



092576

B-164844  
4-29-70

215

# REPORT TO THE CONGRESS

## Problems In Land Acquisitions For National Recreation Areas

B-164844

National Park Service  
Department of the Interior

BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES

~~715077~~

**092576**

APRIL 29, 1970



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON D C 20548

B-164844

To the President of the Senate and the  
Speaker of the House of Representatives

This is our report on problems in land acquisitions  
for national recreation areas, National Park Service, De-  
partment of the Interior.

Our review was made pursuant to the Budget and Ac-  
counting Act, 1921 (31 U.S.C. 53), and the Accounting and  
Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director,  
Bureau of the Budget, and to the Secretary of the Interior.

A handwritten signature in cursive script, reading "James B. Arto".

Comptroller General  
of the United States

## C o n t e n t s

	<u>Page</u>
DIGEST	1
CHAPTER	
1 INTRODUCTION	4
2 LAND DEVELOPMENT ACTIVITY OCCURRING AFTER AUTHORIZATION OF RECREATION AREAS	8
Land sales and improvements thereon at the Delaware Water Gap National Recreation Area	9
Land development activity at Point Reyes National Seashore	12
Conclusion	14
3 REDUCED LAND COSTS POSSIBLE BY ADJUSTING THE BOUNDARIES	15
Cape Cod National Seashore	15
Salt Pond Motel	16
Governor Prence Motor Lodge	20
Delaware Water Gap National Recreation Area	24
Conclusion	25
Agency comments and our evaluation	25
Recommendations to the Congress	26
4 NEED TO IMPROVE ESTIMATES OF LAND ACQUI- SITION COSTS	28
Cape Cod National Seashore	28
Point Reyes National Seashore	30
Conclusion	33
Agency comments and our evaluation	34
5 SCOPE OF REVIEW	35
APPENDIX	
I Principal officials of the Department of the Interior responsible for administra- tion of the activities discussed in this report	39

## ABBREVIATIONS

BOR Bureau of Outdoor Recreation  
CCNS Cape Cod National Seashore  
DWGNRA Delaware Water Gap National Recreation Area  
FINS Fire Island National Seashore  
GAO General Accounting Office  
NPS National Park Service  
PRNS Point Reyes National Seashore  
TIRAC Tocks Island Regional Advisory Council

D I G E S T

WHY THE REVIEW WAS MADE

During the past few years, the President and the responsible legislative and appropriation committees of the Congress have expressed concern over the rising cost of acquiring land for national recreation areas.

In response to this concern, the General Accounting Office (GAO) undertook a review of land acquisition activities at four national recreation areas--Cape Cod National Seashore in Massachusetts, Fire Island National Seashore in New York, Point Reyes National Seashore in California, and Delaware Water Gap National Recreation Area in Pennsylvania and New Jersey.

FINDINGS AND CONCLUSIONS

Several local governments are cooperating with the National Park Service by taking positive steps to discourage the subdivision and improvement of lands within areas designated by the Congress as national recreation areas. (See p. 8.)

At Point Reyes, however, county officials are obligated by law to consider subdivision plans on their own merits even though such plans involve land which will ultimately be acquired by the Federal Government for national recreation areas. (See p. 13.)

GAO believes that, in such cases, effective action to control or prevent the escalation of land prices resulting from subdivision and development activities is dependent on the availability of Federal funds to acquire the land and the efforts by the National Park Service to complete the acquisition of an area before these activities take place. (See p. 14.)

In some cases the National Park Service had taken action to acquire land owned by developers within national recreation areas when it became apparent that the developers would begin or continue subdividing and selling their lands. (See pp. 8 to 14.)

The problem of land price escalation was recognized by the House Committee on Interior and Insular Affairs. In its September 22, 1966, report on proposed legislation for Point Reyes National Seashore, the Committee pointed out that a large part of the problem seems to occur once it becomes known that an area is being considered for public acquisition and development--be it for a recreation area or other public development--"the spotlight is on it, people who had never given it a thought began to see its desirability, and promoters and out-and-out speculators move in."

One solution to price escalation which was recognized by the Department of the Interior in its 1967 report on "Recreation Land Price Escalation" was to obtain further cooperation of State and local governments in controlling the speculative aspects of land escalation problems prior to authorization of a recreation area. State and local governments might help control land price escalation by adopting zoning controls, as soon as practicable after public interest in an area becomes known, to minimize land speculation activities.

GAO also believes that the National Park Service could acquire more land with its limited funds by changing the boundaries of certain national recreation areas to exclude high-cost developed properties located on or near the boundaries. For example, the National Park Service paid \$182,500 for a 2-acre motel property located just inside the boundary of the Cape Cod National Seashore although more than 7,000 acres of unimproved land valued at about \$1,000 an acre remained to be acquired. (See pp. 15 to 25.)

GAO found errors, inadequate documentation, and inconsistencies in certain National Park Service estimates of land acquisition costs. For example, the estimated costs of commercial properties, surveys, title evidence, appraisals, and personal services were omitted in the initial estimate of the cost of acquiring land at one recreation area. (See p. 28.)

