

Department of Natural Resources and Conservation
Report to the Environmental Quality Council on
SB369 Cabin and Home Site Sales
July 2018

Background:

SB369 passed the Legislature in 2013 with bipartisan support. SB369 enacted a cabin and home site sale program whereby the proceeds of trust land sales would be placed in a special Land Banking account which could only be used to acquire other real property interests that provide equal or better revenue for trust beneficiaries.

Statute requirements:

- Requires the sale of cabin and home sites at the request of a lessee or improvements owner, only if approved by the Land Board and the sale is consistent with the Board's fiduciary duty of attaining full market value.
- The Department is required to on or before July 1 of each year, in consultation with the appropriate stakeholders, report to the environmental quality council by providing a summary of land sales of those lands that were state land cabin or home sites pursuant to 77-2-318 and efforts by the department to comply with the requirements of 77-2-318(1).

Goals of the program:

- Meet the legislative intent of SB 369 as outlined above.
- Maximize the revenue from the sale of these state cabin sites to the beneficiaries, sales occur over a reasonable period of time, and are spread throughout different neighborhoods within Montana.
- Improve the investment portfolio of the beneficiaries by purchasing replacement lands that provide better income return and less management cost.
- Offer for sale at least 40 cabin and home sites per year.

Cabin Site Sale Program Summary:

- Administrative Rules (ARM 36.25.701 through 708) were given final approval by the Board of Land Commissioners in December 2013.

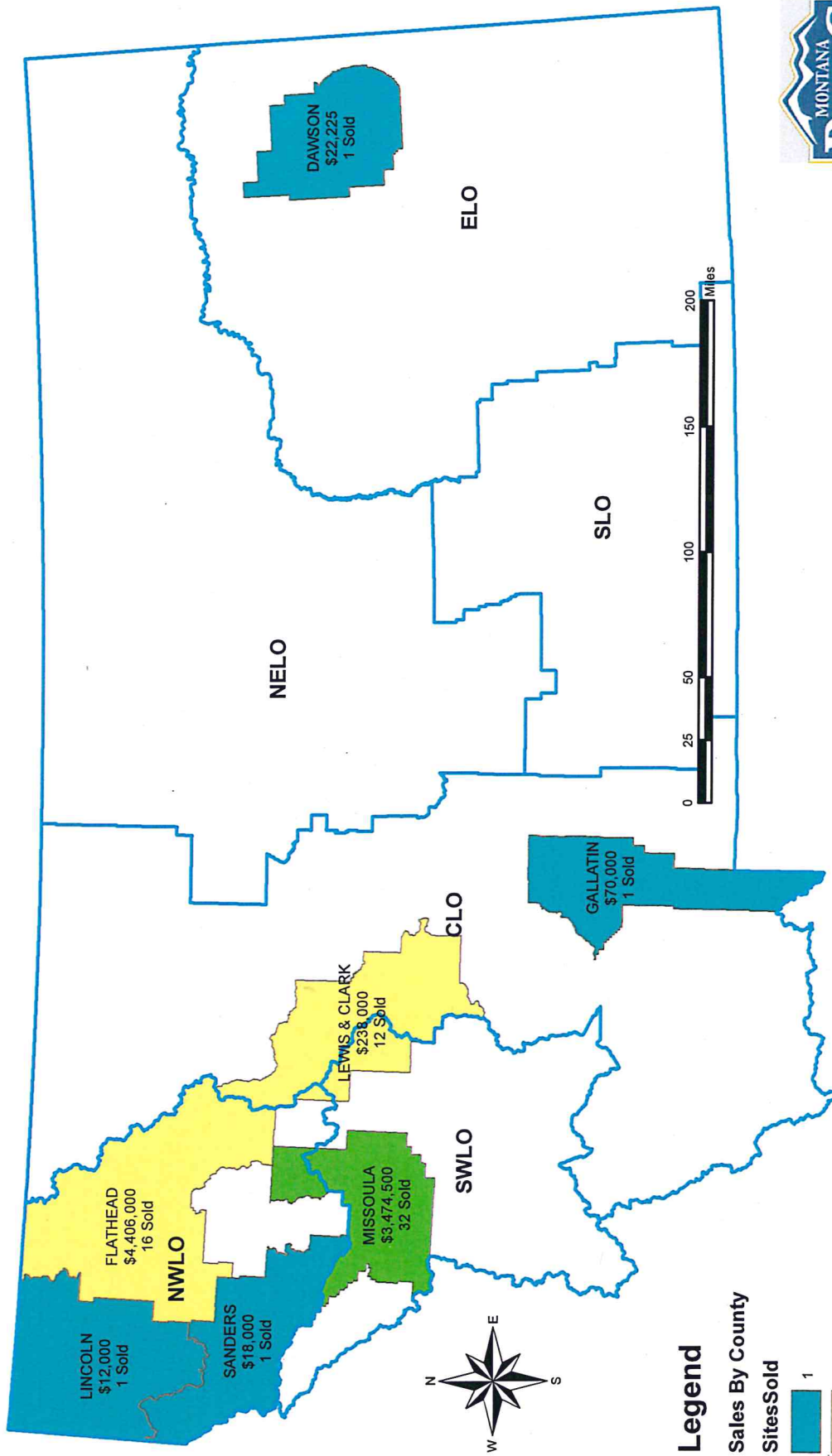
- As of June 30, 2018, **64** cabin/homesites have been sold for a total of **\$8,240,725**. Of that total, \$291,734 has been allocated to easement compensation*.

