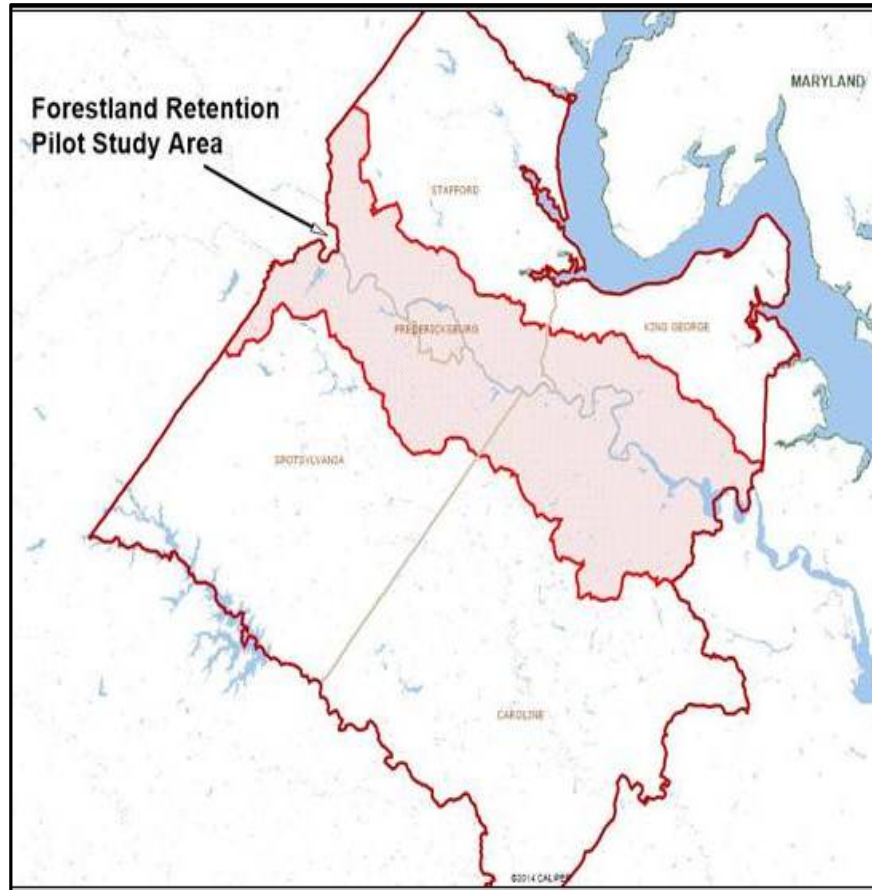
**Phase II:** VA/PA partnership – Worked with localities to identify policy tools and incentives

**Phase III:** Implement tools in the field and develop large-scale county level transferable public/ private financing models

