



## Department of Natural Resources & Conservation

### Report to the Environmental Quality Council on SB369 Cabin & Home Site Sales July 2022

## 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 Seeley Outlet East Cabin Site*

## Goals of the Program

The goals of the program are to:

- meet the legislative intent of SB369 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 June 30, 2022, **224** cabin/homesites have been sold for a total of **\$30,951,550**. Of that total, \$795,788 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 2014-2022

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	37	\$4,418,200
2022**	21	\$3,433,000
<b>Total Sales Closed</b>	224	\$30,951,550
Sales Granted Final Land Board Approval	7	Pending Closing
Sales Granted Preliminary Approval by the Land Board	46	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 June 30, 2022.*

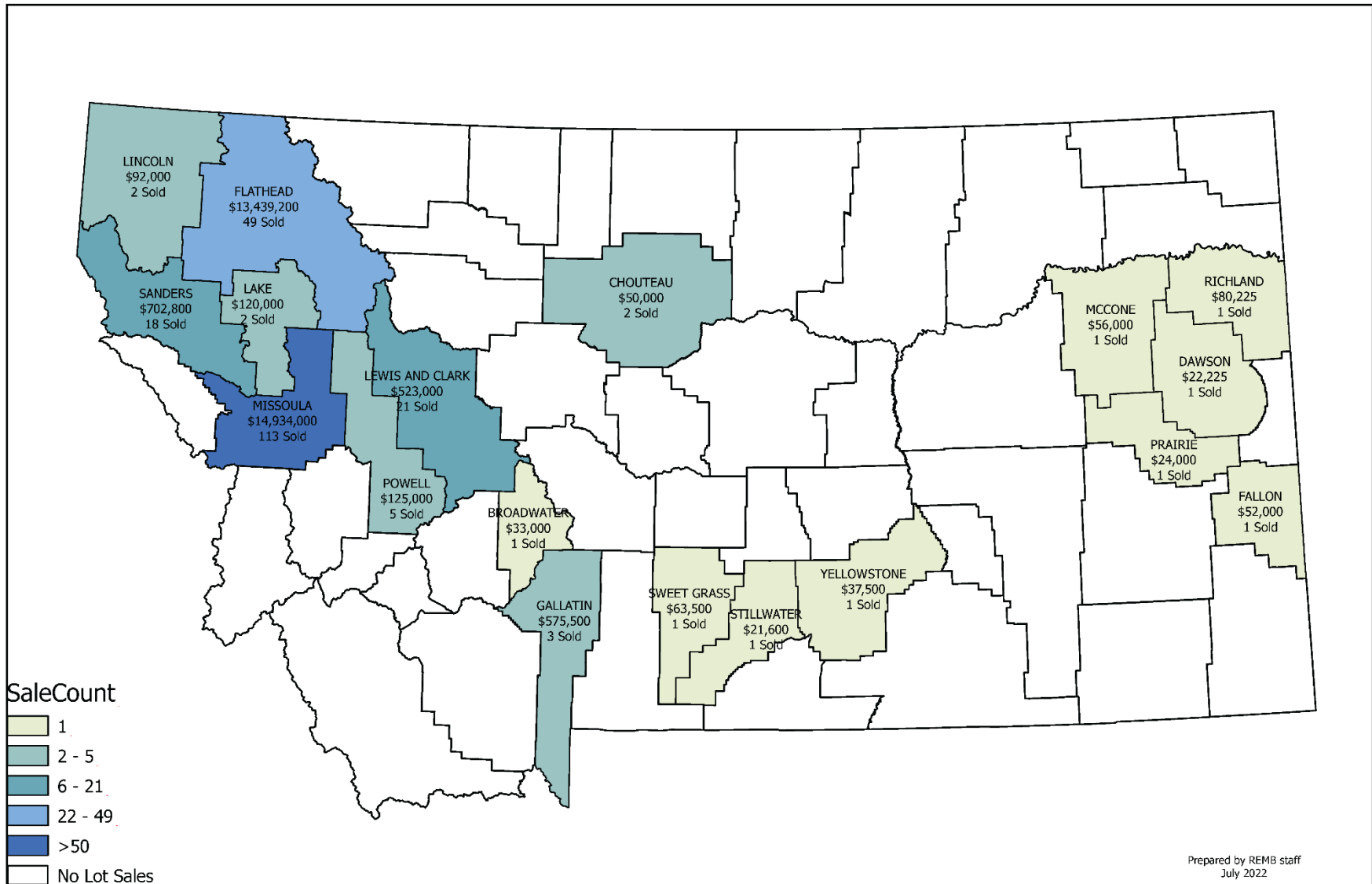
DNRC's portion of processing costs for cabin/homesite sales as of June 2022 is approximately \$576,620. These costs include appraisal fees, land surveys, and marketing (for vacant sites) offered for sale.

