

COMPARISON OF POSSIBLE PRESERVE ACQUISITION APPROACHES FOR THE SEP-HCP

Approach	Schedule	Costs/Financing	Conservation Benefits	Potential Drawbacks	Opportunities for Creative Transactions
Upfront Pre-determined Preserve System	If preserves are identified upfront in the plan, the preserve system must be acquired within four years after the permit is issued or within six years after initial application for the permit is made, whichever is later. (Required by Texas Parks and Wildlife Code, Chapter 83.)	<p>Due to state law, this approach can represent a very large, early financial commitment. However, potential inflation of land prices is reduced due to the short timeframe required for acquisitions.</p> <p>The plan must demonstrate that there are adequate sources of funding to acquire the land for preserves within four years, or that the voters have authorized bonds or other financing in an amount equal to the estimated cost of acquiring the land needed for habitat preserves within four years.</p>	<p>The preserve system is designed as part of the initial plan, so it would be based on a comprehensive scientific assessment of the most important habitat areas, given projected growth patterns.</p> <p>Subject to funding and landowner cooperation, the likelihood of acquiring key preserve parcels is higher (i.e., they might be less likely to be lost to future land development).</p>	<p>Less flexibility over time to react to new data.</p> <p>Would require large, early financial commitment.</p> <p>Identifying specific parcels for acquisition in the plan could raise the selling price of needed lands.</p> <p>Landowners could object to their lands being targeted for acquisition in the preserve system. No guarantee that they would be willing partners.</p>	While this approach certainly allows use of creative transactions, the pool of potential landowner partners is limited by the initial preserve design, and the effectiveness of the preserve system can be limited if key landowners in the preserve acquisition area are not willing sellers or seek unreasonable economic terms.
Phased Conservation Bank	<p>Schedule of bank transactions can be very flexible and matched with the demand for participation over time.</p> <p>Under a phased approach, potential preserve tracts must be acquired within four years after the tract is identified for preservation. However, identification of possible preserve parcels could occur as needed throughout the life of the permit. State law deadlines for acquisitions would not be tied to permit application or issuance.</p>	<p>This approach generally allows costs to be scaled to the actual demand for credits. There is no upfront commitment to financing acquisitions beyond a given transaction.</p> <p>As credits are sold, a portion of the proceeds would be placed back into the conservation banking fund to pay for future acquisitions, thereby creating a long-term funding for habitat protection.</p> <p>State law provides that offers to purchase individual tracts for preserve must be made four years after the tract is identified as habitat preserve.</p>	Many of the same conservation benefits as a pre-determined preserve system. But allows more flexibility to adjust preserve design based on new data over time.	<p>Higher likelihood that important parcels may become unavailable (i.e., developed) prior to preservation.</p> <p>Preserve acquisitions at any given time would be limited by the available opportunities (i.e., willing landowner partners).</p>	This approach maximizes opportunities for creative, cost-effective transactions, because efforts will be directed towards those habitat owners most eager to work with the applicants.