# Phase I, II, or III Project Partners



# Phase I Pilot Study Area



## **GWRC service area within RRB**

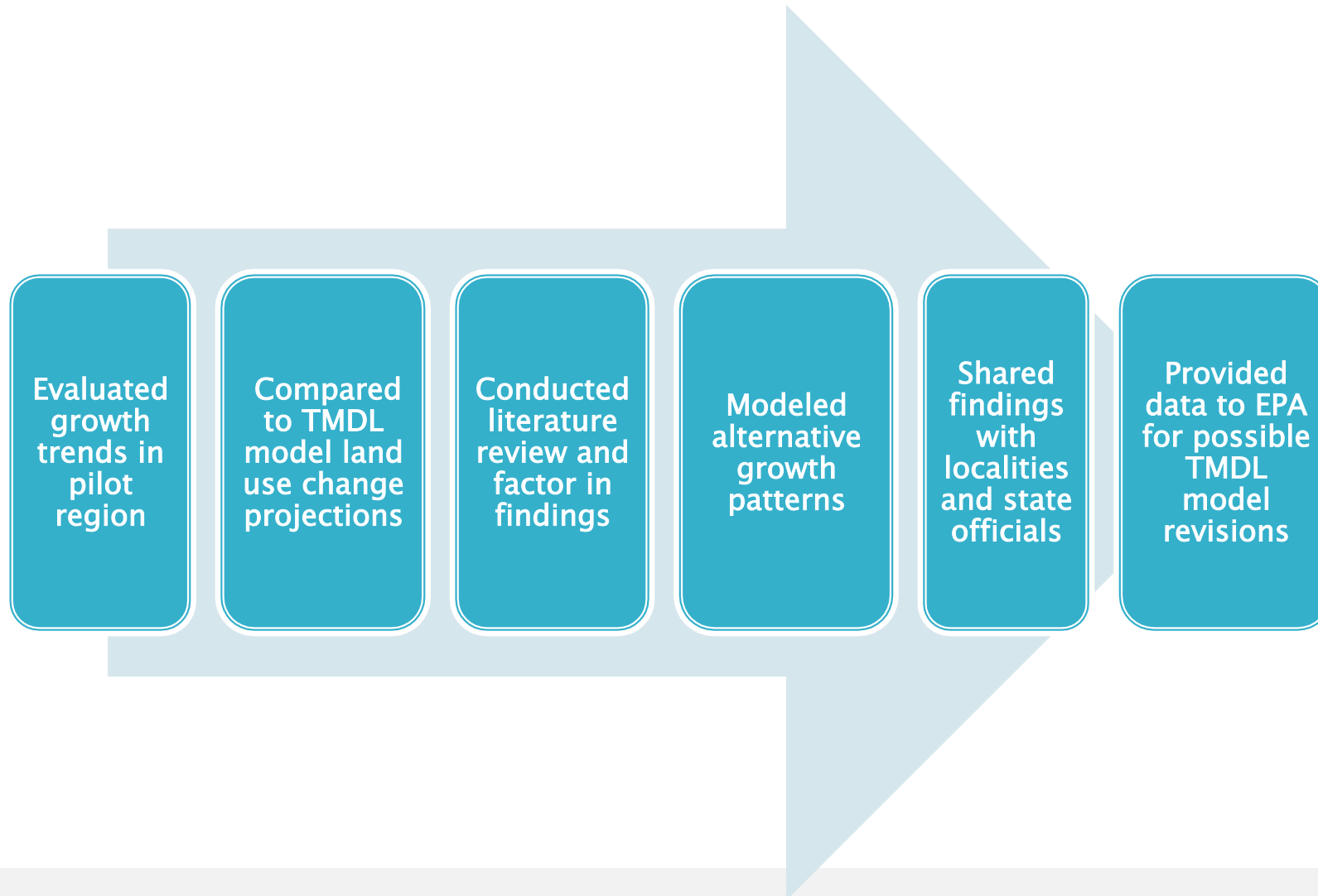
Land Use: forest, agriculture, urban, rural

Areas of high density development growth

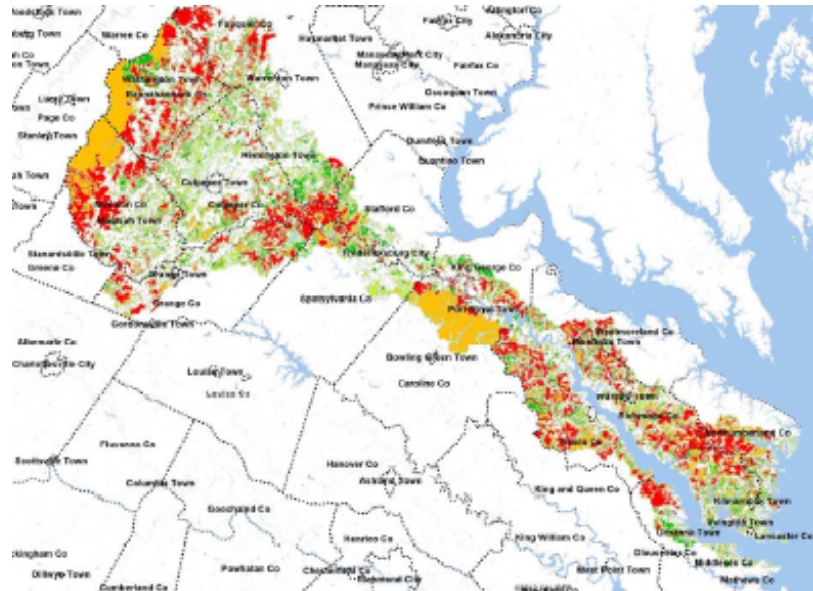
Home of George Washington Regional  
Commission

