



Questions and Answers

(June 2010)

The Lake Tahoe Basin Management (LTBMU) is in the process of conducting new appraisals in accordance with the “Cabin User Fee Fairness Act of 2000” (CUFFA) for recreation residence lots. Below are commonly asked questions regarding the appraisal process and how the appraisals apply to fees for recreation residences.

1. What is a Forest Service recreation residence appraisal report ?

An appraisal report is prepared by a private appraiser under contract to the Forest Service to determine the market value of the fee simple estate of typical lot or lots located within a recreation residence tract. The typical lot is appraised as if vacant in its native and natural state, less any permit holder provided improvements. However, access, utilities, or facilities paid for or provided by the Forest Service or a third party are included as features of the lot being appraised. The appraisal is used by the Forest Service to determine the base cabin user fee required by CUFFA.

2. What is an appraisal review?

An appraisal review is completed by a Forest Service Review Appraiser. It is a technical review of appraisal reports submitted by contracted appraisers to judge the appraisal report’s compliance with Uniform Appraisal Standards for Federal Land Acquisitions, the Uniform Standards of Professional Appraisal Practice, CUFFA, and specific project specifications, to develop a credible opinion of the adequacy of the data and appropriateness of the analysis of the data relative to the final value conclusions.

3. What is a Typical Lot?

For appraisal purposes, a typical lot is a recreation residence lot in a tract that is identified as being representative of other recreation residence lots within the tract. All recreation residence lots represented by a typical lot shall be characterized as a group for appraisal purposes. A tract may have one or more groups of lots, with each group represented by a typical lot.

4. What does “new base fee” mean? How is it calculated?

The base fee for a recreation residence special use permit is 5 percent of the market value of the recreation residence lot as determined by appraisal. The base fee shall be recalculated at least every 10 years (per CUFFA).

Prior to CUFFA, new base fees were determined by appraisal every 20 years for recreation residences.

5. Where can I get a copy of CUFFA?

A copy of CUFFA and the propose rules are available for review at <http://www.fs.fed.us/specialuses/>

6. What is the appraisal date and are there plans for adjustment based on the current economy downturn?

The date of value will remain as 2009. This date is tied to the 10 year reappraisal cycles as described in CUFFA. Whether the market has declined or increased over the past year or so is not relevant to the assignment. The appraisal cycles are set by legislation to occur every 10 years. The permit holder will need to endure the benefits or loss associated with an old appraisal until the next 10 year cycle. The volatility seen in the residential housing market is usually not as pronounced in the vacant rural land market. During the past years of real estate value growth, the Forest Service did not reappraise lots to capture possibly higher values.

7. When was the last appraisal done for the recreation residence tract my cabin is located in?

The last appraisal for all of the recreation residence tracts in the LTBMU was completed in 1999.

8. Who decided the typical lots?

Typical lot selections were collaborated between the Forest Service and permit holders after site visits were conducted for the 1999 appraisals, with the Forest Supervisor accepting them. These same typical lots will be considered for the 2009 appraisals. The final decision for typical lot selection will made by the Forest Supervisor with input from the Review Appraiser , Forest staff, and the permit holders after site visits are completed.

9. When will I be billed for my new fee?

You will be given a year's notice of the new base fee. If the LTBMU appraisals are completed and accepted in 2011, the earliest your new base fee could go into effect would be with the issuance of the 2012 Bill for Collection. Bills are normally mailed in mid November in advance of the billing period; the due date for bills is January 1. If the year's notice is not ended by the time 2012 bills are mailed, then the new base fee would be implemented with the 2013 bills.

10. Where did 5% come from?

CUFFA states the fee is 5% of the land value. The 5% of appraised lot value has been in place since the beginning of the recreation residence program.

11. Is the IPD rate the 5% ? How do they relate? What is it? How is it used?

Your recreation residence fee is based on 5% of the appraised typical lot value, which is different than the IPD rate. IPD stands for Implicit Price Deflator and is based on the Gross National Product. The IPD serves as an index to account for inflation on an annual basis. The IPD rate is annually applied to the previous year’s fee.

