

# Conservation for the Long Haul:

Protecting cultural and natural resources  
through financial, legal, and programmatic  
strategies

American Planning Association  
Texas Chapter 2016 State Planning Conference  
November 2-4, San Antonio, Texas



CIBOLO  
*Nature Center & Farm*

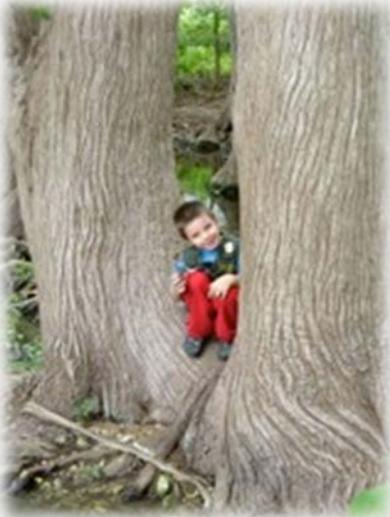


The Cibolo Nature Center and Farm is a community that passionately believes our brightest future is one lived in harmony with nature.

Beginning with the Cibolo Creek, our aim is to ensure our natural treasures are not only protected, but thriving. To do this, we're building a unique conservation model to protect our resources, study and learn from the natural world, teach and apply sustainable farming practices, and encourage the enjoyment and celebration of nature.

We believe that our model is teachable and that our successes in the Cibolo Creek can be replicated in conservation efforts across the globe.

# Who We Are



## Our History

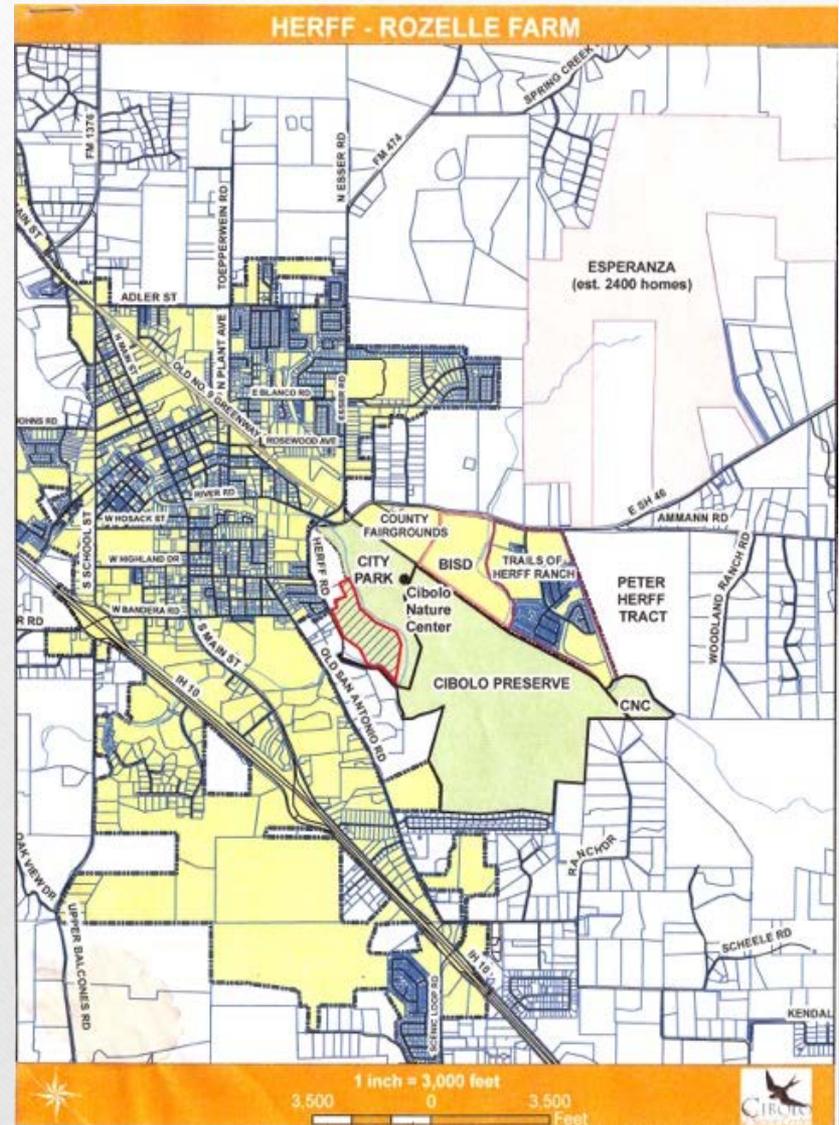
Since 1988, The Friends of Cibolo Wilderness, (Cibolo Nature Center), has been dedicated to protecting and caring for the 100 acre Nature Center preserve. In 2007, we acquired the historic and ecologically important 60-acre Herff Farm, enabling us to protect both sides of the fragile Cibolo Creek and expand programming to include ways to live sustainably.