High resolution data already available  
100 percent in Virginia

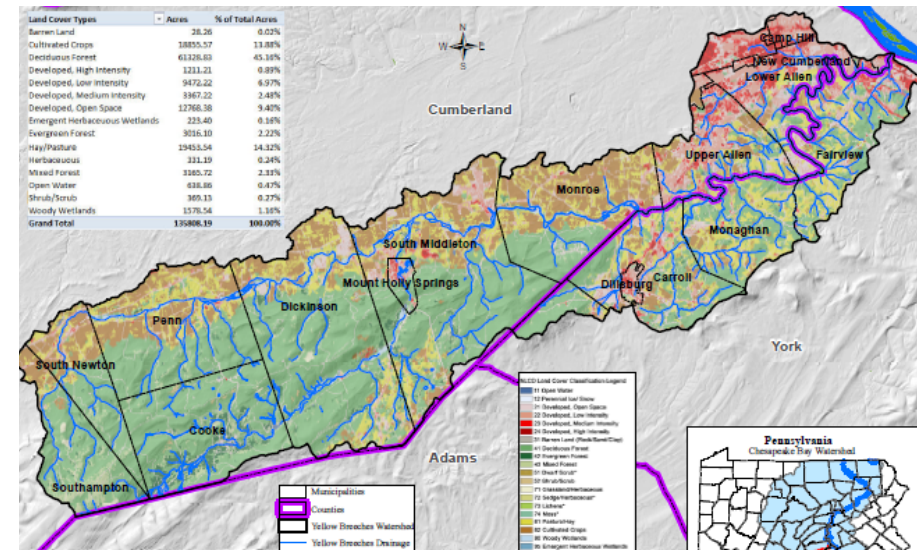
# Phase I Project Approach in Virginia



# Phase II Project Study Area:



**Virginia:**  
Rappahannock  
River Basin



**Pennsylvania:**  
Yellow Breeches  
Watershed



# Phase II Objectives:



- PA validated VA Phase I Modeling effort

- VA/PA/localities developed toolkit of incentives and land use policy changes

- Made recommendations to EPA and Chesapeake Bay Program Jurisdictions



# Findings and Recommendations

Phase I Economic Findings:

Millions \$\$ in Possible Future BMP Offset Savings

Phase II Potential "Tool Box" Recommendations

A green metal toolbox with a silver handle and latch.

Land Use  
Policies, Zoning  
and Regulations

A green metal toolbox with a silver handle and latch.

Local Spending  
and Tax Policies

A green metal toolbox with a silver handle and latch.

Land Acquisition

A green metal toolbox with a silver handle and latch.

Voluntary Land  
Protection  
Techniques

## Phase III Goal

**Create policy and financial infrastructure needed to facilitate forest and agricultural land conservation/retention on a landscape scale, long-term, sustainable basis.**

# Phase III Tasks

**TASK ONE:** Implement Phase II Policy and land use recommendations in Orange and Essex Pilot Communities. Record Lessons Learned

**TASK TWO:** Develop, model and pilot long-term funding mechanisms supported by the private sector that may be scaled up and implemented on a landscape scale.

**TASK THREE:** Coordinate with other CBP workgroups and GITs to integrate findings and deliverables with those of other initiatives to institutionalize changes and actions

# Phase III

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# Our Background

Conservation+ is dedicated to conservation finance and using capital to drive change.



*A Leader in Conservation Capitalism*

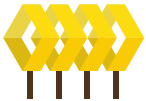
GreenTrees is the largest carbon reforestation project in the world and the 15 largest forestry project globally

**ACRE**



INVESTMENT MANAGEMENT LLC

**BIG RIVER**



GROWING WITH THE LAND

**FOREST GREEN**



THE TECHNOLOGY OF NATURE

**GREEN TREES**



ONE ACRE AT A TIME

**CONSERVATION+**



VALUING OUR NATURAL CAPITAL

# By The Numbers



**20 MILLION**  
NURSERY TREES PER YEAR



**475,000+**  
FORESTED ACRES CONSERVED



**120,000+**  
ACRES REFORESTED



**5**  
MITIGATION BANKS



# Three Core Challenges

1. How to incentivize landowners with regard to forest retention and agriculture?
2. How to bring new sources of income to counties that are cash starved and struggling with land-use taxation and school funding issues?
3. How to attract institutional capital?

# The Study and Where We Are

- We have completed the following:
  - Reviewed local and regional documents
  - Inventory of Current Tax Programs
  - Inventory of Current Public Subsidies
  - Private Markets for Carbon (Compliance and Voluntary)
  - Inventory of Regulatory Market Programs (i.e. Nutrients and 404/401 Programs)
- We have recently met with 5 landowners in Orange totaling over 2,000 acres, reviewed their natural capital assets, intergenerational dynamics and cash flows situations.
- We will be doing the same in Essex shortly
- These surveys will feed a modeling approach and enable us to test various incentives back on the various landowners.

