



Department of Natural Resources & Conservation

Report to the Environmental Quality Council on SB369 Cabin & Home Site Sales July 2020

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, on or before July 1 of each year, in consultation with the appropriate stakeholders, 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) and 77-2-316, MCA.



*A view of the Seeley Lake Outlet from a cabin site sale
in Missoula County sold in 2018*

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 June 30, 2020, **158** cabin/homesites have been sold for a total of **\$22,550,350**. Of that total, \$574,501 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 2014-2020

YEAR	# SOLD	SALE PRICE
**2014	3	\$580,000.00
**2015	3	\$596,000.00
2016	14	\$2,499,500.00
2017	38	\$3,651,225.00
2018	26	\$4,328,325.00
2019	41	\$4,137,800.00
2020	33	\$6,757,500.00
Total Sales Closed	158	\$22,550,350.00
2018-2019 Sales Granted Preliminary Approval by the Land Board	19	Pending Processing
2020-2021 Sales Granted Preliminary Approval by the Land Board	101	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. DNRC anticipates closing between 14 and 20 more sites in the calendar year 2020.

DNRC's portion of processing costs for cabin/home site sales as of June 2020 is approximately \$387,273. 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 will begin in August 2021.



An agricultural home site in Sweet Grass County, Montana, sold in 2020

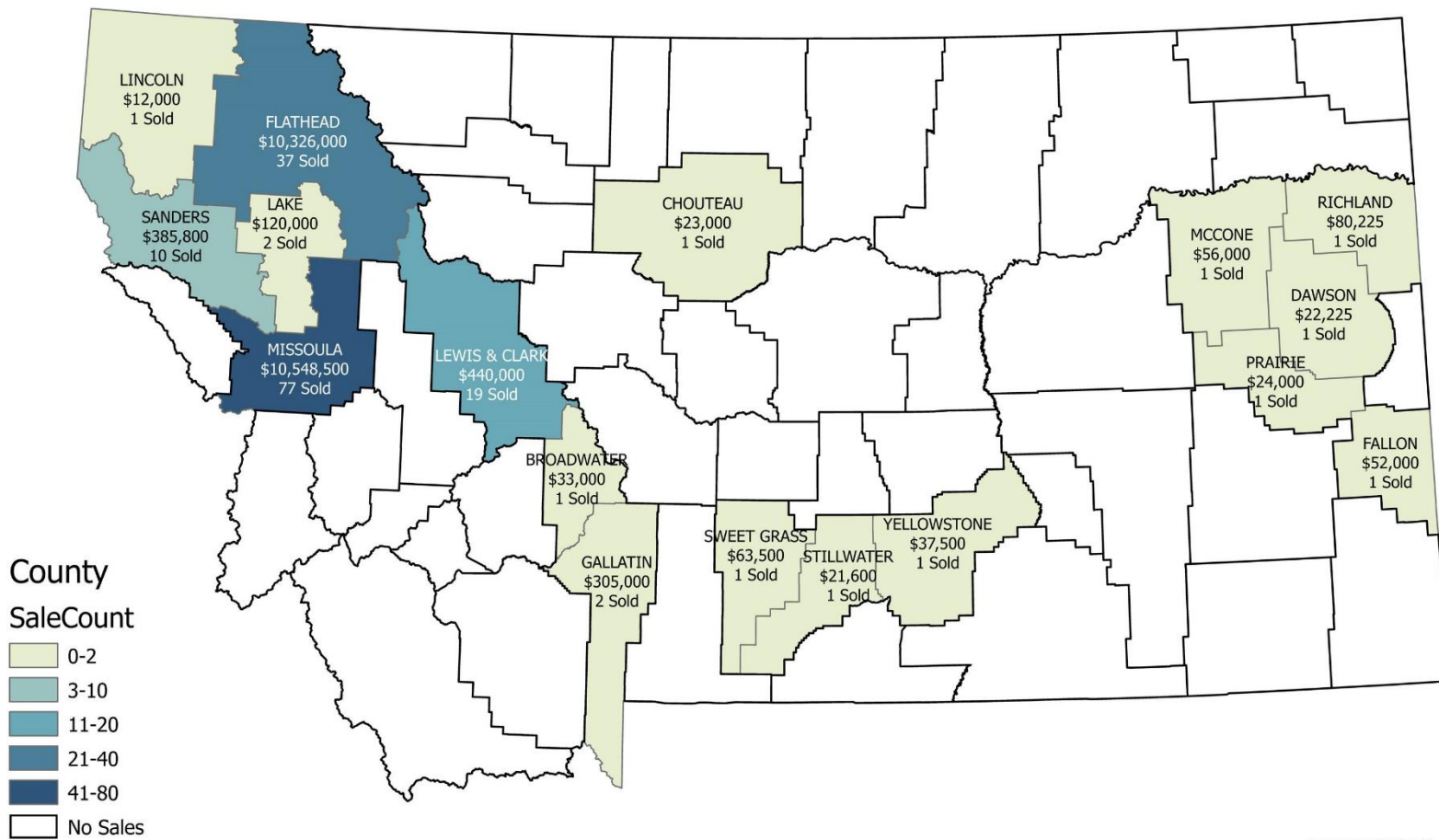
Approximately 23% of lessees withdrew from the 2018-2019 sale cycle, most frequently after notified of the appraisal results. Taking into account this rate, DNRC expects to successfully sell more than 75 sites in the next two-year sale cycle.

