



Department of Natural Resources & Conservation

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

June 2019

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 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.

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 to 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 May 31, 2019, **112** cabin/homesites have been sold for a total of **\$14,158,350**. Of that total, \$447,403 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 2014-2019

YEAR	# SOLD	SALE PRICE
**2014	3	\$ 50,000.00
**2015	3	\$ 596,000.00
2016	14	\$ 2,499,500.00
2017	38	\$ 3,651,225.00
2018	26	\$ 1,154,000.00
2019	28	\$ 2,503,300.00
Total Sales Closed	112	\$14,158,350.00
2018-2019 Sales Preapproved by Land Board	90	Pending Appraisal & Closing

***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 a total of 48 sites for calendar year 2019.

DNRC's portion of processing costs for cabin/home site sales as of May 31, 2019 is approximately \$341,273. These costs include appraisal fees, land surveys, and marketing (for vacant sites) offered for sale.

In July 2017, solicitation letters were sent to all cabin and home site lessees to request participation in the 2018-2019 sale cycle. Two hundred forty 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.

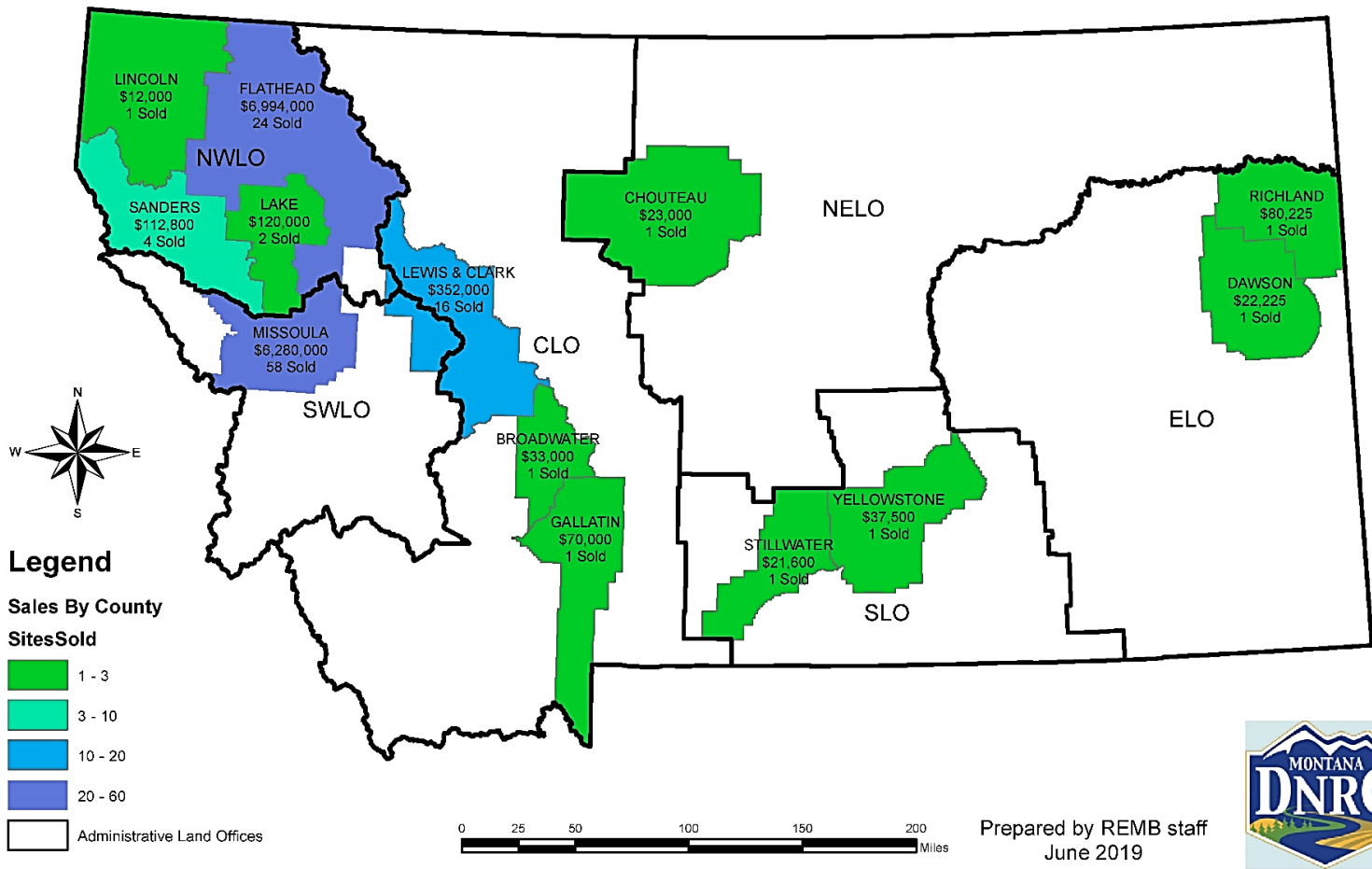
Solicitation for the 2020-2021 sale cycle will begin in August 2019.

