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LAND & WATER

Conservation Highlights



Prepared under contract to
North Carolina Forever

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About North Carolina Forever

NC Forever is a consensus-based organization whose mission is to advocate for state funds and related policies needed to conserve and protect North Carolina's lands and waters for the purpose of making the State a better place to live, work, and do business for all.

NC Forever partners include businesses and nonprofit organizations in North Carolina that have come together to accomplish this mission. Partners are:

- Alcoa
- Audubon North Carolina
- Blue Cross Blue Shield of North Carolina
- Civic Federal Credit Union
- Dominion Energy
- Environmental Defense Fund
- Friends of State Parks
- Grandfather Mountain Stewardship Foundation
- Martin Marietta
- NC Association of Soil and Water Conservation Districts
- NC Coastal Federation
- NC Farm Bureau
- NC Realtors
- NC Recreation and Park Association
- Nutrien
- Partners for Parks
- Site Collaborative
- Smithfield Foods
- Syngenta

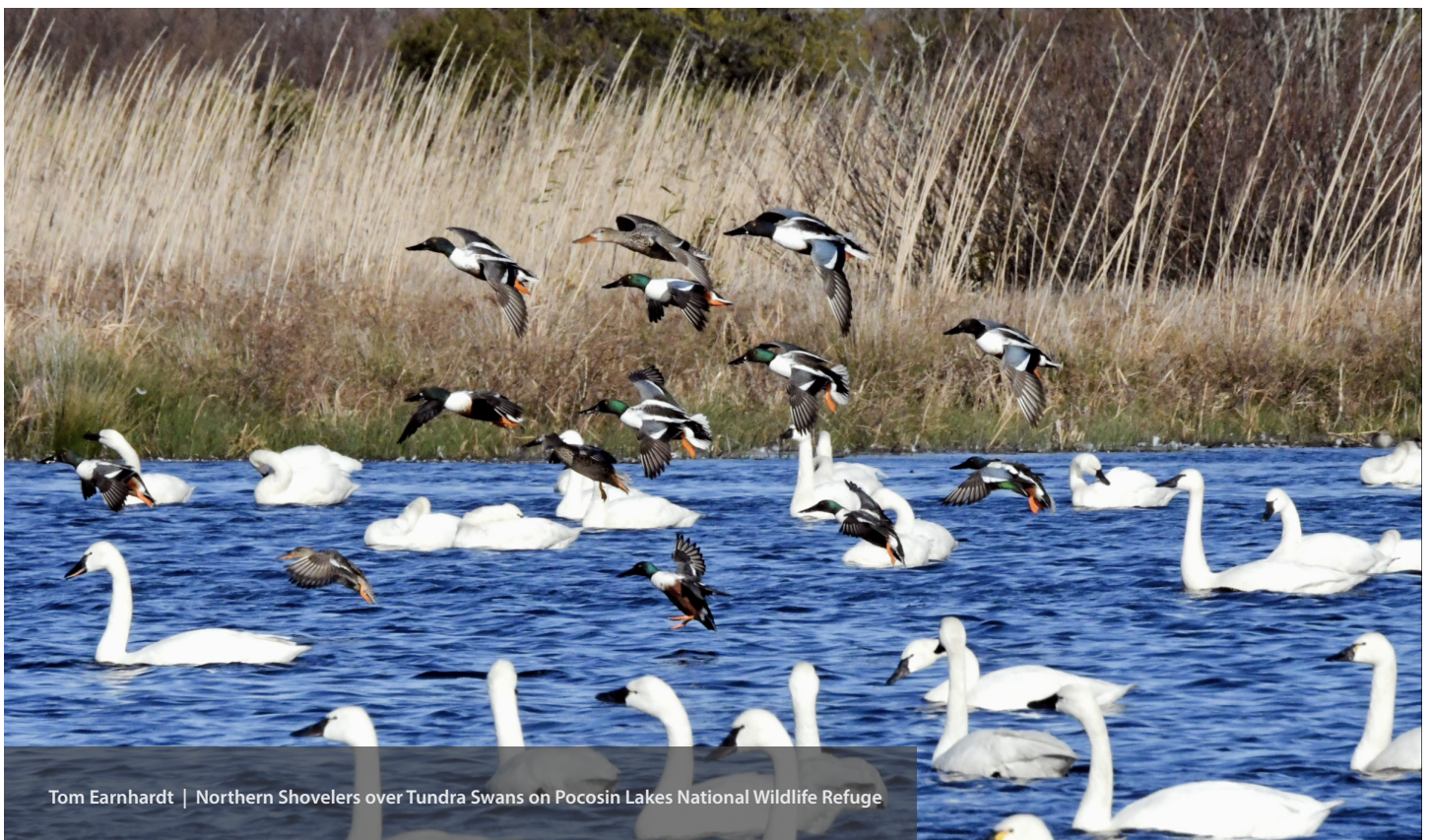
Introduction

In 2018, NC Forever and RTI International released the report *North Carolina's Land and Water: Yesterday, Today, and Forever*. This milestone report highlighted the importance of land and water conservation for sustaining a healthy environment and vibrant economy in North Carolina, as well as strengthening military readiness at installations across the state. It also summarized the key role that state funding plays in addressing the state's conservation needs.

The importance of land and water conservation has if anything increased in the last five years. As part of NC Forever's efforts to continually update the

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report's findings and keep the public informed about efforts to conserve North Carolina's lands and waters, this 2023 document highlights ongoing challenges, actions, and opportunities.