Twenty-eight years and hundreds of thousands of visitors later, the Cibolo Nature Center & Farm continues to inspire through educational activities and workshops teaching about the wonders of nature and ways to live lightly in the Texas Hill Country.

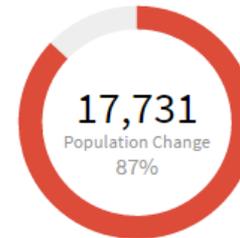
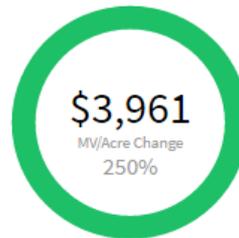




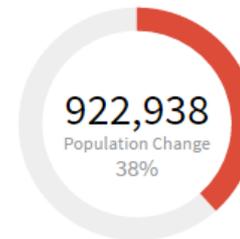
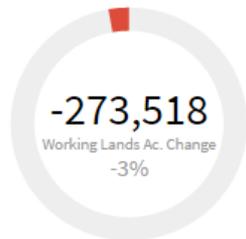
The Cibolo  
Nature Center &  
Farm is a  
valuable regional  
resource,  
as the  
Cibolo Corridor  
is exploding with  
development.



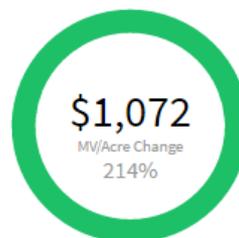
## Kendall County



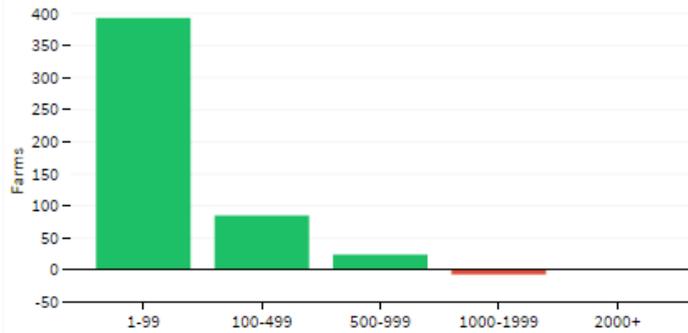
## Hill Country Region of Interest



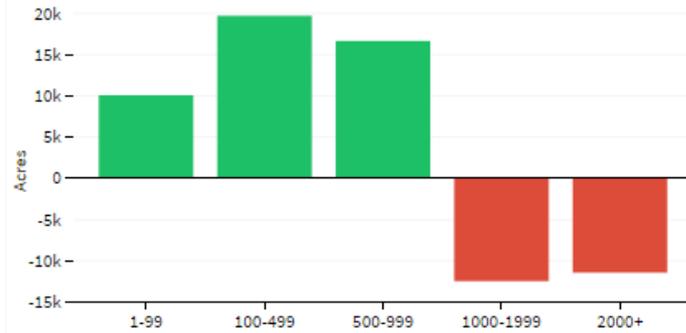
## Statewide



### Ownership - Farm Count Change



### Ownership - Acre Count Change



## Land Use

### Acres

Year	Cropland	Grazing Land	Wildlife Management	Timber	Other
1997	14,881	347,794	0	0	235
2002	14,968	321,432	21,599	0	278
2007	14,887	306,244	30,333	0	371
2012	13,946	293,998	45,490	0	323
<b>Change</b>	<b>-935</b>	<b>-53,796</b>	<b>45,490</b>	<b>0</b>	<b>88</b>

### Market Value per Acre

Year	Cropland	Grazing Land	Wildlife Management	Timber	Other
1997	\$2,011	\$1,564	\$0	\$0	\$3,011
2002	\$3,375	\$2,342	\$2,575	\$0	\$5,051
2007	\$7,218	\$4,851	\$6,243	\$0	\$13,412
2012	\$7,131	\$5,268	\$6,777	\$0	\$14,176
<b>Change</b>	<b>\$5,120</b>	<b>\$3,704</b>	<b>\$6,777</b>	<b>\$0</b>	<b>\$11,100</b>



# Historic Herff Farm

connecting the past with the future

- Water conservation
- Rainwater collection
- Low Impact Development
- Solar power
- Electric vehicle charging
- Food production
- Pollinator habitat restoration
- Sustainable land management



# The Water Works

Life Source of Herff Farm



Around the late 1800s windmills became common, and the Deffis dug a 350-foot well with a windmill and water tower. Around the turn of the century an atlas gasoline powered engine would be attached to a pump-jack for larger volumes of water.

