



Department of Natural Resources & Conservation

Report to the Environmental Quality Council on SB369 Cabin & Home Site Sales August 2021

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 & Rule Requirements

Statute requires the sale of cabin and home sites at the request of a lessee or improvements owner, only if approved by the State Board of Land Commissioners (Land Board) and if the sale is consistent with the Land Board's fiduciary duty of attaining full market value.

The Department of Natural Resources and Conservation (DNRC) is required to annually report to the Environmental Quality Council (EQC) by providing a summary of land sales of those lands that were state land cabin or home sites pursuant to 77-2-318, MCA, and efforts by DNRC to comply with the requirements of 77-2-318 (1) MCA.



View from Echo Lake Cabin Site

Goals of the Program

The goals of the program are to:

- meet the legislative intent of SB 369 as outlined above;
- maximize the revenue from the sale of these state cabin sites for the beneficiaries, with sales occurring over a reasonable period of time and spread throughout different neighborhoods in Montana;
- improve the investment portfolio of the beneficiaries by purchasing replacement lands that provide better income return with fewer management costs; and
- offer for sale at least 40 cabin and home sites each year.

Cabin Site Sale Program Summary

Administrative Rules (ARM 36.25.701 through 708) were given final approval by the Land Board in December 2013. As of July 27, 2021, **200** cabin/homesites have been sold for a total of **\$27,125,050**. Of that total, \$731,540 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.*

Sites Sold through the Cabin & Home Site Sales Program 2014-2021

CALENDAR YEAR	# SOLD	SALE PRICE
**2014	3	\$580,000
**2015	3	\$596,000
2016	14	\$2,499,500
2017	38	\$3,651,225
2018	26	\$4,328,325
2019	41	\$4,137,800
2020	41	\$7,307,500
*2021	34	\$4,024,700
Total Sales Closed	200	\$27,125,050
2018-2019 Sales Granted Preliminary Approval by the Land Board	3	Pending Processing
2020-2021 Sales Granted Preliminary Approval by the Land Board	57	Pending Processing

***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 total sites listed in the above table are shown by calendar year; data current as of July 27, 2021.

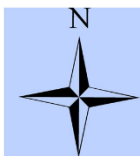
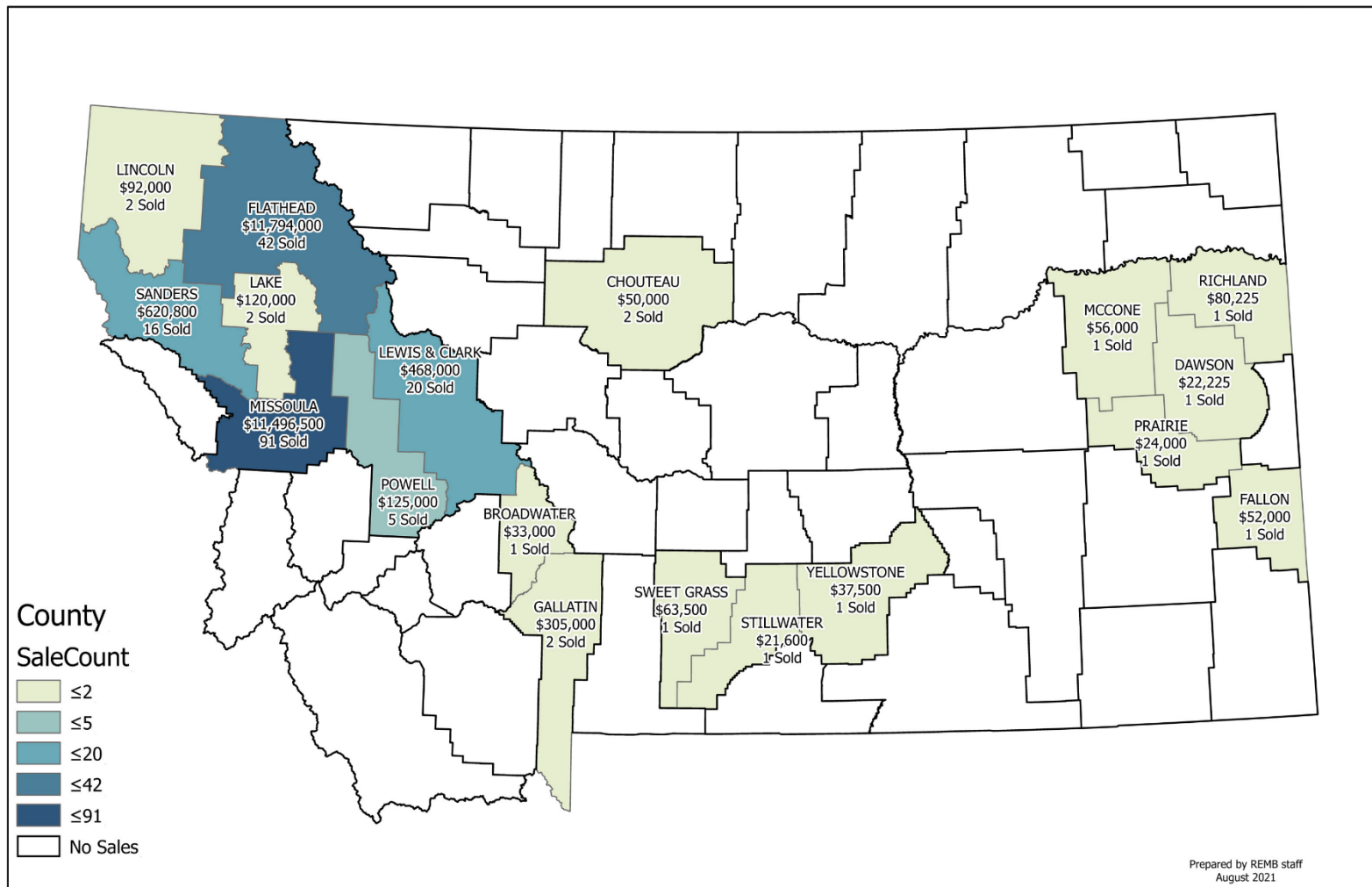
DNRC's portion of processing costs for cabin/home site sales as of June 2021 is approximately \$455,776. These costs include appraisal fees, land surveys, and marketing (for vacant sites) offered for sale.