Tom Earnhardt | Northern Shovelers over Tundra Swans on Pocosin Lakes National Wildlife Refuge

Multiple Pressures on North Carolina's Land and Water Resources

- **Rapid population growth.** North Carolina continues to be among the fastest growing states in the country. From 2020 to 2022, it added more than 250,000 residents, which ranked it 10th in population growth rate. Although this growth is a sign of a thriving economy and the high quality of life in the state, it also creates development pressures that encroach on green spaces and that can, in the absence of thoughtful planning and action, pose a threat to the well-being and quality of life that North Carolinians value.
- **Large losses of farmland.** Due to population growth and development pressures, North Carolina has experienced among the highest rates of agricultural land loss since 2000. Well-managed farmland can provide a range of environmental benefits, which are lost when that farmland is converted to other uses. If previous trends continue, the state is projected to lose an additional 1.2 million acres of farmland from 2016 to 2040. This rate of loss would place it 2nd in the country behind only Texas.
- **Rising land prices.** Development pressures and rising inflation are driving up land prices in NC, making land conservation more expensive. For example, agricultural land prices have increased by over 8% in just the last year.
- **Leap in demand for outdoor recreation spaces during COVID.** Visits to North Carolina's state parks and recreation areas hit record highs in 2021, with over 20 million total visitors. So did visits to other state natural resource facilities, such as DuPont State Recreational Forest in the North Carolina mountains. This increase in visitation underscores the vital role that parks, greenways, trails, forests and open spaces play in providing residents with places of enjoyment, beauty, and relaxation, especially during trying times. However, it also significantly raises the costs of operating and maintaining these spaces for the continued enjoyment of current and future visitors.



