

# Central Valley Habitat Exchange

A voluntary program creating new financial returns for landowners



Lynn Betts/NRCS

Today California is striving to recover riparian and floodplain habitat lost over the past decades. This work is being undertaken at the same time that California is investing in flood protection and water supply infrastructure to protect communities and enhance agricultural production. These projects will require the restoration of an unprecedented amount of floodplain and riparian habitat; significantly more than is easily available through the application of conservation easements or use of mitigation banks.

The Central Valley Habitat Exchange (Exchange) is a new initiative taking advantage of the emerging market of habitat credits by leveraging the habitat that willing landowners can provide. The Exchange will facilitate investment in conservation and restoration of vital Central Valley habitat by promoting, monitoring and assisting in the exchange of habitat credits.

“The Exchange will create an economic incentive for growers and landowners, like myself, to maintain high quality wildlife habitat on our farms as well as to diversify our income beyond just farming.”

—John Brennan,  
Knaggs Ranch

## Recognizing the value of private lands

The Exchange will allow habitat to be traded as a commodity by creating habitat credits that willing landowners can sell to private and public investors. Investors include state agencies seeking credits for mitigation requirements or restoration mandates. Through the Exchange, farmers will be paid to “grow” habitat such as flooded fields for salmon and migratory birds, riparian forest for Swainson’s hawks and wetlands for giant garter snakes. The result will be a new funding stream that will enable landowners to earn revenue by implementing innovative strategies to restore functional habitat.

## The Central Valley Habitat Exchange

1. Empowers private landowners to be paid for wildlife friendly agricultural practices.
2. Quantifies habitat benefits in terms of functional acres.
3. Harnesses the power of the market to lower the cost of restoration.
4. Provides regulatory certainty for landowners and developers that fosters long-term buy-in for conservation.
5. Encourages agencies and landowners to explore innovative conservation actions to create habitat while maintaining agricultural production.



Mathew Grimm

Illustrated above, a rice farm in the Sacramento Valley where juvenile salmon and waterbirds thrive in flooded rice fields.

“Conservation will ultimately boil down to rewarding the private landowner who conserved the public interest.”

—Aldo Leopold, 1934

Matthew Grimm



## Defining a habitat credit

A habitat credit is a measure of the ability of a parcel of land to support a particular species or natural community. The composition of a credit is determined by many factors including the quality of the parcel for the species or community, the time the parcel will be in the desired condition, and the habitat conditions created by the surrounding landscape. Credits may be acquired by public or private entities to fulfill mitigation requirements, or for conservation investments. The financial value of a habitat credit is driven by market forces of supply (by landowners willing to provide credits) and demand (by those seeking to purchase credits for mitigation or investment). The Exchange will manage credit transactions, and ensure that the composition of a credit is measured accurately and consistently across the Central Valley. Ultimately, credits must satisfy the regulatory mandates of state and federal wildlife agencies.

## Building on the concept of mitigation banking

Mitigation banks largely focus on creating habitat for a single species. The Exchange will leverage this approach, but apply it to a broader landscape through a technical framework (a consistent and standardized scientific assessment method) that quantifies the type and amount of habitat a landscape provides for a variety of species. In doing so, the Exchange will allow for a single piece of land to act as

mitigation for multiple species. The Exchange's technical framework is able to quantify the existing habitat value of landscapes, including agricultural lands, as well as quantify the likely potential value of a landscape after planned restoration or management actions have improved habitat function.

## The path forward

The current market for habitat credits is nascent, and is expected to rapidly expand as formal frameworks for assessment of habitat quality and accounting of resource characteristics and transactions are put in place. The Exchange will be leading the way, developing and implementing rigorous assessment methodologies and establishing the administrative structures for credit transactions. In the immediate future, the Exchange will work most closely with those who are already enthusiastic about a habitat credit market. Building on this work, the Exchange will create a transaction network and develop a targeted outreach campaign that focuses on the most valuable habitat opportunities. The work of the Exchange will bring market incentives to improve habitat to land owners and land managers throughout the Central Valley.

## Collaborative process

The Exchange is a collaboration among American Rivers, Environmental Defense Fund, Trout Unlimited, California Farm Bureau Federation, Delta Conservancy, California Trout, Environmental Incentives, California Department of Conservation and National Audubon Society. Representatives from each of these organizations meet bi-monthly as the Central Valley Habitat Exchange Working Group. Throughout development of the Exchange, the Working Group will engage regulatory agencies, the agricultural community, land trusts, non-profits, the scientific community, conservation banks, and development interests to ensure their concerns and issues are taken into account.

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