

# Land Trust Accreditation Impact Evaluation

## Appendix B: Stakeholder Interviews

March 13, 2018

# Overview of Document

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# Summary

## Purpose and Approach

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Interviews were conducted with 31 stakeholders, including foundation and government officials, intermediaries, and other players, between December 2017 and March 2018

The purpose of the interviews was to supplement the inquiry of the stakeholder survey into the question of whether the accreditation program has had an effect on public confidence in land trusts, whether stakeholders were factoring accreditation into their decision making, and, if so, how

Interviewees were not asked about familiarity with accreditation because it was known in advance that all were familiar with it. Because of their longstanding work with the conservation community, interviewees were asked about the effects accreditation has had on land trusts over the last 10 years, if any

## Key Results

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1. Foundation and government interviewees say accreditation has increased their confidence in land trusts, while intermediaries/lenders say they still do additional due diligence

A few remarked that accred is no guarantee of security or performance – they have had issues with some ALTs, and some non-ALTs perform just fine

2. Nearly every interviewee factors accred into their decision making. Government in particular relies on accred as a quality/competence standard that reduces some of their need for due diligence. Foundations also use accred in this way, and a few use it for gating (capital grants, capacity building \$)

However, few absolutely require accred for funding or partnering, either out of necessity (only non-ALTs are in some areas they fund) or experience (non-ALTs have performed adequately)

3. Funders and government officials see the land trust movement as growing up, maturing, and professionalizing over the last 10 years, with accreditation contributing to this trend. Other players see land trusts thinking more about what perpetuity entails

4. Interviews with key Washington players in the crisis of 2003-05 were a reminder of the severity of the threat to conservation at the time, and the role accreditation has played in increasing the confidence of the IRS and key Congressional actors. There was a real threat of Federal policy changes that would have slowed the pace of conservation. Instead it accelerated

## Discussion

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Accreditation has increased stakeholder confidence in land trusts, including Washington stakeholders, by providing credible, in-depth, third-party review of key activities

Accreditation is used by stakeholders in funding and partnering decisions, though its use has limits, based on the scope/depth of due diligence some stakeholders must do, and on necessity/experience of working with non-ALTs

The land trust movement has increasingly professionalized over the last decade, and accreditation has helped fuel this development

# Affect on Confidence

## Take-Aways

Accreditation increased the confidence of virtually every interviewee in land trusts

Foundations – yes, increases their confidence

Government – gives them a standard upon which to rest at least part of their responsibility to steward public funds responsibly

Lenders and intermediaries say it has increased their confidence, but that it is not sufficient for their processes. They go deeper

They also say it has its limits. Some interviewees have had issues with accredited land trusts. Though they seem to occur less frequently

# Affect on Confidence: Comments

## Foundations

“It’s a comfort knowing that the land trust has the systems and processes in place to execute the process and steward the land” – Funder

“The rigor of the accreditation process instills confidence you’re dealing with a land trust with capacity to undertake the work you’re looking to have done” – Funder

“It does not supplant our own due diligence. The weaknesses can be surprising, even with the big groups. But I can only imagine how much worse it would be if there wasn’t an accreditation program” -- Funder

“It’s an important measure of competency, but it should never try to be the only one.” – Funder

“If a land trust can make it through accreditation, it’s a good sign.” – Funder

“It takes the pressure off us to do that level of due diligence.” -- Funder

“It says a land trust board has bought into the need to follow best practice.” – Funder

## Federal Government

“It tells us the standards and practices of the land trusts have been scrutinized. We have a high level of confidence they’re qualified.” – Federal Agency

“The success rate of projects with accredited land trusts is greater than those without accreditation.” – Federal Agency

“We sometimes work with entities that are set up just for the purposes of the transaction, to take an easement. But an accredited entity follows through with monitoring. And a third-party oversees them. It gives us confidence.” – Federal Agency

“Most of us are biologists. We’re not trained in due diligence. Here’s this national entity that is qualified to do just that. It gives us more confidence that these projects will last in perpetuity” – Federal Agency

“It makes my job easier. Without it, we would have to go through due diligence processes. The project wouldn’t happen” – Federal Agency

“You can’t say it’s the absolute test, but it tells us an organization is well-established, that it has been vetted, that its work is reproduceable and not capricious.” – Federal Agency

# Affect on Confidence: Comments (cont'd)

## Federal Government (cont'd)

“Accreditation is not an easy barrier to cross. That makes the accreditation credential more valuable.” – Federal Agency