When the Rexelles purchased the property in 1935, the windmill was in poor repair. They replaced the tower and installed a new windmill in 1937.



1937-38, This double windmill was used to pump water from the well and before the second world war. The pump was the first one ever built. It was used to pump water from the well.

Herff Farm  
Water Tower

## Learning from the Past

As you stand here, you can see the history of water use and conservation in the Hill Country. For over 186 years, water has nourished the Herff Farm.

Ferdinand Herff first utilized the reliable water of the Cibola Creek and dug a 350-foot well near his home. After his son, James learned to use, and was restored in 1937, a rain harvesting system was added. It channeled water off the roof to a 1,000-gallon system beneath the eaves, which under the back porch, including a filter, first and sand pump.



A large cast iron cylinder tank was used for fuel storage, and heat exchanger to pump water to the rear of the water tower. It was repurposed and fashioned into signage at the front entrance to the farm in 2010.

The pit where the old tank used to lay is now refilled to be an additional holding tank to harvest rainwater, and has been renamed the "water shed".



## Thinking for the Future



When the Clark House Owner began restoration work, the original well was in poorer than local, and had to be capped. A new 325-foot well was drilled to the south side of the house near the largest existing garden.

Today, many wells in the area are 100-200 deep. The Clark House Owner and Herff is working closely with the Guadalupe Ground Water Conservation District to ensure that water conserving up-to-date water conservation practices

Rainwater that falls during wet seasons is being captured and stored for later times using gutters and storage tanks at various points around Herff Farm. These conservation education and critical water needs for history of gardening and landscaping in the South Texas climate.

Maximizing water use saved from the roof of the house, the Rain Garden also focuses on the slowing of storm water runoff to maximize a beautiful garden full of native plants adapted to our region. They help filter out pollutants of the water that eventually is reabsorbed into the ground in the process of soil water cycle.

In the future, we will hire local maintenance professionals being employed to make the best use of rainfall, to propagate and maintain native grasses and plants that best handle and withstand various harsh weather and herbivores.

Irrigation for landscaping and gardens has been designed to collect, captured water from, and careful selection of plants ensures that every drop of water is strengthening the roots and growth of our green infrastructure.

In 1935, the "Hillside Apple Orchard" was established, and by 1948 Herff Farm had an orchard of 4,400 apples, 39 peach, 20 peach, 10 plum and 3 sweet trees as well as 20 acres in acres for winter growing of sheep.

Young Texas history brought just before 1950-57, the orchard became too difficult to maintain, one of many agricultural practices that faded due to the scarcity of resources, rainfall and the instability of the soil's ground and surface water resources to exchange.



Water was pumped from the well to the water tower and stored in the tank. The water was used to grow the orchard and was used through the well to the water tower.



The Herff Farm Foundation is a 501(c)(3) nonprofit organization that was established in 2010. The Herff Farm Foundation is a 501(c)(3) nonprofit organization that was established in 2010. The Herff Farm Foundation is a 501(c)(3) nonprofit organization that was established in 2010.

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# Rainwater Collection





# Garden Barn Solar Array

Capturing and teaching about renewable energy



Real-time E-Gauge monitoring system will illustrate the solar production and building consumption displayed on a flat screen monitor mounted in the Garden Barn.



# Low Impact Development the Herff Farm Rain Garden





# Outdoor & Farm Classroom





# Food production & sustainable agriculture

*Every Saturday!*  
at Historic Herff Farm  
33 Herff Road in Boerne, Texas  
9 a.m.—1 p.m.

**The FARMERS MARKET**  
AT THE CIBOLO

*Featuring: fresh locally grown produce,  
farm eggs, artisan breads, seasonal  
baked and canned goods, live music and  
local artisans.*



It's estimated that the average American meal travels about 1500 miles to get from farm to plate, according to the Center for Urban Education about Sustainable Agriculture. The weekly **Farmers Market at the Cibolo** offers area residents a fresh and local alternative that not only contributes to a healthy lifestyle, but also reduces greenhouse gas emissions attributed to "food miles."