Healthy Natural Spaces Provide Countless Benefits to Our Communities

- **Green spaces boost local economies.** Experience from around the country consistently shows that investing in parks and green areas pays off by attracting workers and businesses and increasing property values.
- **North Carolina's lands and water are its most important economic assets.** The four largest economic engines in the state – agriculture, tourism, forestry, and the military – all depend heavily on the availability of natural and working lands and clean water. Conserving these resources is vital to ensure NC's continued economic growth.
- **Investing in nature pays big dividends.** Economic analysis of coastal habitat conservation programs in North Carolina has shown that every \$1 invested in oyster reef restoration activities resulted in \$4.05 of realized benefits.
- **Spending time in nature makes us all healthier.** There is growing and irrefutable scientific evidence that contact with nature improves people's physical and psychological well-being. Making sure that green spaces are widely available and accessible for residents is therefore one of the most important strategies for promoting public health.
- **Natural environments protect communities from floods and other extreme weather.** Natural landscapes, like marshlands and dunes along the coast and forests and wetlands in upland areas, are often well adapted for buffering communities against the impacts of storm surges, floods, droughts, and wildfires. That is why nature-based solutions are increasingly being considered and used as a front-line defense against natural disasters and weather extremes.
- **Well-managed natural and working lands around military bases are vital for mission support and national defense.** Conducting training, testing, and other essential activities at military bases requires compatible land uses in surrounding areas. Often, these kinds of land uses are also beneficial for conservation. For this reason, preserving open space near bases and ranges through sustainable farming and forest management practices offers important win-win solutions for military readiness, farmland preservation, and wildlife protection.



Tom Earnhardt | Prothonotary Warbler

Progress on State-level Funding for Conservation

- **Strong rebound in conservation funding over last two years.** After several years of declines or slow growth, state budget appropriations for conservation programs increased significantly in fiscal years 2022 and 2023. Most importantly, much-needed funding for the state's three main conservation trust funds – the Parks and Recreation Trust Fund (PARTF), the Land and Water Fund (NCLWF), and the Agricultural Development and Farmland Preservation (ADFP) Trust Fund – averaged more than a total of \$165 million per year over the last biennium.
- **Growing attention to building resiliency, including nature-based solutions.** The General Assembly provided over \$300 million in resiliency-based funding over the last biennium to help communities reduce their vulnerability to natural disasters like floods and wildfires. This funding is increasingly being made available for nature-based approaches, such as using wetlands to hold back flood waters, which often offer co-benefits like providing wildlife habitat or improving water quality. For example, \$20 million has been set aside for the development of a Flood Resiliency Blueprint. Among other features, the Blueprint will give communities the tools they need to fully consider the advantages offered by nature-based solutions for reducing flood risks.
- **Recurring dedicated funding for the conservation trust funds needs expanding.** Although the last biennium saw significant funding for land and water conservation, the level of recurring funding for these trust funds remains well below prior years' commitments. With population growth and development at record levels, the state should consider increasing their dedicated funding for protecting critical land and water resources. In FY08, the state had \$176 million in recurring or dedicated funding annually for the Clean Water Trust Fund and PARTF. In today's dollars, that would amount to \$252 million. While the state appropriated \$173 million to the current trust funds (PARTF, NCLWF, and ADFP) in FY23, only 35% of this funding was recurring or from dedicated sources.



Tom Earnhardt | Grandfather Mountain

- **Calls for reestablishing the state’s conservation tax credit.** In 2013 the North Carolina Conservation Tax Credit program, which allowed a landowner to apply for a state income tax credit equal to 25% of the fair market value of the donated property interest, was eliminated by the NC General Assembly. Established in 1983, during its existence the tax credit helped conserve approximately 250,000 acres of natural areas and farms throughout the state. Efforts have been made in recent years to reestablish this tax credit for NC’s most valuable and at-risk lands.
- **Additional appropriations are needed to meet demands for cost share funding.** North Carolina’s four cost share programs -- the Agriculture Cost Share (ACSP), Community Conservation Assistance (CCAP), Agricultural Water Resources Assistance (AgWRAP), and Streamflow Rehabilitation Assistance (StRAP) Programs -- operate on a budget approved by the state legislature for each fiscal year. According to the Cost Share Program’s Annual Report, “In FY2022, 523 ACSP contracts were implemented...the [best management practices (BPMs)] installed through these contacts saved 59,677 tons of soil, managed 55,541 pounds of phosphorus, and 419,244 pounds of nitrogen on 34,290 acres of land....In recent years, the budgets for the cost share programs have remained relatively consistent.... However, current appropriations do not enable districts to meet demand for financial assistance for installing BMPs.... Appropriations are often three to five times lower than the requested amount for program funding. Additional appropriations given to the programs may go a long way to help improve the water resources in North Carolina and support agriculture in the state.”
- **North Carolina has been lagging behind other states in natural resource spending.** According to the most recent State Government Finances Survey, in 2018 North Carolina spent on average \$71 per resident on natural resources, including for parks and recreation. This per capita spending was about half the national average and ranked it 34th compared to other states.