“We’re in the forever business. Institutional longevity is a big concern. Accreditation gives us confidence in a partner’s ability to do what we need them to do for the long term” – Federal Agency

## State Government

“It provides us with sufficient confidence that we are comfortable foregoing project detail in the certification process” – State Agency

“On a recent grant to an accredited land trust, we came to find well into the process that the land trust had gone through chaos and was losing its accreditation status. We had to call LTAC to verify situation. It still appeared on the LTAC website as accredited” – State Agency

“There are some good land trusts that are unaccredited. They don’t have the resources to go through the process, or are prioritizing their time on conservation. Meanwhile we worked with one that did go through accreditation, but was really shaky” – State Agency

“As a state agency, you’re a custodian of public funds. If there is a standard, you are on more solid ground.” – State Agency

“The same philosophy that got them to go for accreditation governs how they do their job. We’ve had bad experiences with land trusts that were fly-by-night” – State Agency

# Affect on Confidence: Comments (cont'd)

## Other Players

### *Intermediaries/Lenders*

“Accreditation is a minute in time. A land trust gets ready for the wedding, but then...” – Intermediary

“We worry that it isn’t a good indicator of long-term viability.” – Intermediary

“We know that a land trust will have baselines, know how appraisals work, etc. If someone’s gone through the process, they probably have their systems together” – Intermediary

“While accreditation is a good proxy for certain things, we do more due diligence on top of what accreditation implies. We sweat a few transactions every year due to capacity issues, and this happens with accredited and non-accredited land trusts” – Intermediary

“Setting aside whether they are a good business, accreditation tells us they are in compliance with Standards and Practices” – Intermediary

“It’s reassuring there’s an outside standard and groups in large numbers are achieving it” – Partner

“Adopting Standards & Practices is easy to do; accreditation is not” – Partner

## Other Players

“Accreditation tells us someone in the organization took the time to drive and do the process, that someone was awake. With all-volunteer land trusts, sometimes you have to ask which one of you is staying up at night worrying about this project. If no one answers, we don’t do the deal. Where someone says yes, it could be an organization that does an acquisition every 5 years that may not be accredited, but it has something there” – Intermediary

“We recognize it’s not a measure of excellence. It’s a measure of competence.” – Intermediary

### *Advisors*

“I’m not sure whether or not it increases the confidence of landowners, but it does increase the confidence of the IRS, regulatory agencies, and funders” – Advisor

# A Factor In Decisions & How Factored In

## Take-Aways

Accreditation was used as a factor by nearly every interviewee in determining funding and/or partnering decisions

Government relies on accreditation as a quality/competence standard, and uses accreditation to substitute for some or all of their own due diligence, while foundations may do the same or, in some cases, use it for gating

However, while it is consideration for most, it is a requirement for very few

Generally, this is because most fund in at least some areas where there are few land trusts, and no accredited land trusts, and/or where their existing grantees/partners are not accredited but performing satisfactorily

Intermediaries/lenders might look to accredited land trusts to handle more complex/sophisticated transactions; however, they also indicated that given the degree of due diligence needed for underwriting a loan, they often did not take accreditation into account

Being accredited, or being on the path to accreditation, is often a requirement for foundation-funded capacity building programs



# A Factor In Decisions: Comments

## **Foundations**

[Funder program] funding derives from a legal settlement, which means that we are on the hook legally to ensure the outcome is delivered

“The level of responsibility is higher than a normal funding situation. We need the recipients of these funds to perform at a higher level. Accreditation is a bigger factor” – Foundation

It’s not a requirement – there are some geographic areas where the only land trust option is not accredited. But in those cases there is extra due diligence – Foundation

## **Federal Government**

“Accreditation is not a requirement because we have too many partners who are not accredited and won’t be soon. We can’t lose the flexibility. But going forward, accreditation might increase in importance” – Federal agency

## **Other Players**

“For complex or expensive transactions, we recommend landowners work with an accredited land trust” – Advisor

# How Factored Into Decisions: Comments

## Foundations

We ask grantees if they are accredited -- Foundation

It's a requirement to be in [their state's] capacity building program – Foundation

It's an important part of due diligence for [program] funding. – Foundation

"Accreditation status is mentioned in every grant-write up for our board" – Foundation

"We would probably require a land trust that had not been accredited to partner with an accredited land trust if we were to fund them" – Foundation

Incentivize accreditation by giving every group they work with that gets accredited for the first time an unrestricted \$10,000 grant – Foundation

"It's like Energy Star. I'd prefer an air conditioner with it, just as I'd prefer an accredited land trust. But I'm more interested in what projects they're doing than accreditation" – Foundation