In the life of the program, hearings have been requested for 42 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 6 to 10 months.



View of a state-owned cabin site south of Seeley Lake, Montana, sold in 2019



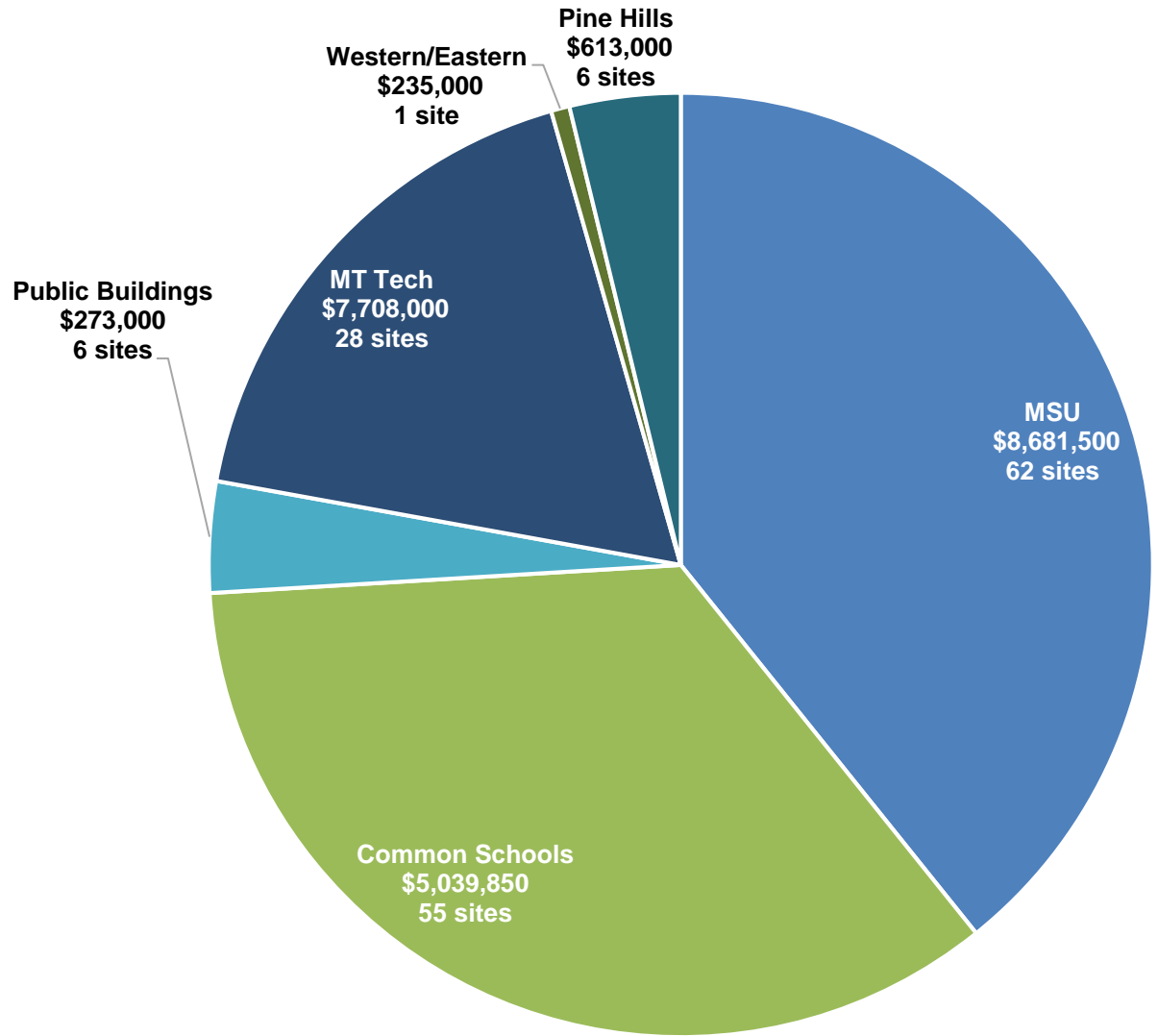
Prepared by REMB staff
June 2020