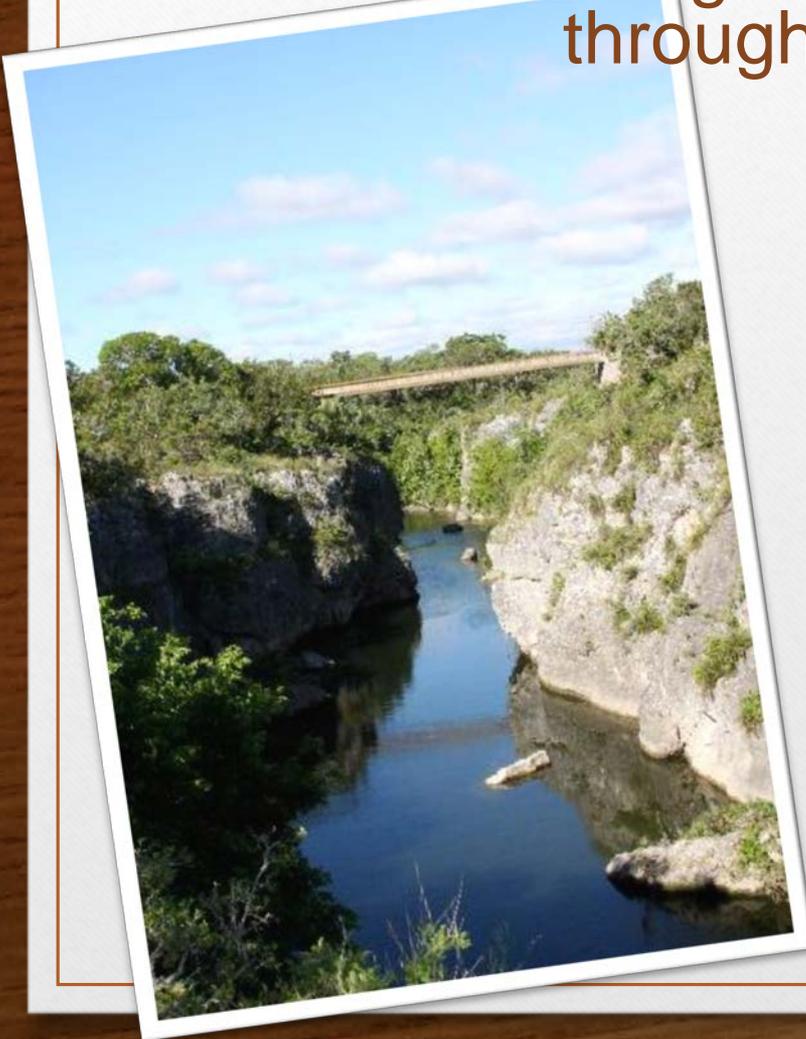
# Native Habitat Restoration





# Land Protection

800 contiguous acres protected through partnerships



- Developing relationships with regional/national partners (Trust for Public Land, American Farmland Trust, Nature Conservancy)
- Upper Cibolo Headwater protection with the UCC Watershed Partnership
- Conservation Easement for Herff Farm completed with Texas Agricultural Land Trust



## Texas Agricultural Land Trust

The non-profit organization was established in 2007 and has partnered with farmers and ranchers to conserve over 227,000 acres of open space in Texas.

TALT promotes the conservation of working lands, natural resources and native wildlife habitat.

# Land Trusts & Conservation Easements



# WHAT IS A LAND TRUST?

- Private nonprofit organization whose mission is land and water conservation.
- They help negotiate individually-tailored, voluntary agreements with property owners to keep land undeveloped.