## Federal Government

"When a permittee submits an application, they have to tell us who will hold the easement. If it's an accredited land trust, we know it has the financial wherewithal to perform long-term management, to conduct monitoring. Our due diligence is streamlined" – Federal agency

"All else being equal, if an applicant has an accredited land trust partner, they get extra points" – Federal agency

"Accredited land trusts move more quickly through deed/appraisal reviews. It will play a more prominent role for us in the future" – Federal agency

"We require a land trust to be accredited by the Land Trust Accreditation Commission in order to hold a conservation easement for mitigation lands. It's required where there are accredited entities willing to hold the easement" – Federal agency

"When I found out about the accreditation program, I started insisting we use accredited land trusts" – Federal agency

"You have to demonstrate the capability to be able to undertake the acquisition and protect it in perpetuity. We don't have to dig into the details as much if a group is accredited" – Federal agency

# How Factored Into Decisions: Comments (cont'd)

## Federal Government (cont'd)

“Cooperative agreements are the foundation of any granting relationship with us. Announcements to partner with us [on buffer lands] include accreditation as a consideration in the partner selection process” – Federal agency

## State Government

“When they apply for certification by the state, accredited land trusts don’t have to submit documentation of all past projects” – State agency

There is an expedited process for groups that are “nationally accredited.” Couldn’t say Land Trust Accreditation Program, but that’s what they meant

“And in the compliance reviews that occur every three years, accredited land trusts get an expedited review” – State agency

“We don’t require accreditation. Only a quarter of our state’s land trusts are accredited. But we are talking now about whether to make it a criterion” – State agency

“We find that those that are committed enough to seek accreditation are also the best performers” – State agency

## State Government (cont'd)

“We currently give no extra points in the process of assessing an application. But we will consider factoring it into the next re-write of our rules, which will start this year” – State agency

## Other Players

Because they fund bigger deals, they tend to work only with accredited land trusts – Intermediary

“Other funders talk about it. It’s recognized and important” – Intermediary

Has no bearing on their lending decisions – Intermediary/lender

“For our re-grants, an organization needs to be accredited or on the path to it” – Intermediary

For Doris Duke Charitable Foundation funds, grant recipients must be accredited – Intermediary

Most funders they consult to require accreditation or a path to it – Advisor

[Several of our State agencies] and counties appreciate there’s a standard out there – State agency

# Impact on the Community Last 10 Years

## Take-Aways

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### *Funders*

Funders see accreditation as part of a natural progression of maturation in the movement, from early days, to the development of S&P, to accreditation

Funders say land trusts in general have gotten stronger, more professional

Those that fund capacity building see an inter-relationship between capacity building and preparation for accreditation

### *Federal Government*

Agencies are very concerned with the responsibility they have to steward public funds. Accreditation puts them at ease

Agencies say fewer things go wrong with accredited land trusts

### *SPECIAL NOTE*

Words used frequently by funders and federal agency interviewees: “maturing”, “growing up”, “professionalizing”, “sophistication”

### *Other Players*

See a broader marketing benefit for land trusts from the accreditation program. Land trusts are seen as knowing what they do

See accreditation as sifting the community into transaction capable and non-transaction capable land trusts

See land trusts as thinking more about what perpetuity entails

See biggest impacts in record keeping and policy making; also more transparency within a land trust and to outside world

# Impact on the Community Last 10 Years: Comments

## Foundations

“When the movement was young, the systems were invented on the fly. There’s been a natural progression over time: develop, promote, then require Standards and Practices. It’s part of growing up” – Foundation

“Because many land trusts are bare bones, it puts the smaller land trusts at a disadvantage to becoming accredited. ‘Just the typing will kill you!’” – Foundation

“Accreditation helps distinguish between legitimate organizations and organizations just there for tax breaks. The timing was perfect” – Foundation

“Accreditation has increased land trust performance, increased their reliability, and increased what a board knows about their land trust” – Foundation

“Land trusts have upped their game – even in [our region], where they were always pretty reliable – Foundation

“I have seen improvements in land trusts – in their sophistication and efficiency, in their sense of empowerment and pride” – Foundation

## Foundations (cont’d)

“When you run a marathon for the first time, at the end you look back and say “I can run a marathon!” It’s the same with land trusts and accreditation” – Foundation

“Land trusts want to do more, but need the capacity to do it. The accreditation standard lays out the capacity land trusts need to have” – Foundation