In August 2019, solicitation letters were sent to all current cabin and home site lessees to request participation in the 2020-2021 sale cycle. One hundred ninety-nine lessees responded, and DNRC selected 101 sites after review. All sites received preliminary approval from the Land Board in April and May of 2020. Solicitation for the 2022-2023 sale cycle is scheduled to begin in September 2021.

Approximately 26% of lessees withdrew from the 2018-2019 sale cycle, most frequently after notified of the appraisal results. So far in the 2020-2021 sale cycle, 18% of lessees have withdrawn after appraisal or due to competitive bidding. Taking into account these rates, DNRC expects to successfully sell approximately 45 more sites of the remaining 2020-2021 sale cycle.

In the life of the program, hearings have been requested for 43 sites, but the majority of these (61%) result in recommendations of no change. Only 1 in 4 hearings result in recommended downward adjustments to land values, which have ranged from \$8,500 to \$89,000.

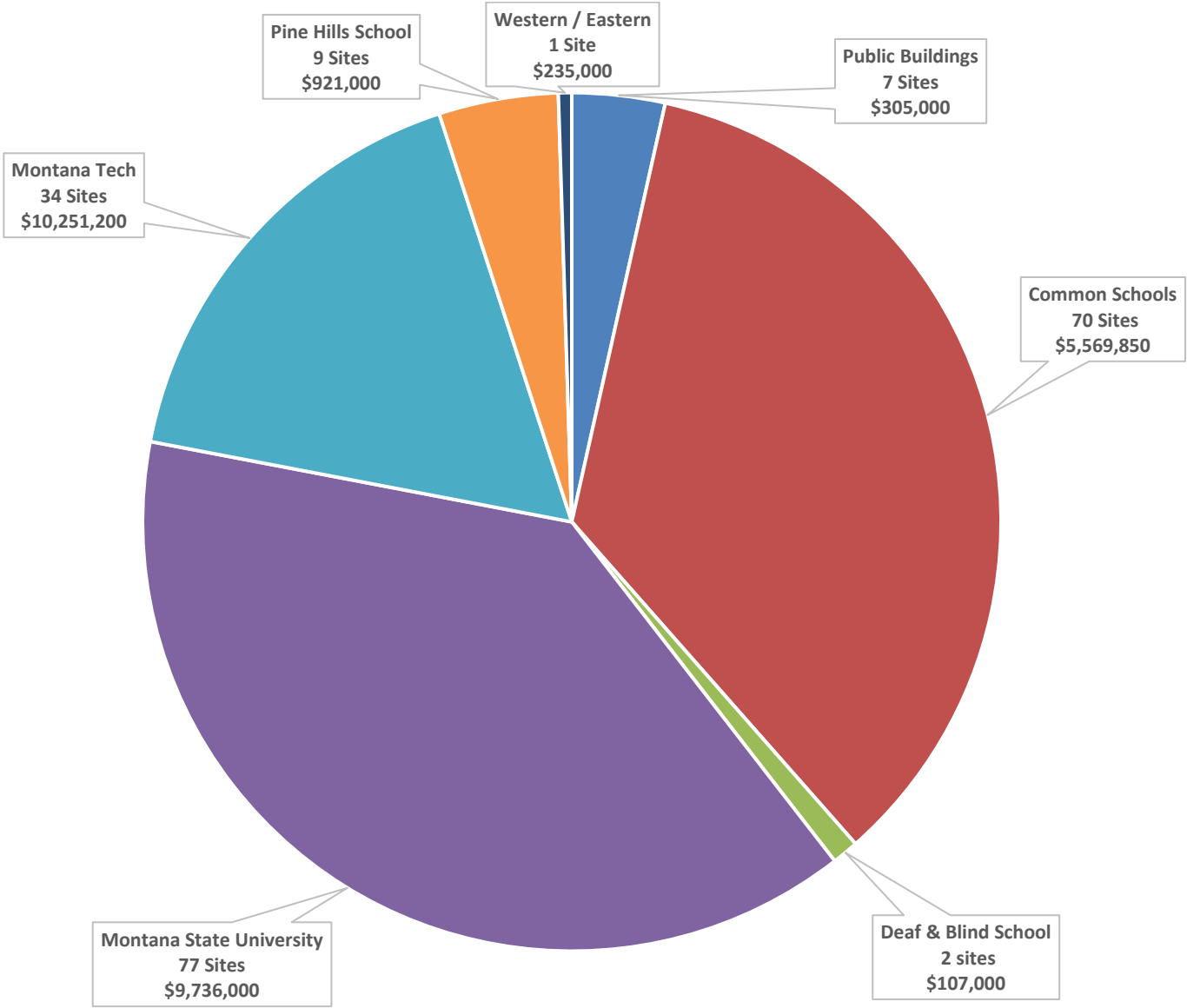
The average time frame to complete a sale from appraisal to closing is 8 to 10 months.