Solicitation for the 2022-2023 sale cycle began in September 2021. After selection of nominated sites to be included for sale in the 2022-2023 Cabin Site Sales Program, the Land Board granted preliminary approval for 33 nominated cabin site sales in April of 2022. Preliminary approval for cabin site sales to be processed in 2023 will be requested later this year.

Approximately 26% of lessees withdrew from the 2018-2019 sale cycle, most frequently after notified of the appraisal results. In the 2020-2021 sale cycle, 22% of lessees have withdrawn after appraisal or due to competitive bidding. Considering these rates, DNRC expects to successfully sell approximately 60 more sites of the remaining 2020-2021 and 2022-2023 sale cycles.

Over the life of the program, hearings due to contested appraised value have been requested for 44 cabin and home sites, but most of these hearings (63%) resulted in recommendations of no change by the Administrative Law Judge. Only one in five hearings resulted in recommended downward adjustments to land values, which have ranged from \$8,500 to \$89,000.

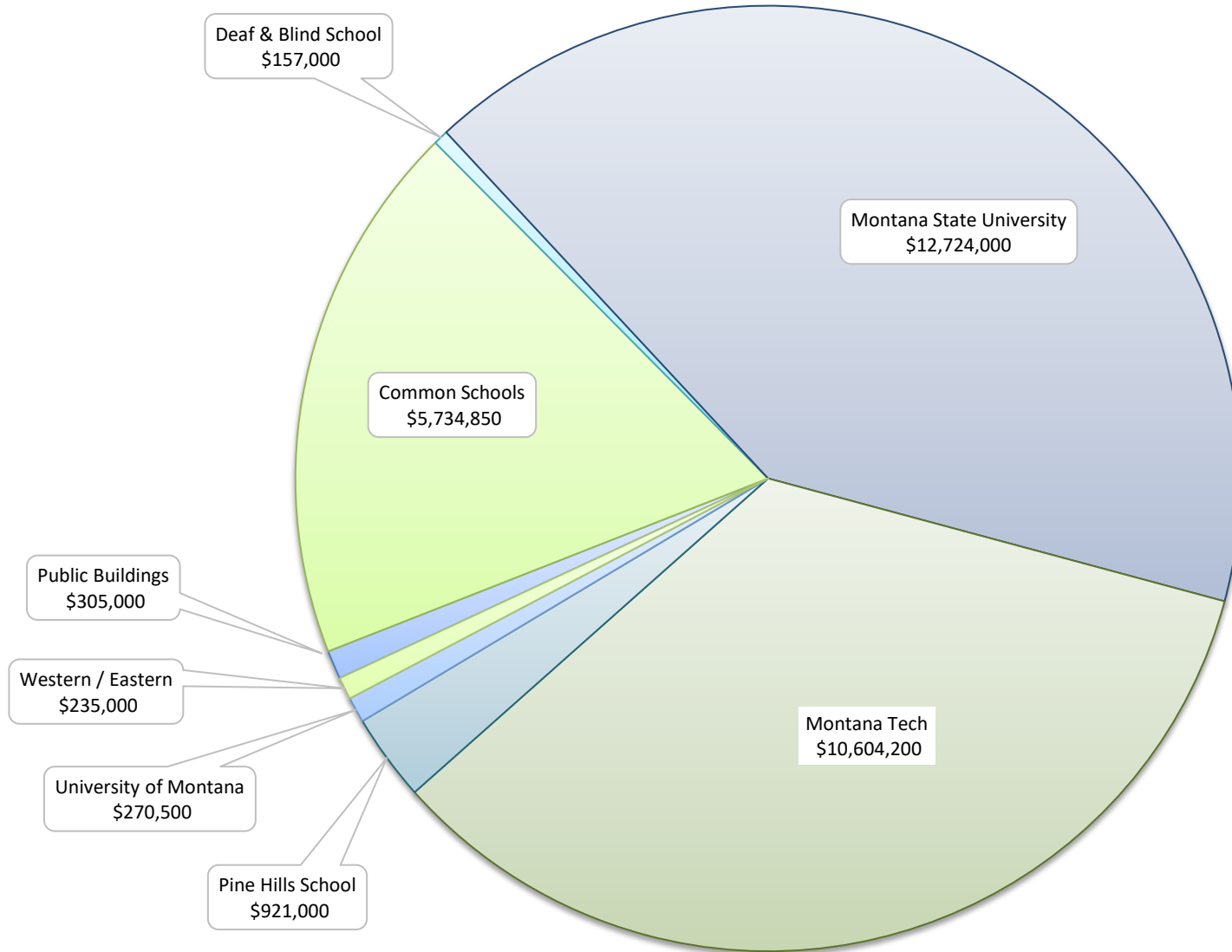
The average time frame to complete a sale from appraisal to closing is eight to 10 months.