# Why You Might Need A Land Trust

AGRICULTURE

HUNTING

HIKING

WILDLIFE  
HABITAT

CLEAN  
AIR

ESTATE  
PLANNING

FLOOD  
MITIGATION

CLEAN  
WATER

RIVERS &  
STREAMS

CAMPING

BIRDING

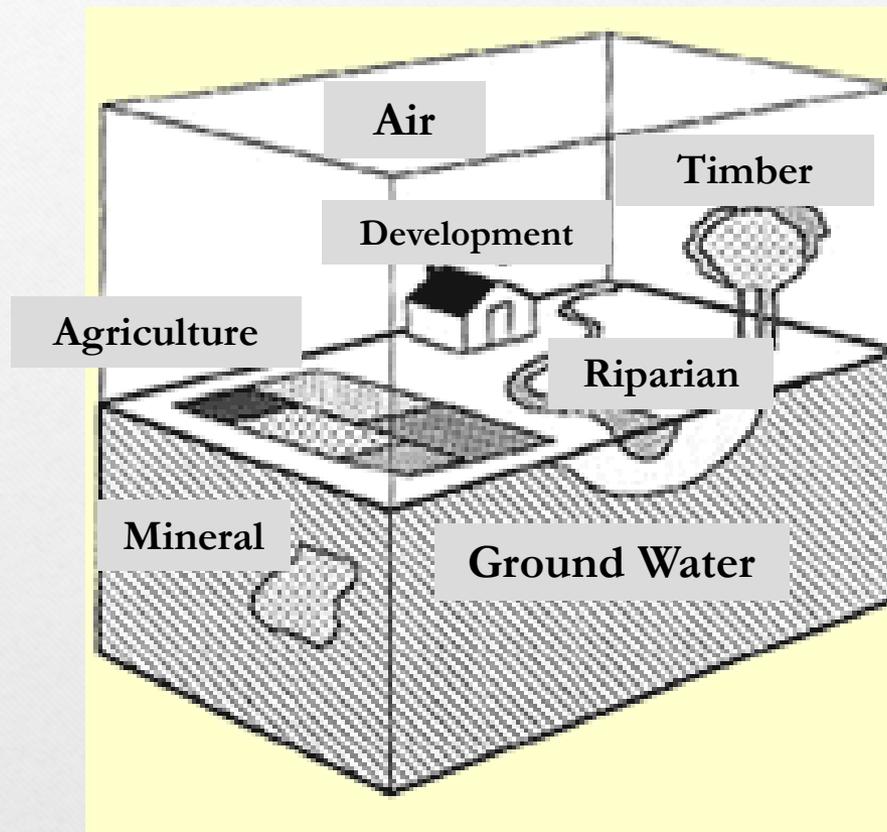
SCENIC  
VIEWS

ENVIRONMENTAL  
MITIGATION

EDUCATION

FISHING

# Types of Property Rights



# Interests in Property Rights

**TO POSSESS AND USE**

**TO SELL**

**TO DEVISE**

**TO LEASE**

**TO MORTGAGE**

**TO GRANT EASEMENTS**

**TO SUBDIVIDE**

**TO DEVELOP**

**TO POSSESS AND USE**

**TO SELL**

**TO DEVISE**

**TO LEASE**

**TO MORTGAGE**

**TO GRANT EASEMENTS**

**TO SUBDIVIDE**

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**TO DEVELOP**

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**TO SELL**

**TO DEVISE**

**TO LEASE**

**TO MORTGAGE**

**TO GRANT EASEMENTS**

**FEE SIMPLE = DEVELOPMENT RIGHT + RESOURCE**

# What is a Conservation Easement?

A voluntary, legal agreement between a landowner and a land trust for the purpose of holding the development rights in trust in order to protect the property's conservation values.



© David Langford

# Conservation Easement Components

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- Voluntary
- Legal Document: Deed of Conservation Easement (runs with the land...)
- Development Rights: building envelopes, impervious cover, usage of water, minerals
- Conservation Values: IRS Section 170(h)

# Qualified Conservation Contribution IRS 170(h)

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- 1) The preservation of land areas for outdoor recreation by, or the education of, the general public,
- 2) The protection of a relatively natural habitat of fish, wildlife, or plants, or similar ecosystem,

# Qualified Conservation Contribution IRS 170(h)

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- 3) The preservation of open space (including farmland and forest land) where such preservation is –
  - For the scenic enjoyment of the general public, or
  - Pursuant to a clearly delineated Federal, State, or local governmental conservation policy,  
and will yield a significant public benefit, or
- 4) The preservation of an historically important land area or a certified historic structure.