In 2018, the percentage of lessees withdrawing from the sales process dropped to 10% from 25% in previous years, with more than half occurring after the minimum bid was set by the Land Board. Taking into account this rate, DNRC still expects to successfully sell at least 65 of the 73 selected 2019 sales.

In the life of the program, hearings have been requested for 36 sites, but the majority of these (75%) result in recommendations of no change and only 6 have seen upward adjustments to their improvement values. The 9 downward land value adjustments recommended have ranged from \$8,500 to \$89,000.

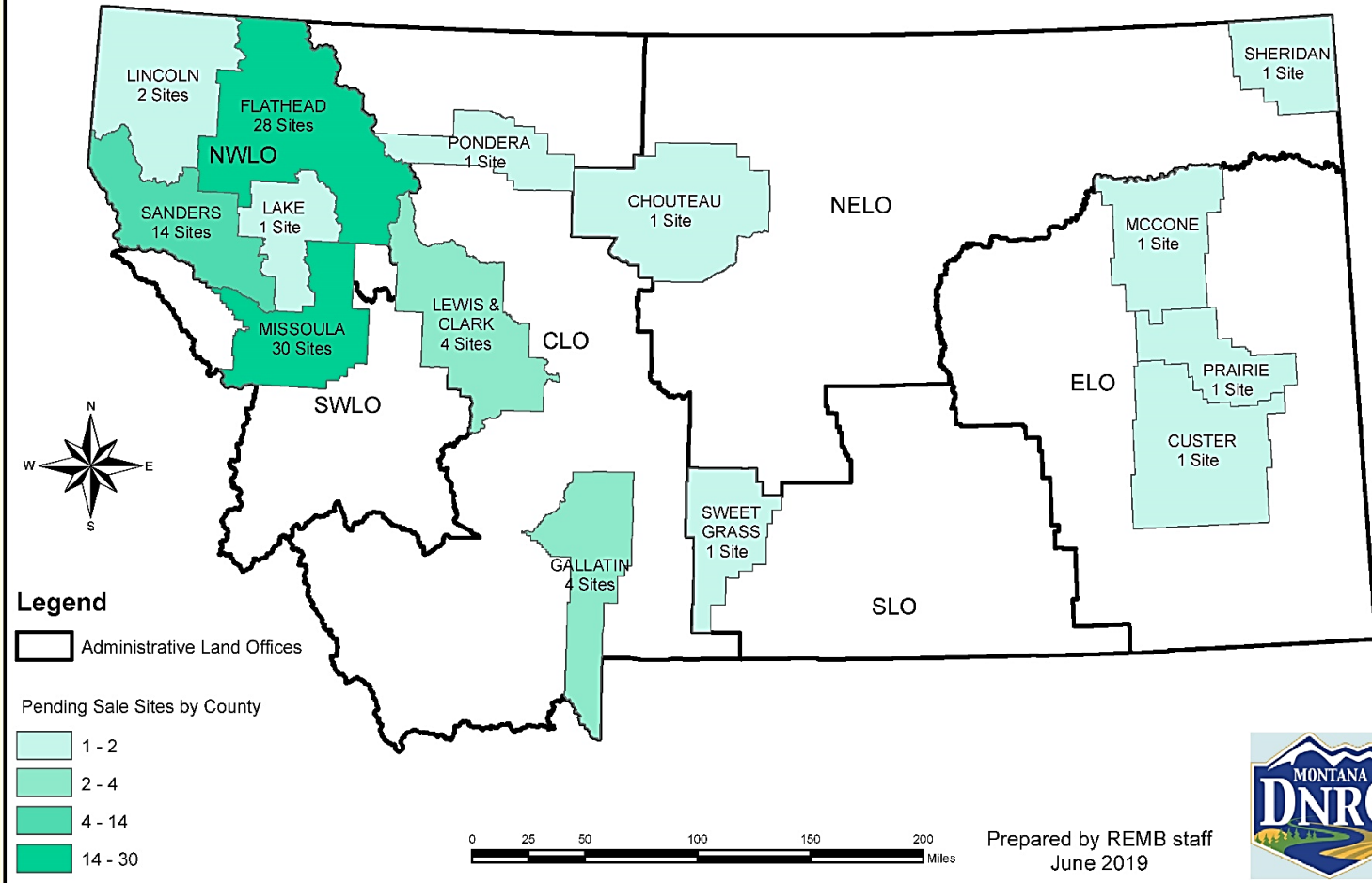
The average time frame to complete a sale from appraisal to closing is 6 to 10 months.