Growing Number of Conservation Initiatives Across the Southeast

- The **Florida Wildlife Corridor Act**, a remarkable piece of natural resources conservation legislation and a possible model for other states, was passed unanimously by the Florida legislature and signed into law by Florida's governor in 2021. The act established the Florida Wildlife Corridor, which encompasses nearly 18 million acres of wilderness and working lands and stretches almost 800 miles from the Alabama state line to the Florida Keys. The corridor provides vital habitat for the state's imperiled animals and plants. Also in 2021, \$400 million was approved to begin funding the act. Work on the corridor has moved forward energetically, the result of efforts by a diverse coalition of partners, including the Florida Wildlife Corridor Foundation. On March 14, 2023, for example, the Florida Cabinet unanimously voted to approve permanent protection, by acquisition or conservation easement, of 21,063 acres of the corridor.
- **America's Longleaf Restoration Initiative (ALRI)** is a collaboration of government agencies, nonprofits, forest industry, and private landowners, who have united in a single cause to restore the iconic longleaf pine forests in the southeastern United States. The newest ALRI fact sheet (2022 and still being updated) reports that, since its inception in 2010, over 55 organizations and agencies have supported this effort. The fire dependent longleaf pine ecosystem was once the dominant forest type across the Southeast, but conversion to other land uses or forest types and fire suppression reduced longleaf acreage to less than 5% of its original extent. The extensive loss of longleaf pine was a dramatic change in the region. Longleaf pine forests represent an extraordinary wealth of cultural, ecological, economic, and social values. ALRI promotes public awareness, regional coordination, and local action to restore the longleaf pine landscape with a goal of increasing the extent of longleaf pine to eight million acres. ALRI's work extends from Virginia, south to Florida and west to Texas, encompassing the historic range where longleaf was once found. ALRI partners are playing a major role in reversing the decline of longleaf pine. Since 2010 (reported as of 2021), this landscape scale conservation action has resulted in 325,294 acres of protected land, 1,608,103 acres of longleaf established, and 15,361,947 acres of prescribed burns.
- The **South Atlantic Salt Marsh Initiative (SASMI)** was launched in 2021, with the key aim of protecting more than 1 million acres of coastal salt marsh, ranging from North Carolina to northeast Florida. Modeled after ALRI and with the planning phase led by DoD's Southeast Regional Partnership for Planning and Sustainability (SERPPAS), the Pew Charitable Trusts and a broad and diverse group of other partners, SASMI is using a voluntary, non-regulatory, and stakeholder-driven approach to develop and implement a salt marsh conservation plan that builds on existing state programs.
- **Maryland's Conservation Finance Act**, signed into law in 2022, made important regulatory changes that allow nature-based solutions, such as wetland, oyster reef, and seagrass bed restoration projects, to be eligible for traditional infrastructure financing. It also allows for innovative "pay-for-success" financing approaches, which are designed to engage private investors and achieve measurable environmental outcomes through nature-based solutions.