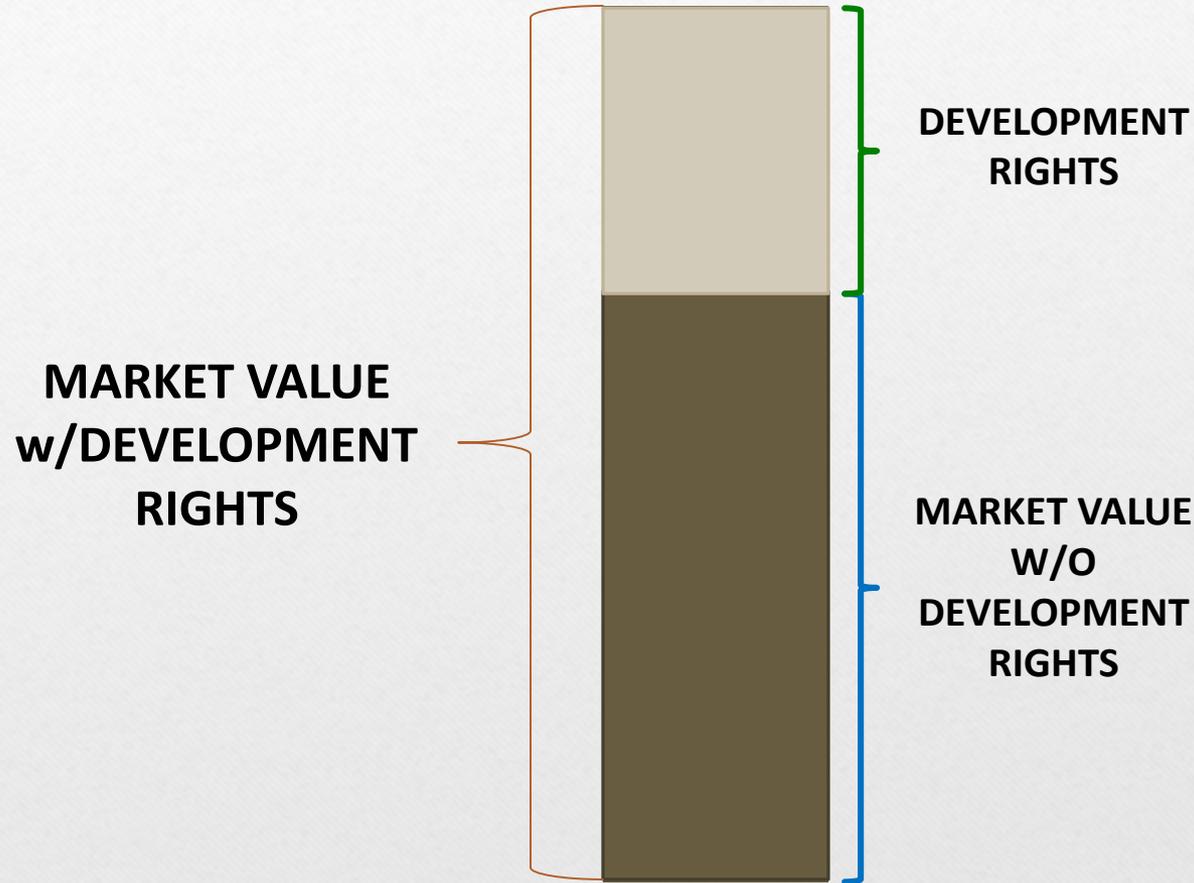
# Types of Conservation Easements

**Donated**

**Purchased**

**Bargain Sale**

# Assigning Values



# Herff Farm Lessons Learned

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- Grantor / Grantee perspectives
- Long-term objectives of the Grantor
- Risks
- Boards
- Title & Mineral issues
- Costs
- Historic structures



**TEXAS HISTORICAL COMMISSION**

*real places telling real stories*



## Historic Rehabilitation Tax Credits

Tax credits are among the **most powerful financial incentives** for historic preservation.



Tax credits benefit applicants by offsetting **income tax or business tax** liability: a dollar-for-dollar reduction.

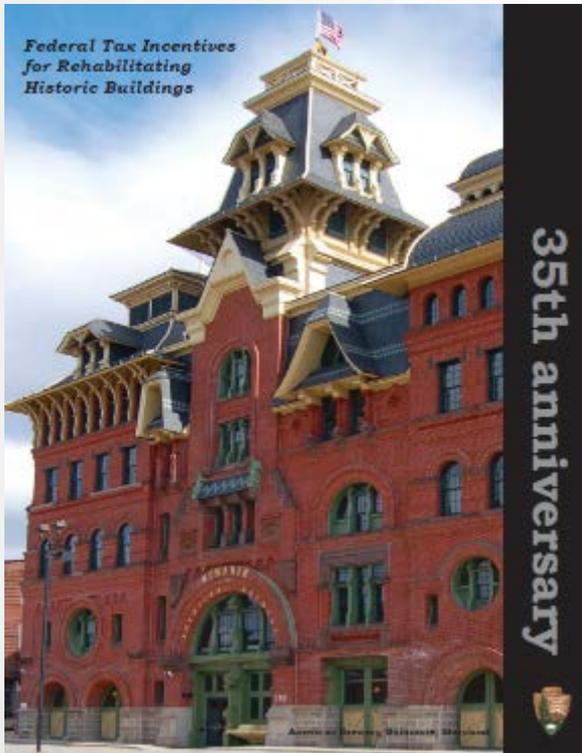
Two opportunities are available: the **federal** and **state** tax credit programs.



