

Unique circumstances lead to Routt County conservation easement

Purchase of development rights program helps preserve ranch

by [Tom Ross](#) Friday, August 19, 2011



The Colorado Cattlemen's Agricultural Land Trust partnered with the Routt County purchase of development rights program to use a creative double real estate sale to preserve more than 200 acres along Elkhead Creek just east of Moffat County.

Steamboat Springs — The Colorado Cattlemen's Agricultural Land Trust and the Routt County purchase of development rights program collaborated this summer on a one-of-a-kind land conservation project.

A 203-acre hay meadow and pasture bordering Elkhead Creek just east of the Moffat County line was conserved and protected from future development in the process. The buyers were neighboring ranchers Keith and Shelley Pankey, but the conserved land is being referred to as the Van Tassel Ranch to honor the original homestead family that owned both ranches for decades in the Elkhead Creek Valley.

The Routt County Board of Commissioners accepted the recommendation of the purchase of development rights board and approved the expenditure of \$270,000 in public funds dedicated to conservation easements to help close the deal. Records on the Routt County Clerk and Recorder's Office database show the Cattlemen's Land Trust paid Omega Properties \$570,000 for the land (a distressed price below

market value) and with the purchase of development rights funds sold it to the Pankeys for \$270,000 with another \$30,000 in closing costs wrapped into the deal.

What made the conservation transaction unique, said Chris West, of the Cattlemen's Land Trust, is that his organization acquired an option to buy the 203-acre parcel from a bank that had foreclosed on a previous owner. However, it had no intention of owning the property for more than a few hours. Before the Agricultural Land Trust acted on the option, it had arranged to place a conservation easement on it, then sell it to the Pankeys.

"We're pretty risk averse," West said. "And we believe ranches should be managed by ranchers, not conservation organizations."

More than 85 percent of the property is irrigated, and it contains more than a mile of both sides of Elkhead Creek, West said. Throughout Colorado, a large percentage of wild animals use the riparian habitats along rivers and streams. The Van Tassel Ranch represents significant habitat for bald eagles, sandhill cranes, sage grouse, mule deer and elk where cottonwood trees line the creek.

It is highly visible from Elkhead Creek Road (Routt County Road 29) as well as U.S. Highway 40, where it enters Routt County.

This particular conservation easement began in the traditional way, but through necessity transformed into a unique process. The Cattlemen's Land Trust has done extensive work in the Elkhead Valley and was working with the former owner of the 203-acre parcel. Routt County had committed to conserving the land, but the amount of debt the owner carried on it was making the deal unworkable from an appraisal standpoint. One of the keys, West said, is that although the county had committed to conserving the land, it was not committed specifically to the previous owner.

"We had gotten to know (the Pankeys) over the years from working in the area, and we asked ourselves, 'What's the best outcome for the land?'"

The easy answer was to find a creative way to put it in the hands of ranchers.

In most processes leading to a conservation easement, the owner approaches a land trust about preserving a portion of the ranch they already own. The incentive comes through donating a portion of the value of the land in exchange for tax benefits.

In this case, there was no "charitable" component, West said. But the Pankeys benefitted from the adjusted pricing on the bank-owned property, and they acquired a parcel that was a natural fit for their own ranch — the two properties already shared an irrigation ditch.

Still, for the deal to close, the Pankeys had to take steps to bring cash to the closing table in a relatively short time and all during the growing season in May.

Could leveraging distressed rural properties to put conservation easements in place become a model for the future? West doesn't think so.

"We probably won't look for distressed properties because (the deals) are so tricky," he said. "In this case, we got lucky because the neighbor was able to step up and buy the property."

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