#### RECOMMENDATIONS OR SUGGESTIONS

GAO suggested that the Secretary of the Interior:

- consider adjusting the boundaries of certain national recreation areas to exclude expensive properties located on or near the boundary lines of the recreation areas. (See p. 25.)
- establish and consistently apply procedures for estimating land acquisition costs. (See p. 34 )

#### AGENCY ACTIONS AND UNRESOLVED ISSUES

The Department rejected GAO's suggestion that consideration be given to adjusting the boundaries of certain national recreation areas to exclude expensive properties located on or near the boundary lines and stated that some acquisitions of expensive property were necessary to protect scenic, historical, natural, and cultural values.

GAO believes that the costs of acquiring land could be reduced if certain highly developed properties, which are located on or near the boundaries of authorized national recreation areas--especially where the boundaries are established by using a man-made facility such as a road--and which would not interfere with the development of the recreation areas, were not acquired. (See p. 26.)

In response to GAO's suggestion regarding the preparation of land acquisition cost estimates, the Department stated that, as a standard procedure, it was having preliminary land acquisition cost estimates made by qualified professional appraisers. (See p. 34.)

The Department's letter commenting on the report has not been included as an appendix because it contains comments on several matters not now discussed in the report. However, those comments applicable to matters included in the report have been recognized therein.

MATTERS FOR CONSIDERATION BY THE CONGRESS

In enacting legislation authorizing the establishment of national recreation areas, the Congress is frequently faced with the problem of having to define boundaries before important facts are known, such as the cost of various tracts of land. GAO is therefore recommending that the Congress:

- in enacting future legislation authorizing national recreation areas, provide the Secretary with guidelines for making changes in established boundaries when the acquisition of high-cost properties located on or near the boundaries is involved; and
- require the Secretary to prepare an analysis of the location and estimated cost of acquiring improved properties located on the perimeter of authorized national recreation areas for which additional funds are needed to complete acquisition of the areas and to justify to the Congress the desirability of acquiring such properties.

## CHAPTER 1

### INTRODUCTION

The General Accounting Office has made a review of the land acquisition practices of the National Park Service (NPS), Department of the Interior, in acquiring land for outdoor recreational development purposes at four selected national recreation areas--the Cape Cod National Seashore (CCNS) in Massachusetts, established by the act of August 7, 1961 (16 U.S.C. 459b); the Delaware Water Gap National Recreation Area (DWGNRA) encompassing parts of Pennsylvania and New Jersey, established by the act of September 1, 1965 (16 U.S.C. 460o); the Fire Island National Seashore (FINS) in New York, established by the act of September 11, 1964 (16 U.S.C. 459e); and the Point Reyes National Seashore (PRNS) in California, established by the act of September 13, 1962 (16 U.S.C. 459c).

According to the Recreation Advisory Council established by Executive Order 11017, dated April 27, 1962, a national recreation area should (1) be spacious, (2) be located and designed to achieve a high recreation-carrying capacity, (3) ensure interstate patronage, (4) have a scale of investment sufficiently high to require Federal involvement, (5) be strategically located, (6) be managed and recognized for the primary resource purpose of recreation, and (7) be established only in those areas where other programs will not fulfill high priority recreation needs in the foreseeable future.

In contrast, the primary purpose of a national park is to conserve the scenery, the natural and historic objects, and the wildlife and to provide for the enjoyment thereof in a manner which will leave them unimpaired for the enjoyment of future generations.

Our examination was directed primarily to those aspects of the NPS land acquisition program at the national recreation areas included in our review which appeared to be in particular need of attention rather than to a general evaluation of the entire program. Consequently, our



observations should not be considered typical of the entire NPS land acquisition program.

The scope of our review is set forth on page 35. The principal officials of the Department of the Interior responsible for the administration of the activities discussed in this report are listed in appendix I.

In response to a Presidential directive for a study of the problem of land price escalation at newly authorized national seashores and recreation areas and an expression of concern by interested congressional committees, a report dated January 4, 1967, entitled "Recreation Land Price Escalation" was prepared by the Bureau of Outdoor Recreation (BOR) on the basis of a 6-month study.

The BOR report concludes that land price escalation is primarily the result of:

- "(1) A rising trend in land values generally throughout the Nation;
- "(2) Keen competition between individuals, developers and public agencies for prime recreation lands, particularly those which are water-oriented; and
- "(3) The upgrading of land as a result of change in land use, i.e., in many cases from normal agricultural land to prime recreation land with frontage on water or easy access thereto."

The report concludes also that the point at which Federal interest has the greatest effect of increasing recreation land values is when the Congress authorizes new Federal acquisitions.