Expanding Federal Partnership Opportunities

Increased funding from several federal programs has created important new opportunities for conservation in North Carolina, but they require matching funds from the state. For example:

- The **Department of Defense's Readiness and Environmental Protection Integration (REPI)** program works with federal, state, local, and private partners to promote land conservation efforts that support military preparedness, while also preserving farmland and wildlife habitat. Since 2015, North Carolina has successfully attracted almost \$9 million per year from the REPI program across six military bases, but continued success will depend importantly on the size of future matching commitments from the state.
- In 2019, the US Congress permanently funded the **Department of the Interior's Land and Water Conservation Fund (LWCF)**, which provides grants to states for recreation projects and land acquisition. As long as the state provides matching funds, about \$5 million from the LWCF are now available each year for North Carolina. If North Carolina commits additional matching funds, it can also compete each year for additional LWCF-funded conservation projects, some as large as \$10 million.
- Launched in 2020, **the Federal Emergency Management Agency's Building Resilient Infrastructure in Communities (BRIC)** program provides funds to help states, tribes, and local communities protect themselves from natural hazards like floods and wildfires. It encourages projects employing nature-based solutions and requires a 25% match from non-federal partners. BRIC has thus far awarded almost \$75 million for resilience projects in North Carolina, including \$10 million for stream, marshland, and wetland restoration projects in Gastonia, Duck, and Lumberton. Meanwhile, total annual funding for the federal BRIC program has more than doubled to \$2.3 billion in 2023.
- The **National Coastal Resilience Fund (NCRF)**, established in 2018, has already channeled \$270 million in federal and private funds (combined with over \$300 million in matching funds from grantees) towards projects that restore or expand natural coastal features, such as marshlands, dune systems, oyster reefs, and floodplains that protect coastal communities against the impacts of storms. Administered by the National Fish and Wildlife Foundation, it has awarded almost \$4 million to date for projects in North Carolina, and in 2023 it is planning to award another \$140 million in projects nationwide.

Progress on NC Forever Legislative Agenda

- A central plank in the North Carolina Forever legislative agenda has been and remains support for and increases in the state's 3 conservation trust funds – PARTF, NCLWF, and ADFP. These funds are some of our best tools in taking a holistic approach to conserving our natural resources. In recent fiscal years, the legislature has demonstrated a strong commitment to the funding needed to conserve our state's lands and waters. The legislature provided significant increases in one-time funding for the 3 conservation trust funds, while the lawmakers also incrementally increased the recurring funding for those trust funds.
- Another important part of NC Forever's legislative agenda has been support for conservation initiatives for private landowners. These include the reestablishment of the conservation tax credit, support agriculture cost share programs, and building resilience to weather-related events using nature-based solutions. The legislature has provided significant funding to improve our state's resilience to weather-related events, and progress is being made on the other fronts as well.
- A third plank in the NC Forever legislative agenda has been support for initiatives for cleaner, healthier, and more economically productive coastal waters. In this category, the legislature has provided important funding for innovative and significant water quality monitoring programs in the Neuse River and Pamlico Sound (ModMon and FerryMon) and for the expansion of oyster sanctuaries. While the legislature has funded FerryMon and ModMon over the past several years, this funding is not recurring. Any interruption in funding could compromise the thirty plus year dataset that the programs have established. NC Forever is also seeking positions under the NC Division of Marine Fisheries (DMF) to establish a Coastal Habitat Assessment Program (CHAP).

As we look ahead, NC Forever supports:

- A "recurring theme": Increase recurring funding for the 3 conservation trust funds to a total of more than \$100 million annually, and thereby make an ongoing, long-term commitment to the state's conservation trust funds. NC Forever has identified the goal of increasing recurring annual funding for PARTF and NCLWF to \$45M per fund, as this is roughly the amount each fund would be getting if they had maintained direct funding.
- Continuing to work for cleaner, healthier, and more economically productive coastal waters.
- Seizing targets of conservation opportunity, such as the creation of the Tar River State Forest, reestablishment of the Conservation Tax Credit, and increasing recurring funding for the agriculture cost share programs.

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Tom Earnhardt | Sunset on Pungo Lake