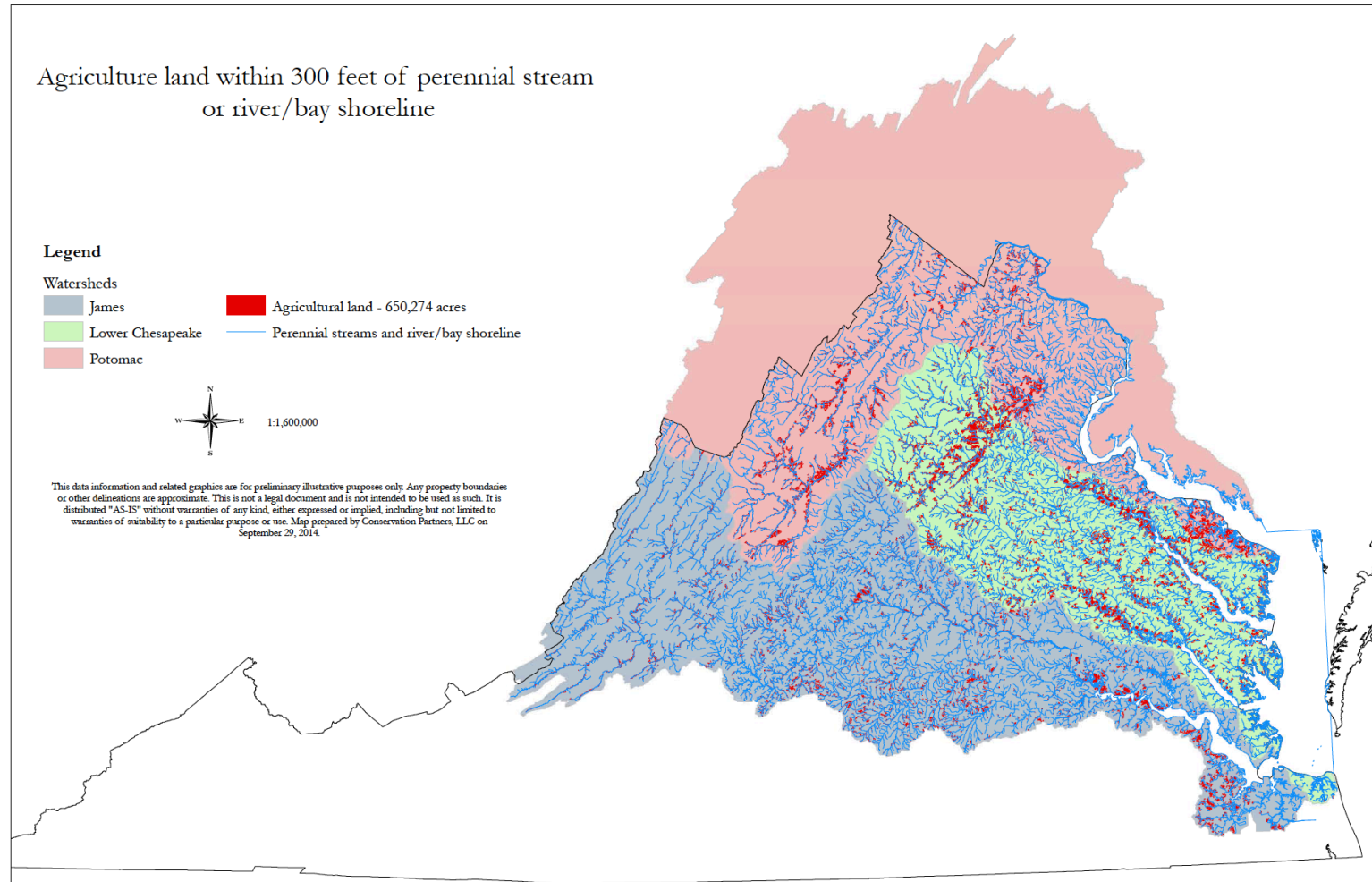
# Strategy

- Use Carbon Credits as a Proxy for Denominating the Deal
- Understand the following:
  - Who wants the Cash or Tax Reduction or Hybrid of both?
  - Who needs the Credit?
  - How is the credit taxed?

# Structure and Impact

- Because Forest Carbon Credits are treated as real estate property, this opens the door for counties and enables us to apply economic development structures to Natural Capital
- We believe we are on the precipice of being able to achieve the following:
  - Put natural capital assets on the balance sheet of the county
  - Create new forms of cash flow for landowners
  - Scale the fractal nature of land to a level that will attract institutional capital
  - Take the steam out of the land-use taxation, school funding fight in Virginia
- Additionally, we have identified 650,000 acres within 300ft of a perennial stream.
- We are leveraging our background in reforestation to focus on how to replicate the success we have achieved in the Mississippi Alluvial Valley to restore the Chesapeake Bay Watershed on Scale!

# Restoration Focus Areas



# Success Outcomes - Ripple Effect

Empowered governments at local level

Policies at all government levels provide incentives for forestland retention and agriculture

Quality communities and healthy watersheds at reduced cost

Private sector financing on landscape scale sustainable basis



# Thank you!

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