*In some cases, a portion of cabin/home site sale funds are used to purchase access easements as part of the sale transaction. Those portions of the sale funds used for easement purchase are deposited in the respective Trust's permanent fund.

<u>Year</u>	<u># Sold</u>	<u>Sale Price</u>
**2014	1	\$ 50,000.00
**2015	3	\$ 596,000.00
2016	14	\$ 2,499,500.00
2017	38	\$ 3,919,000.00
2018	7	\$ 1,154,000.00
Total closed sales	64	\$ 8,240,725.00
2018 -2019 Sales preapproved by Land Board	123	Pending Appraisal

- ** The pilot program started in 2014 and 2015 and was integrated into existing workloads. In 2016 operations for the program were funded and staffed with an additional FTE.
- The Department's portion of processing costs for cabin/home site sales as of June 30, 2018 is approximately \$201,382. These costs include appraisal fees, land surveys and marketing.
- In July 2017, solicitation letters were sent to all cabin/home site lessees to request participation in the 2018-2019 sale cycle. 240 lessees responded, and DNRC selected 123 sites for the sale cycle after review. All 123 sites received preliminary approval from the Land Board between March and May of 2018.
- The current withdrawal rate from the Cabin/Home Site Sales program is 25%, with more than half of withdrawals occurring after the minimum bid is set by the Land Board. Taking into account this rate, the 123 sites included in the 2018-2019 sale cycle should result in more than 90 successful sales over the next 2 years.

Montana Trust Lands Residential Lease Site Sites Total Sales Revenue and Number of Sales by County 2014-June 2018



Prepared by REMB staff
June 2018

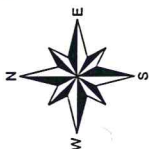
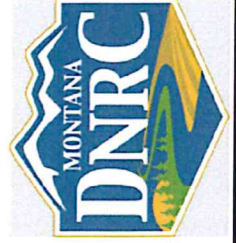
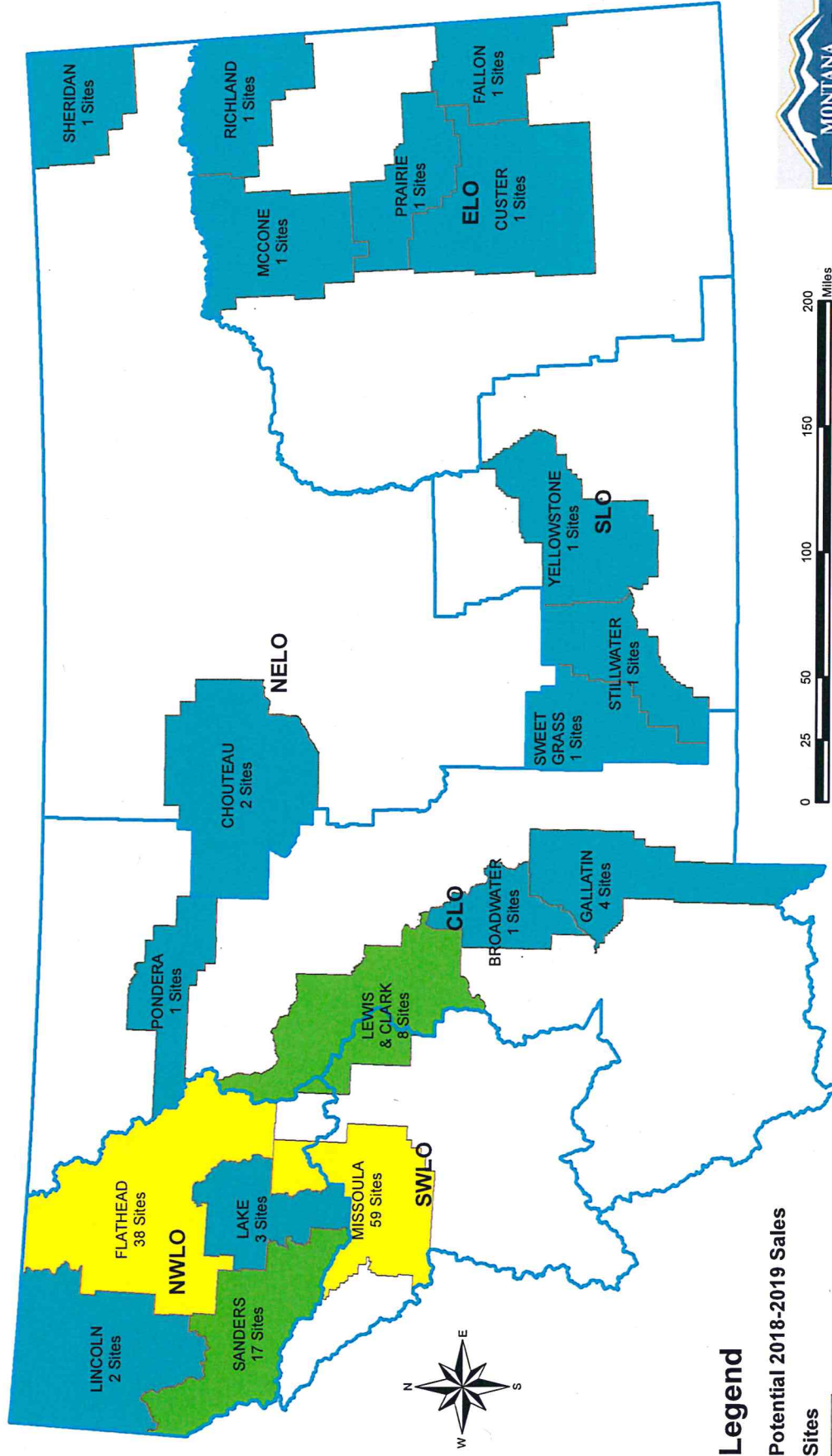
Legend