# Historic Rehabilitation Tax Credits

## Federal Historic Preservation Tax Incentives Program

Administered by the **NPS**, **IRS** and the **SHPOs** across the country since 1976.



**Our New State Tax Credit:**  
*Texas Historic Preservation Tax Credit (THPTC)*

Nearly **200 applications** received since its launch on January 1, 2015.



# Historic Rehabilitation Tax Credits

## Combining the state credit and the federal credit:

The state tax credit **may be used separately or in conjunction** with the 20% federal tax credit for rehabilitation.

**Combining the credits** can make many projects possible that were never financially feasible before.





# Historic Rehabilitation Tax Credits

## Who can use these credits?

- The federal program offers a federal income tax credit. Anyone who pays federal income tax may receive and use the credit. The federal credit is **not** easily transferable. Non-profits may participate in the federal credit for business properties if they partner with a for-profit investor.
- The state program offers a Texas Franchise Tax credit. Anyone may receive the credit certificate, and those who cannot use it may **sell or transfer** it in a private transaction.



# Historic Rehabilitation Tax Credits

## How is the state credit sold?

- It is up to the recipient to coordinate with a buyer in a **private sale**.
- There are **many interested buyers** who will pay \$0.85+ per dollar.
- Interested buyers may include **capital companies** or **local large companies** that incur franchise tax.
- When the credit is sold, the buyer and seller record the transfer with the Texas Comptroller.



# Historic Rehabilitation Tax Credits

## How does it work?

- Both programs are **not competitive**, but based on **whether you qualify**.
- Applications are reviewed on a continuous rolling basis throughout the year.
- **The application process starts before work has begun**, and requires an architectural review for the work to be pre-approved.



St. Anthony Hotel, San Antonio



# Historic Rehabilitation Tax Credits

## How do the finances work?

- Credits are awarded to **successfully completed projects** (developer must carry costs).
- Before credits are realized, financing is often carried out through bridge loans or capital from investors. A pre-approval can help secure financing or investors.
- **No cap for credits** for any project, nor for the program.
- The awarded credit amount is “all or nothing.”



# Historic Rehabilitation Tax Credits

## What costs count toward the credit?

Only Qualified Rehabilitation Expenditures (QREs) apply.

### Qualified Costs

(examples)

- Structural elements
- Surfaces & finishes
- Systems (plumbing, electrical, HVAC, elevator, sprinklers)
- Architect's fees, etc.
  - Interest & taxes

### Non-Qualified Costs

(examples)

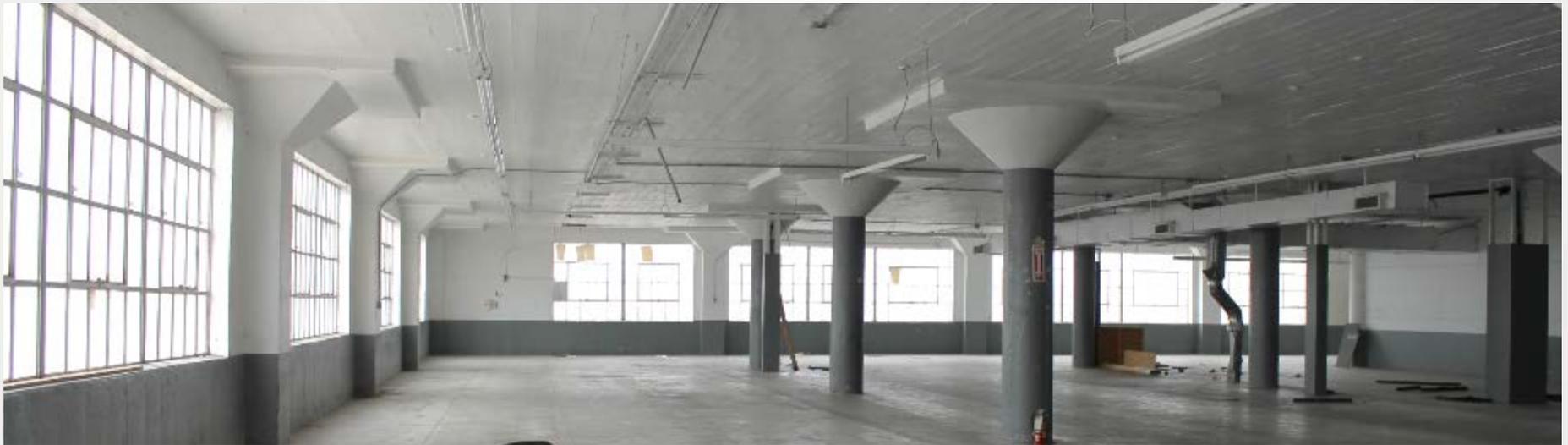
- Acquisition costs
- Site work (landscaping, parking, etc.)
  - New additions
  - New construction
    - Signage
- Appliances & furniture