“Accreditation has served its purpose in preventing major scandals” – Foundation

“Land trusts have grown up. They are more aware that they need to have solid stewardship plans in place, and need to be able to defend them” – Foundation

## Federal Government

“The pool of land trusts is more organized, has deeper benches and more expertise than 10 years ago” – Federal agency

“Anecdotally, if there’s a hiccup on a project, it seems to be usually an unaccredited land trust” – Federal agency

“There’s a lot more professionalism in the land trust community over the last 10-20 years” – Federal agency

# Impact on the Community Last 10 Years (cont'd)

## Federal Government (cont'd)

“There’s a lot of public money involved. Agencies have the public trust to uphold. Land trusts are more in tune with what federal agencies are looking for” – Federal agency

“There’s been a maturing of land trusts overall. The minimum practices are understood. Accreditation is a part of that change” – Federal agency

“Many land trusts were already starting to think that the field owed it to the public to do better/more transparent work. The IRS told them: We expect you to!” – Federal agency

“The sophistication of the land conservation community has increased significantly” – Federal agency

“Land trust work was a trade or practice. It’s now a profession, given what you have to know about finance, law, etc. It’s become highly technical. “ – Federal agency

“At one time, volunteering for a land trust could be taken lightly. But now you can’t just do it because you like it. That doesn’t make you good at it” – Federal agency

## State Government

“Accredited land trusts are more sophisticated. The types of easements they do show it” – State agency

“There’s two types of land trusts in [our state] – groups that historically do fully-donated projects only, and groups that do bargain sale. The groups doing fully-donated projects are having trouble keeping the lights on. As they mature and the pace of land conservation contracts, it becomes harder to rely on full donation to fuel your organization. The organizations that do bargain sale are doing OK. The quality of their policies and procedures, their governance, their executive are all better” – State agency

“The process of getting and remaining accredited helps further refine the strength of the organization. They have to write down things they never had to. Formalizing can help with turnover in staff and board. Groups that are not accredited struggle when there’s turnover” – State agency

“The land trusts that have gone through accreditation are leaner and stronger. The big groups that went through it matured” – State agency

# Impact on the Community Last 10 Years (cont'd)

## Other Players

“There’s been a broader benefit to land conservation. For the land trust community, it provides inoculation against the narrative that we don’t know what we’re doing” – Intermediary

“Accreditation does not train land trusts how to do good deals. It emphasizes receiving CEs and stewardship. It helps limit the down-side” – Intermediary

“We made grants in the past to unaccredited land trusts that we just wouldn’t make now. And we raised our own bar in ways we hadn’t thought/realized because accreditation is out there now” – Intermediary

“The impact on the quality and consistency of applications was obvious. It showed us who was really serious – who had the staff to pull that level of work together. It made clear the low capacity of the groups that couldn’t” – Partner

## Other Players (cont'd)

“Several land trusts [in our state] have emerged as powerhouses out of the capacity building program. Did accreditation help with that? It’s not an either/or. Accreditation is an essential tool. Pairing with excellence programs has been dynamite” – Foundation

“Accreditation helped land trusts work through organizational sustainability – think through endowments, how to keep operating, documentation as well. There were benefits there” – Advisor

“Policymaking and record keeping at land trusts has dramatically improved. There’s a higher standard of record keeping across the community. It makes the work of a land trust more transparent” – Advisor

“Organizations [in our collaborative] are much more professional today than 10-15 years ago. They are more aware what it means to be a land trust, and to think about perpetuity and what that entails” – Intermediary

# Other Comments

“I’m impressed with how LTA took something that was onerous and made it a badge of honor within the land trust community” – Federal agency

“The rigor of accreditation should remain. If you dilute it, you lose its value” – Federal agency

“There needs to be more regular monitoring of accredited land trusts. I don’t know what resourcing this would require, but in a perfect world I would want someone to look at least lightly once yearly to feel I have an accurate picture” – State agency

“I’m concerned about agencies or foundations saying they will only fund accredited land trusts. It could leave a lot of projects out in the cold” – Intermediary

“Some of the dialogue generated by the accreditation process has made landowners seem like the enemy. It leaves land trusts trying to find ways they’re being taken advantage of. It’s important that we all look at each other as conservationists” – Advisor



# Origins/Context: IRS and Hill Perspective

## Take-Aways

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There was a severe threat to conservation in the 2003-2005 crisis. Abuses of conservation easement donations had the full attention of the Senate Finance Committee

The Committee was open to self-regulation solutions based on best practice, which the Alliance was very well positioned to offer based on S&P