Sales By County

Sites Sold	Color
1	Blue
2 - 16	Yellow
17 - 32	Green

Montana Trust Lands Residential Site Sales Potential: 2018-2019

Number of Sites by County



Legend

Potential 2018-2019 Sales

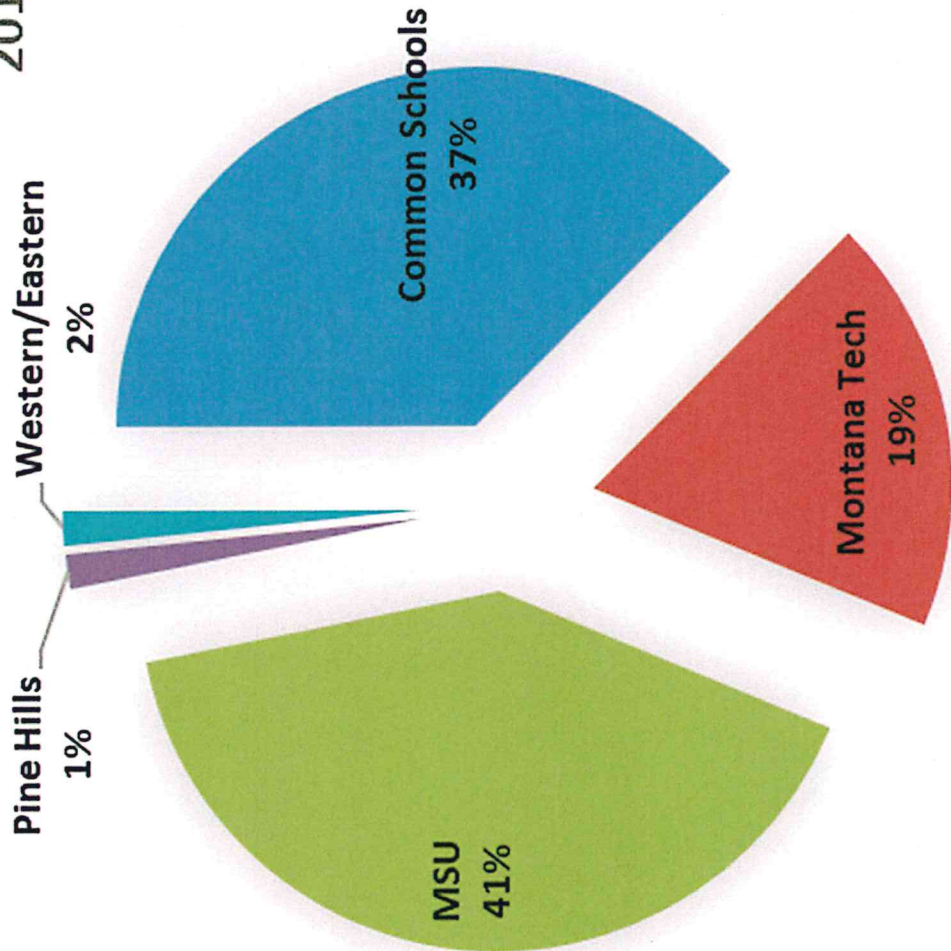
Sites

- 1 - 4
- 5 - 17
- 18 - 59

Prepared by REMB staff
June 2018

Summary of Cabin/Home Sites Sold

2014 - June 2018



Beneficiary	Sites Sold	Total Revenue
Common Schools	24	\$2,042,225
Montana Tech	12	\$3,498,500
MSU	26	\$2,532,500
Pine Hills	1	\$150,000
Western/Eastern	1	\$17,500
Grand Total	64	\$8,240,725