# Historic Rehabilitation Tax Credits

## Two basic program requirements:

- 1) Certified historic structure
- 2) Certified rehabilitation
  - a. *Eligible property type*
  - b. *Meets cost threshold*
  - c. *Meets Secretary's Standards for Rehabilitation*





# Historic Rehabilitation Tax Credits

## What is a Certified Historic Structure?

- National Register, individual listing
- National Register, district listing – contributing buildings only



## State only

- Recorded Texas Historic Landmark (RTHL)
- State Antiquities Landmark (SAL)



## Historic Rehabilitation Tax Credits

### Does the building have to already be historically designated?

No. The first step of the application is to assess whether the building is **designated OR eligible** to become designated.

If the building is found **eligible** but is not yet designated, the **applicant may pursue designation during the project**. The designation must be official in order to receive credits at the end.





# Historic Rehabilitation Tax Credits

## What is an eligible property use?

Buildings that will have a **business or income-producing use** qualify for both credits.

Non-profit businesses are also eligible for the state program.

*Owner-occupied residential properties and government use properties are not eligible for either program.*





# Historic Rehabilitation Tax Credits

## What is the cost threshold that must be met?

- The federal credit requires a “**substantial rehabilitation**” (equal to the *adjusted basis* of the building or \$5,000, whichever is greater).
- The state credit requires the project to be **at least \$5,000**. This enables small projects in succession, as well as self-funded projects.





# Historic Rehabilitation Tax Credits

## What is a rehabilitation?

Rehabilitation makes possible a **compatible use for a property** through repair, alterations, and additions ...

... while **preserving** those portions or features which convey its **historical, cultural, or architectural values.**





## Historic Rehabilitation Tax Credits

**The *Secretary's Standards for Rehabilitation* are a “building-first” approach.**

- **Prioritize the significant historic** spaces, materials and character that remains.
- The **current condition** is the starting point.
- **All buildings are different** – the Standards are interpreted by THC and NPS to apply to each individual property.
- Any work done on the **exterior and interior** is subject to review.



## Historic Rehabilitation Tax Credits

### What are typical eligible project types for federal AND state credits?



- Downtown storefront buildings
- Hotels
- Office buildings
- Apartment buildings

Applying for federal credits typically requires a **whole-building** rehab project (regardless of size).



# Historic Rehabilitation Tax Credits

## What are potential project types for the state credit **ONLY**?

- Individual floors or portions of a building
- Exterior-only or interior-only “facelifts”
- Roof replacements
- Window restoration
- Systems upgrades (HVAC)



Applying for state credits requires only a **\$5000** investment (regardless of building size).



# Historic Rehabilitation Tax Credits

## Herff Farm

(Cibolo Nature Center)

One of our first non-profit recipients of the state credit.



QREs: **\$526,809**

25% = **\$131,702**

Total cost: **\$600,181**



# Historic Rehabilitation Tax Credits

**For more information about historic tax credits:**

**Valerie Magolan**, Tax Credit Programs Coordinator at THC  
512-463-3857 | [valerie.magolan@thc.state.tx.gov](mailto:valerie.magolan@thc.state.tx.gov)

**Greg Smith**, National Register Coordinator at THC  
512-463-6013 | [greg.smith@thc.state.tx.gov](mailto:greg.smith@thc.state.tx.gov)

For information on the **Texas Historic Preservation Tax Credit**:  
<http://www.thc.state.tx.us/preserve/projects-and-programs/preservation-tax-incentives>

Information on the **Federal Rehabilitation Tax Incentive Program**:  
<http://www.nps.gov/tps/tax-incentives.htm>



*Thank you!*

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