12. Will the new base fee be phased-in?

If your new base fee is greater than a 100 percent increase from the amount of your most recent annual fee, your fee will be phased-in in three (3) equal increments over a 3-year period. See below for example:

<u>2011 Fee Amount</u>	<u>2012 New Base Fee</u>	<u>Increase</u>
\$700.00	\$1,600.00	\$900.00 (>100% increase)

Hence the increase of fees is greater than 100% and needs to be phased-in:

2012 Phase-in Fee
 $\$700 + \$300 \text{ (1/3 of fee increase >100\%)} = \mathbf{\$1,000}$

2013 Phase-in Fee
 $\$1,000 \text{ (2012 Fee)} + \$300 \text{ (1/3 of fee increase >100\%)} \times 1.03^* \text{ (annual IPD increase of 3\%)} = \mathbf{\$1,339}$

2014 Phase-in Fee
 $\$1,339 \text{ (2013 Fee)} + \$300 \text{ (1/3 of fee increase >100\%)} \times 1.03^* \text{ (annual IPD increase of 3\%)} = \mathbf{\$1,688}$

2015 Phase-in Fee
 $\$1,688 \text{ (2014 Fee)} \times 1.03^* \text{ (annual IPD increase of 3\%)} = \mathbf{\$1,739}$

(*3% annual IPD adjustment is used for illustrative purposes only. The actual annual IPD rate would be used for each of the phase-in amounts in years 2013 through 2015)

13. Will the 2012 fee calculation be retroactive?

No, the new fees associated with your 2009 appraisal will be implemented beginning with the issuance of the Bill for Collection for calendar year (CY) 2012, under the assumption appraisals are completed and accepted in 2011 in time for and a year’s notice.

14. What are the range of values throughout the Forest; low to high?

The range of values from the 1999 appraisals is \$5,000 to \$125,000.

15. Why is there a large variance between tracts?

Each tract is unique when it comes to measurable marketable differences such as; market area, physical access, season of access, topography, water feature and various other positive and negative attributes specific to each tract or typical lot.

16. Why has my permit increased 100% when other consumer products (i.e. bread) have not?

Over the past 10 years; California real estate has increased 100%; especially in mountain type resort areas or in areas with water features.

17. This is not a typical time... Will the base fee be adjusted to reflect current conditions?

The date of value for this assignment is 2009 which is tied to the 10 year appraisal cycle dates as described in the CUFFA legislation.

18. Will the Forest Service take into account any sales of local recreation residence cabins into the appraisal?

No. The appraisal assignment is to value the vacant lot that is under permit. Cabin sales within the tract are the sale price of just the structure with no land component.

19. If the appraisal value is based on vacant/undeveloped land then how will the lot amenities be taken into account?

The appraisal value is based upon the market value of the lot only, excluding cabin owner-provided improvements. However, access, utilities, or facilities paid for or provided by the Forest Service or a third party are included as features of the lot being appraised. If the lot had an amenity such as a view or water feature, it would be reflected in the comparable sales that were used. The same is true to reflect negative attributes such as noise or being next to a campground, etc.

20. If the lot my cabin is on was a typical, why was the neighboring cabin appraised at a different value in the 1999 appraisals?

Only the typical lots were appraised and assigned a value. Fees for other lots will be based on the appraised value of the typical lot that represents them. The neighboring lot could have been in a different lot grouping.

21. How is the size of a lot considered in the appraisal?

The size of a lot is considered to the extent that a lot is capable of having only one building site. Size did not play a big valuation factor.

22. Will my property taxes increase if the recreation residence lot has been appraised at a higher value?

The “possessory interest tax” may increase, however that is under the jurisdiction of the County.

23. If one individual requests a 2nd appraisal for their typical, and that appraisal is approved by the Review Appraiser for a lower base rate, do all benefit who share that typical?

If the second appraisal is approved at a lower price than the original, all cabins that are associated with that typical will be changed to the lower amount.

24. Are costs for a 2nd appraisal shared with the Forest Service?

No. The second appraisals conducted for the 2009 appraisals will be incurred by the permit holder.

25. How do I get a copy of the typical lot appraisal report for my cabin?

Upon written request, a copy of the typical lot appraisal report associated with the lot your cabin is on and other supporting documentation, if any, will be provided to you. Please send your request to:

Terri Marceron, Forest Supervisor
Lake Tahoe Basin Management Unit Supervisor’s Office
35 College Drive
South Lake Tahoe, CA 96150