Cabin & Home Site Sales Sold By County 2014 to June 2019

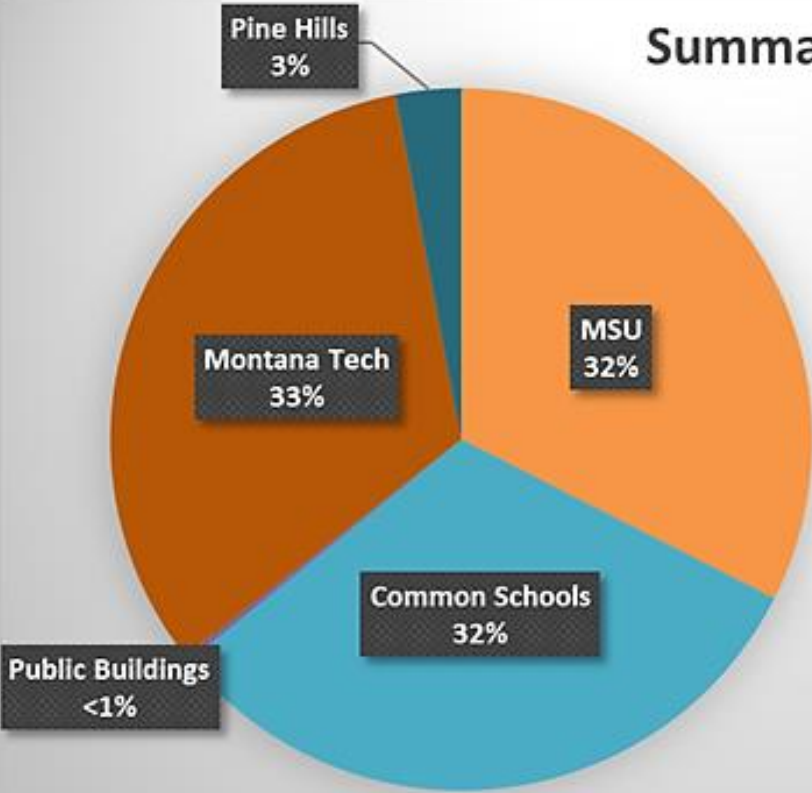


Prepared by REMB staff
June 2019

Cabin & Home Site Sales To Be Processed in 2019 By County



Summary of Cabin/Home Sites Sold 2014 - June 2019



Beneficiary	Total Sales	Sites Sold
MSU	\$4,598,000	45
Common Schools	\$4,481,350	46
Public Buildings	\$40,000	1
Montana Tech	\$4,611,000	16
Pine Hills	\$428,000	4
Grand Total	\$14,158,350	112