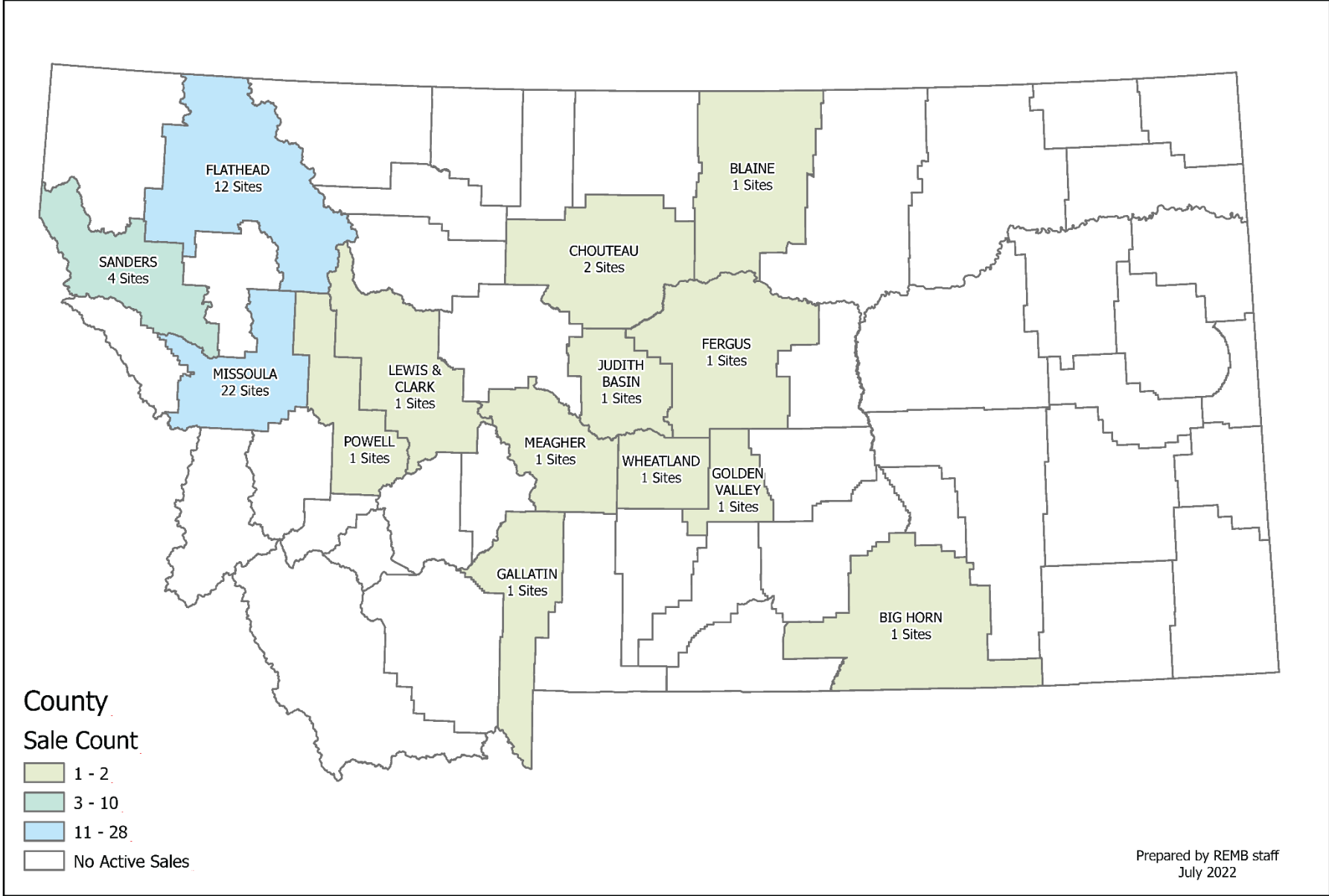


## Cabin & Home Site Sales by County 2014 through June 2022



# Cabin & Home Site Sales by Trust





Prepared by REMB staff  
July 2022



Cabin & Home Site Sales  
to be Processed in Second Half of 2022

