



GREEN ACRES

LOCAL GOVERNMENT UNIT AND NONPROFIT GUIDE

Donations / Credits / Matching Share

Green Acres provides matching grants to local government units and nonprofits for land acquisitions. Some of the required matches are 25% (Standard Acquisitions), some are 50% (all nonprofit projects and local Planning Incentives and Site Specific Incentives), and some are 75% (Urban Aid acquisitions). If available, Green Acres loan funding may be awarded to match/supplement the grants.

Sources of Matching Share

Cash:

A local government unit or nonprofit may use as its matching share, its own funds or any grant, contribution, donation of funds, or reimbursement from State or Federal programs or from any other public or private source, except the following:

- Any funding provided under the Garden State Preservation Trust Act administered by any State agency (i.e. the Department of Agriculture's Farmland Preservation Program or the New Jersey Historic Trust); or
- Any funding provided through Green Acres, except a Green Acres loan awarded to a local government unit for the project. This includes Green Acres State Land Acquisition funds.

Land value:

A local government unit or nonprofit may use as its match, the value of land donated to it, in whole or in part, within the project site. Based on the required appraisals, Green Acres will issue a Certified Market Value (CMV) *or* an Average of Appraised Values (AAV). Under certain circumstances, a Hypothetical Land Value also may be issued. **The value of a donation of land is the difference between the CMV *or* AAV and the purchase price of a parcel of land.** Green Acres does *not* consider as a donation, the difference between the purchase price and the Hypothetical Land Value.

The land donated to the local government unit or nonprofit must be eligible for Green Acres funding and the local government unit or nonprofit must comply with all Green Acres procedural requirements when acquiring that land, i.e. appraisals, preliminary assessments, surveys, etc.

The local government unit or nonprofit *cannot use* as its match the value of land that it owns prior to approval of an application for Green Acres funding, unless it had previously obtained an at-risk authorization from Green Acres regarding the acquisition of the land.

Donation Credits

In certain instances, the value of donated land may exceed the match required of the local government unit or nonprofit. The local government unit or nonprofit may then carry the excess donation forward as “credit” and use it as part of its matching share toward the cost of acquisition of another parcel in the project area.

The local government unit or nonprofit must use the donated land value (credit) as its matching share of the cost of acquisition of another parcel within the project site **within two years** after either it acquires the donated land or the Garden State Preservation Trust approves the project, whichever is later.

Examples

The following examples of land acquisition transactions are intended to clarify and explain in detail Green Acres donation and “donation credit” policy.

Scenario #1 – Everyone pays cash – No Donation

CMV \$100 Purchase price: \$100 GA share: \$50 cash Non match: \$50 cash No donation; no “credit”	Parcel A is valued at \$100 and the landowner wants \$100 for the property. The nonprofit is eligible for a Green Acres grant of 50% of the CMV, or \$50 in this case. The nonprofit must provide cash from any non-Green Acres or non-GSPT source to complete the transaction. There is no donation involved; we are setting the stage for more complicated transactions.
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Scenario #2 –Simple donation

CMV \$100 Purchase price: \$50 GA share: \$50 cash Non match: \$50 donation value Donation all used; no “credit”	Assumes one parcel valued at \$100. Green Acres will supply 50% of CMV, or \$50. The nonprofit must match our \$50. In this scenario, however, the landowner only wants \$50 for this property. Therefore, \$50 in land value is donated to the nonprofit and can be used at their match to the Green Acres grant.
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Scenario #3- Earning Donation Credit

CMV: \$100 Purchase price: \$35 GA share: \$35 cash Non is <i>eligible</i> for \$50 (half of CMV) but can only get up to purchase price. Difference of \$15 is carried forward as a credit.	Assumes one parcel valued at \$100. In this case, the landowner only wants \$35 in cash. Green Acres will supply \$35 in grant funding which is matched by \$35 in donated land value. The extra \$15 in donated value, however, leaves a “credit” earned by the nonprofit that cannot be used in this transaction. In no instance can Green Acres give the nonprofit more than the nonprofit spent on the land, regardless of CMV.
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The credit can be used as part of another transaction within the same project area, within two years of the date of the donation.

Scenario #4 – Applying Donation Credit

Parcel A	+	Parcel B	=	Overall Project
CMV: \$100 Purchase price: \$35 Eligible for \$50 but can't get more than \$35 purchase price from GA. Nonprofit match: land value. No cash. Result: \$15 credit		CMV: \$100 Purchase price: \$100 Eligible for \$50 based on this CMV, but can get extra \$15 grant because of credit from Parcel A. Result: GA grant of \$65. Nonprofit match: \$35 cash + \$15 land value credit		CMV: \$200 Purchase price: \$135 GA share: \$100 (half of CMV of both) Non match: \$35 cash + \$65 donated land value Credit is all used.

Assumes a project that includes two separate parcels, each valued at \$100. The first landowner will sell for \$35. The second landowner wants \$100. For simplicity, Green Acres will combine both parcels to create a two-parcel project valued at \$200.

The first parcel is acquired with a \$35 Green Acres grant, matched by \$35 in land value. That leaves an extra \$15 in land value. The second parcel requires \$100 cash. Green Acres would ordinarily only provide \$50 (half of CMV) but will allow nonprofit to apply the \$15 credit from Parcel A. That results in a \$65 payment to the nonprofit for the second parcel, matched with donated land value.

Scenario #4 can take place at two separate times (within two years), but considering the two parcels as the “project site” will make application of donation credit easier to understand.

Scenario #5 Green Acres grant and loan project

Standard Acquisition Award: \$ 25 grant <u>\$ 75</u> loan \$100 total CMV: \$100 Purchase price: \$75 GA will provide: \$25 grant, \$ 50 loan

If a landowner is willing to sell a parcel for less than its CMV, Green Acres will deduct that donated land value from the local government unit’s **loan** award. In other words, Green Acres will provide the eligible grant *first*, then as much loan as is needed to complete the transaction, up to the approved award.

In this scenario, the local government unit will not need the remaining \$25 loan for this project.

This policy also applies to Standard and Urban Acquisitions that are most likely to receive loan funding.