Had there been no Alliance and no accreditation program, the IRS would have been brought into the situation. “We would have thumped them,” said one key player

Highly unfavorable changes in the tax code, in reporting requirements, in the frequency of landowner and land trust audits, in appraisal requirements, in minimum transaction size, and transaction approval processes, among other changes, were in the works and were headed off by the emergence of the accreditation program

Instead of these changes, there were minor increases in Form 990 reporting requirements and some examinations. There was no Congressional action

Instead of disruption, there was acceleration

Over time, accreditation has played a role in increasing the confidence of the IRS and key Congressional actors

While land trusts and the Alliance are still viewed as “white hats” by these key Washington actors, in large part due to the successful implementation of the accreditation program, syndicated transactions are a continuing problem-spot for policymakers

# Origins/Context: Comments

## IRS Perspective

Some land trusts were getting sideways with the IRS. Promoters also a problem. Valuations were the main issue – former senior IRS official

The bigger issues were less land issues and more with historic facades. But there were also issues in Colorado, and valuation issues in Virginia. The IRS got its back up – former senior IRS official

The Alliance met with the IRS. Wanted to get out of the “black box of pain” they were headed for with the IRS, which might have included:

- More audits of clients and deals
  - More audits of land trusts directly
  - Tighter rules on substantiation from the IRS and Congress
  - Tighter charitable deduction rules from Congress
- former senior IRS official

The IRS is good at what it does. But it's not subtle.

The Alliance proposed accreditation based on S&P. The IRS was supportive because they saw best practices were a start at drawing the line between the good, the bad, and the ugly – former senior IRS official

The consequences in the end were much reduced: some added reporting on the Form 990, a number of examinations. No action by Congress – former senior IRS official

Accreditation allowed the Alliance to talk to Congress. They would not have had the following success – extended and improved deduction – without it. Grassley supported it – former senior IRS official

The story has become muddled again. Promoters have come back. Georgia is one bad case. The IRS hates syndicated easements. Accreditation is not slowing down the IRS in this instance – former senior IRS official

LTA has been seen as the “white hat” in the area, because of accreditation, and because of its public statements on the issue of syndication – former senior IRS official

# Origins/Context: Comments (cont'd)

## Hill Perspective

There was much more abuse in façade [historic] easements. It got into the press and that got members' attention. They always viewed facades as a separate issue from conservation. We should have gotten rid of façade easements at the time. Then TNC got into the press. The oversight of TNC was bracing for a lot of groups. It gave the IRS comfort that they should go after abuses in the area – former senior Hill official

The committee was looking for ways to go other than having the IRS “thump them.” They saw the IRS as being overwhelmed. And in the past they had used best practice as the basis for reform of a field. - The problem in conservation was about more than just TNC, it was about best practice in the field – former senior Hill official

Grassley wanted to get at bad practice, change the culture of the field. Experience had told Grassley that it is hard to legislate change, and hard for the IRS to administer. Grassley preferred self-reform, to own your own reforms, thought it was a better way of getting long-term changes – former senior Hill official

Conservation easements were popular with members and Grassley likes them. With facades it was different. It was really just rich people – former senior Hill official

It helped that the Alliance was there, it gave us someone to look to. The accreditation program gave us a path forward – former senior Hill official

There weren't many other organizations in other fields that could speak for their field, putting out best practices. The alternative to legislation was to bring forward best practice. In land conservation there was a group that could do that, the Alliance – former senior Hill official

The ultimate change in regards to land conservation was they required additional 990 reporting, brought more sunshine into it – got more information out there – former senior Hill official

If there had been no Alliance and no accreditation option, “we would have put the IRS into it. We would have thumped them.” – former senior Hill official

Look at what we did for credit counseling in 2005 – there's the path, very prescriptive. Dos/Don'ts for what should constitute a conservation organization able to receive conservation easements. We would have come up with you have to do A, B, C – former senior Hill official

# Origins/Context: Comments (cont'd)

## **Hill Perspective (cont'd)**

Does accreditation increase confidence in land conservation on The Hill? Yes. Conservation easements are looked on favorably by both parties and houses of Congress – former senior Hill official

The real issue/problem is with syndication. It has overwhelmed the good work of land trusts. It is good that the Alliance is fighting it – former senior Hill official

There's a new chair and new raking member, plus staff turnover on the Committee since he was there. Still, there's a feeling that land trusts are trying to engage in best practices. This does matter. It (helps) protects them from policy intervention. But another run of articles suggesting a "wild west" would be bad. You don't have to be perfect. But have to have good-faith quality control – former senior Hill official