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Major Business News

Land Easements Are Alliance Of Big Timber, Tree Huggers

By JIM CARLTON

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Northern Idaho's St. Joe River spills past valleys of Douglas fir and ponderosa pine, some of the Rocky Mountains' wildest terrain and the spine of an ecosystem that is home to an abundance of bears, wolves and elk.

These wildlands might also have become home to wealthy vacationers and their expensive log mansions and guest lodges, were it not for an agreement the land's owner, [Potlatch](#) Corp., a Spokane, Wash., timber company, is expected to announce Wednesday. Under the expected terms, Potlatch has agreed to negotiate the sale of development rights on as much as 600,000 acres of private forest to a San Francisco environmental group, the Trust for Public Land. Trust officials say they expect to raise at least \$40 million from private and government sources to pay for the rights over the next several years, ensuring that the forest remains a preserve for hunting, fishing and logging.

The pact is the latest example of a conservation group making an agreement with one of environmentalism's historic foes, the timber industry, to slow suburban sprawl. Conservationists are buying development rights to forestlands near populated areas in an effort to keep real-estate developers at bay. In return, the timber companies get to keep cutting down trees on the land, preserving jobs and mills.

In all, some 2.6 million acres of U.S. land have been protected through such conservation easements, a nearly five-fold increase from a decade ago, according to estimates by the Land Trust Alliance, a Washington, D.C., conservation group. "This isn't so much an unholy alliance we're seeking here, as much as a pragmatic meeting of the minds between ourselves and the timber industry," says Alan Front, a senior vice president for the Trust for Public Land, which plans to turn the rights over to the state of Idaho.

"This approach keeps forestlands intact and functioning to produce wood products," says Jim Riley, president of the Intermountain Forest Association, an industry trade group based in Coeur d'Alene, Idaho.

Hard-line environmentalists aren't enamoured of the deals. But the conservation trusts defend them because they leave the land relatively intact. "To us, it's not a question of whether there will be a working forest or a pristine forest," says Larry Selzer, president of the Conservation Fund, a nonprofit environmental group in Alexandria, Va., which has made several easement deals in the Eastern U.S. "It's really a question of whether it will be a working forest or a shopping mall or an industrial park."

The deals also have drawn criticism from some quarters of the business community. Some businesses in northwestern Montana's Thompson River valley, for example, complained about the loss of future property-tax revenue for the county after the Trust for Public Land agreed three years ago to pay \$33 million for development rights on 142,000 acres of nearby private forest owned by [Plum Creek Timber Co.](#) of Seattle. But other community leaders supported the deal, both as a way to keep local timber jobs and to avoid the costs of providing services to a lot of new homes.

"This deal was the best thing that could have happened to us," says Carol Brooker, commissioner of Sanders County, where two mills depend on continued logging.

Each year, as many as 2 million acres of U.S. forest and farmland are being converted to homes, office parks and other developments, according to federal estimates. The development usually occurs on land where timber companies and other owners find the financial benefits of an outright sale outweigh those of retaining it along with the burdens of regulatory restrictions and estate taxes.

So environmentalists have sprung into action with their pocketbooks. In August, the Nature Conservancy announced it would buy development rights on 200,000 acres of Maine forestlands from Great Northern Paper Inc., a Millinocket, Maine, mill operator. The Arlington, Va., nonprofit agreed to purchase and restructure \$50 million of existing loans to Great Northern, keeping the company's mills operating. Mired in a depressed market for its paper and pulp products, the company otherwise would have faced the prospect of selling some of the land to developers, say officials who handled the deal.

In the same month, the Conservation Fund said it agreed to pay [International Paper Inc.](#), the Stamford, Conn., timber company, \$9.5 million for development rights on 75,000 acres of private forests on Tennessee's Cumberland Plateau. Under the pact, a private concern, Renewable Resources Inc., bought the timber rights for \$9.5 million. The land is to be transferred to control of state officials. In all, Conservation Fund says it has locked up development rights on about 1 million acres of private forests, including 300,000 in New York, Vermont and New Hampshire, which it bought for \$90 million in 1999 from Champion International Corp.

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Under most of these easement deals, development rights extend into perpetuity, even if the ownership of the land changes. Usually, the timber companies also agree to environmentally sound land practices, limiting clear-cutting, for example, and keeping logging farther away from streams.

In Idaho, Potlatch officials say they first approached the Trust for Public Land about a year ago with the possibility of selling the development rights on much of their timber holdings astride the Clearwater and Idaho Panhandle national forests. Company officials say they told the environmental group they wanted to keep timber jobs on the ground in Idaho, but also wanted a return on the value of the land given its attractiveness to real-estate developers.

"The conservation easement opportunity really afforded us an additional source of revenue while we continue our ongoing business of logging," says John Olson, a vice president in Potlatch's offices in Lewiston, Idaho.

Like most other conservation groups, Trust for Public Land usually can't raise enough money from private sources to pay for all of the development rights and so also must rely partly on government grants. Much of the federal money has come from the Forest Legacy Program, a federal program allotting as much as \$65 million a year for conservation easement projects nationwide. On Nov. 1, Gov. Dirk Kempthorne announced that the U.S. Forest Service had approved Idaho's participation in the program, clearing the way for funds to be used in the Potlatch deal.

"As we view this," says Potlatch's Mr. Olson, "it is a win for us as a private landowner and a win for a conservation organization."

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