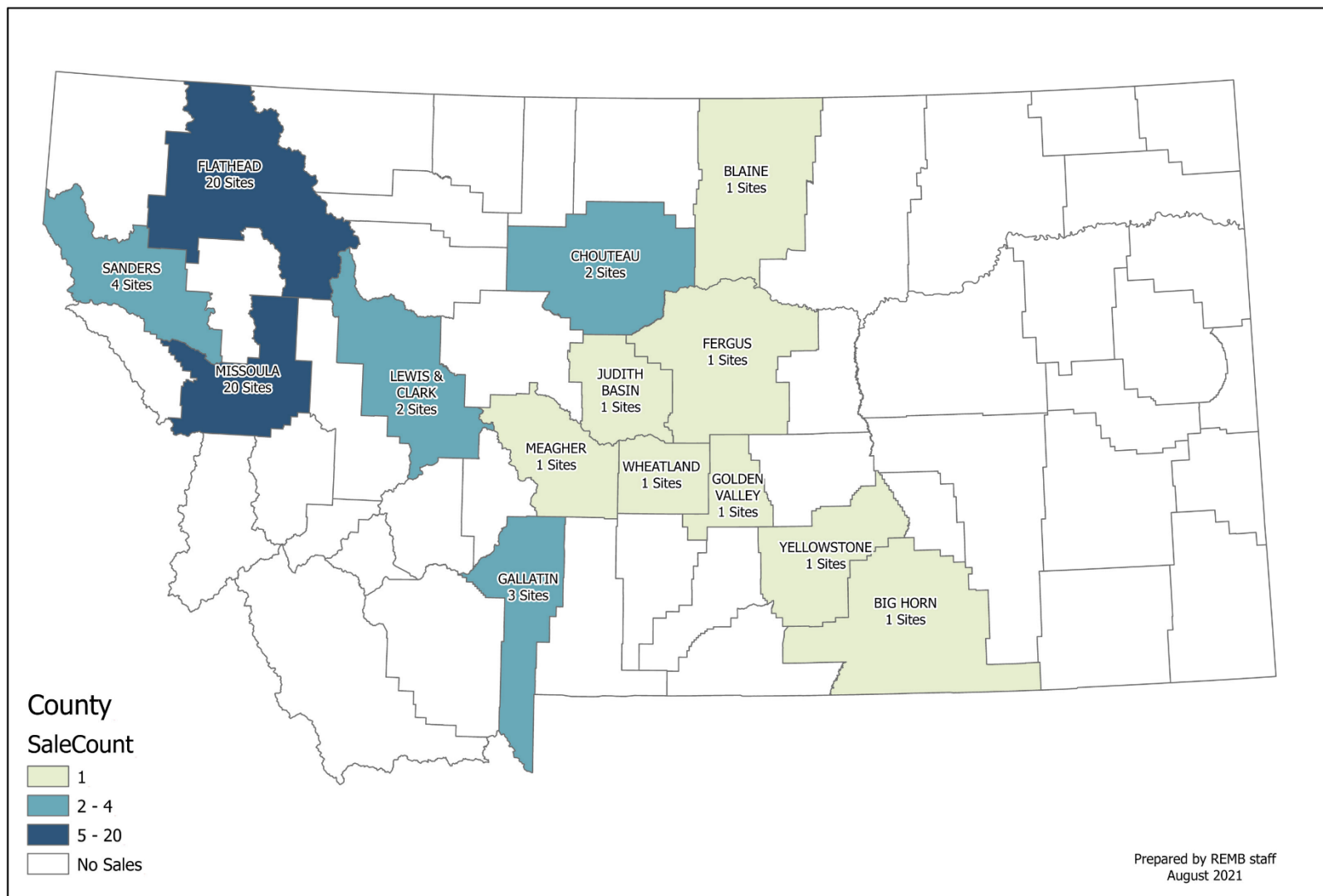


Cabin & Home Site Sales by County 2014 to July 2021



Cabin & Home Site Sales by Trust





Cabin & Home Site Sales
to be Processed in Second Half of 2021