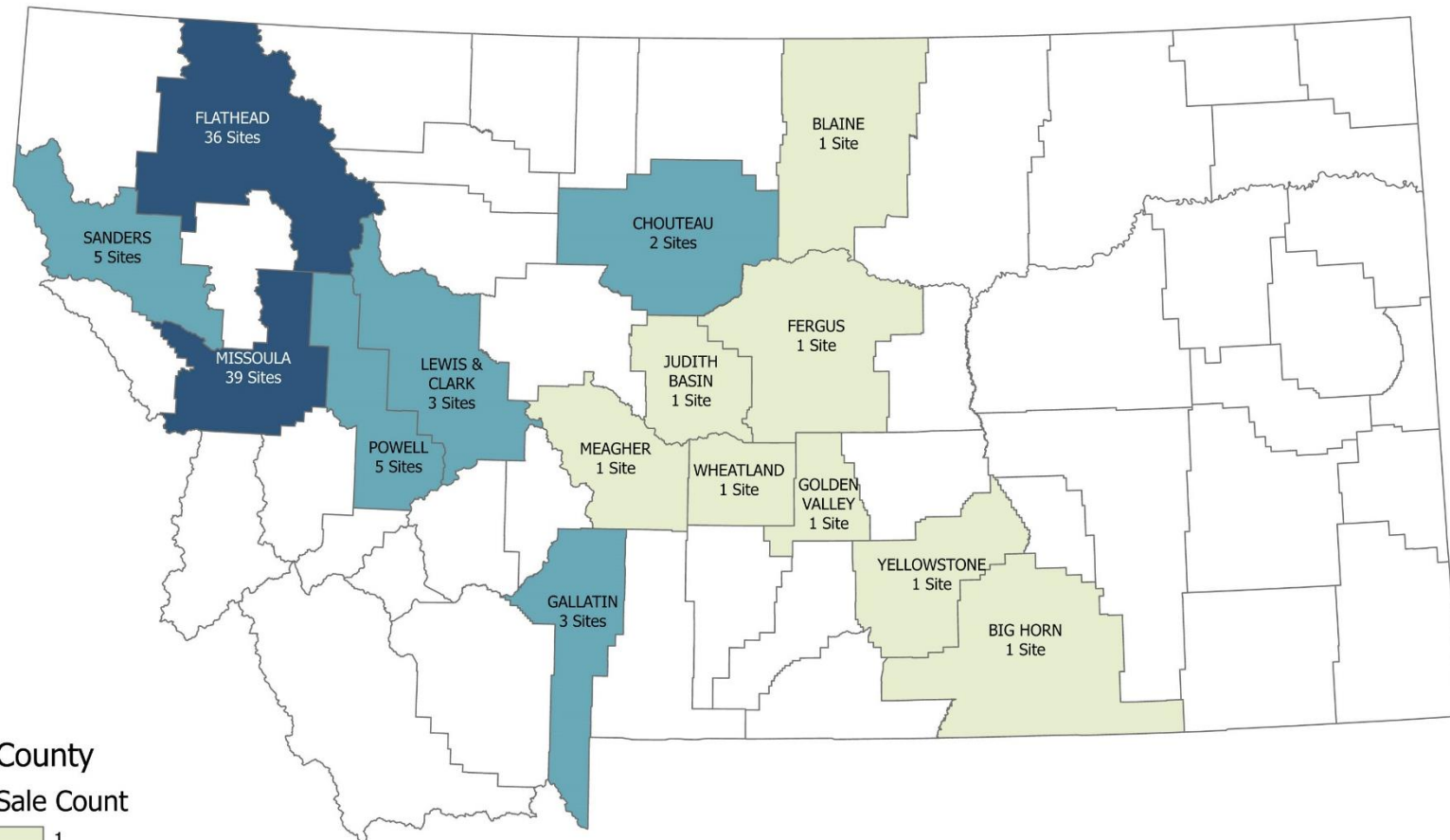


Cabin & Home Site Sales by County 2014 to June 2020



Cabin & Home Site Sales by Trust





County
Sale Count

- 1
- 2 - 20
- 21 - 40
- No Sales

Prepared by REMB staff
June 2020



Cabin & Home Site Sales to be Processed in 2020 & 2021

