



United States
Department
of Agriculture

Forest
Service

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Route To: Special Use Program Leadership/Regional Appraisers

Subject: 5 Percent Return Rate for Recreation Residence Permits

To: Regional Directors of Lands

Recently, several Forests have had requests for background information on the derivation of the 5 percent factor used in determining the special use fee for recreation residences. About 15 to 20 years ago, the National Director of Lands, Dick Hull, negotiated with the National Forest Homeowners Association concerning the basis of fee determinations. It was agreed by the parties that 5 percent of the land value for a typical lot in each of the various groupings of uses would be the fee for the use of Federal lands by recreation residence users. (See Federal Register Notice dated October 10, 1991, pages 51270, 51271). The 5 percent rate has historically been used as a basis for fees on NFS lands.

Some Forests have asked for a copy of a rate analysis study that some people cite as the basis of the 5 percent rate. No such study was done for recreation residence uses as far as we can determine.

There were several land use reports/analyses done for establishing a fee for other types of uses of National Forest lands. States such as California, Oregon, Wyoming, and Colorado have done market surveys of ground rents/leases. These market studies were completed to support special use fees for permits other than recreation residences. As a matter of information only, the rates shown in those market studies were 6 percent to 12 percent as ground rents, depending on the time frame when the studies were completed.

Finally, the Forest Service is always willing to review any market survey/analysis where the rate determination is different than 5 percent. If the recreation residence owners wish to present a study to the Forest Service we will be very happy to review it.

s/Brent Handley for
JACK CRAVEN
Director of Lands