The area of outdoor recreation land expected to be acquired at each of the four sites included in our review and the status of the acquisition efforts as of December 31, 1968, are as follows:

Table of Land Acquisition Progress  
at National Recreation Areas Included  
in our Review  
as of December 31, 1968

	<u>Cape Cod National Seashore</u>	
Date authorized	August 7, 1961	
<b>Funding</b>		
Funds authorized		<u>\$16,000,000</u>
Funds appropriated		<u>\$16,000,000</u>
Funds obligated for		
Land acquisition	\$13,782,555	
Administrative costs	<u>2,131,791</u>	
Total		<u>\$15,914,346</u>
<b>Acres authorized for acquisition</b>		
Estimated acres within boundaries		
Tidelands	16,950	
Inlands	<u>27,650</u>	
Total acres authorized		<u>44,600</u>
<b>Acres acquired</b>		
Acres acquired for consideration by		
Negotiation	8,138	
Condemnation.		
Finalized	78	
Pending in courts	<u>2,648</u>	10,864
Acres acquired for no consideration		
Donated tidelands	4,980	
Donated inlands	5,512	
Exchanges	<u>35</u>	<u>10,527</u>
Total acres acquired		<u>21,391</u>
<b>Plans for acres not acquired</b>		
To be acquired for consideration		7,519
To be acquired at no cost		
Tidelands	11,970	
Inlands	<u>169</u>	12,139
To remain in public (note a) or private ownership		
Tidelands	-	
Inlands	<u>3,551</u>	<u>3,551</u>
Total acres not acquired (excess of acres authorized over acres acquired)		<u>23,209</u>

<sup>a</sup>According to NPS officials, the number of acres to remain in public ownership is subject to change because of possible land exchanges with NPS or land donations to NPS

<u>Point Reyes National Seashore</u>	<u>Fire Island National Seashore</u>	<u>Delaware Water Gap National Recreation Area</u>
September 13, 1962	September 11, 1964	September 1, 1965
<u>\$19,135,000</u>	<u>\$16,000,000</u>	<u>\$37,412,000</u>
<u>\$17,037,227</u>	<u>\$14,917,200</u>	<u>\$17,768,500</u>
\$16,215,450 <u>811,878</u>	\$10,813,637 <u>1,796,247</u>	\$9,986,520 <u>2,162,965</u>
<u>\$17,027,328</u>	<u>\$12,609,884</u>	<u>\$12,149,485</u>
10,410 <u>54,136</u>	14,200 <u>4,500</u>	N/A <u>47,675</u>
<u>64,546</u>	<u>18,700</u>	<u>47,675</u>
16,420	1,021	5,271
1,661 <u>221</u>	236 <u>463</u>	13 <u>4,010</u>
18,302	1,720	9,294
10,410 64 <u>4,450</u>	2,922 76 <u>-</u>	N/A <u>-</u>
14,924	2,998	-
<u>33,226</u>	<u>4,718</u>	<u>9,294</u>
27,167	311	32,631
<u>132</u>	<u>-</u>	<u>5,750</u>
132	-	5,750
<u>4,021</u>	11,278 <u>2,393</u>	N/A <u>-</u>
4,021	13,671	-
<u>31,320</u>	<u>13,982</u>	<u>38,381</u>

## CHAPTER 2

### LAND DEVELOPMENT ACTIVITY OCCURRING AFTER

#### AUTHORIZATION OF RECREATION AREAS

As part of our review of the land acquisition activities at national recreation areas, we examined into the subdivision and sale of land for residential building lots by a number of developers at selected land developments within the four authorized recreation areas included in our review. We found that the Department had obtained the cooperation of several local governments that were taking positive steps to stem the escalation of land prices resulting from the subdivision and improvement of the land.

We found, for example, that county officials and local town boards having jurisdiction over the lands within several of the designated national recreation areas had taken one or more of the following actions to stem the escalation of land prices:

- Refused to issue building permits or approve subdivision plans.
- Notified the Federal project office of planned development activity.
- Promoted the use of zoning controls to prevent the start of new developments.
- Widely publicized the fact that an area had been authorized for acquisition by the Government and that persons who acquire land within subdivisions and developments would have no right of tenure and little time to enjoy or develop their lot.
- Initiated action to acquire privately owned land to prevent its development. The land will subsequently be sold to the Government at cost.

We found, however, that, at one area, county officials were being precluded by local law from taking effective

action against the escalation of land prices caused by subdivision of the area. This matter is discussed on page 13.

We also noted instances at each of the four areas where NPS had taken steps to stem the escalation of prices resulting from the subdivision and improvement of land by initiating action to acquire land owned by developers within the areas when there were indications that the developers might initiate or continue the development and sale of their land.

Our examination into the sales activities at six land developments within the four authorized recreation areas showed that, after enactment of the legislation authorizing the national recreation areas, a significant number of land sales and land improvements had been made at only two of the six developments, both of which were located within DWGNRA. Because of these activities the cost to the Government of acquiring the land in this area will increase. To the extent that the improvements interfere with NPS plans for development of the area, they will be of little or no value to NPS and will have to be sold for removal from the recreation area or be destroyed after the land is purchased.

Our examination showed also that the developers had acquired all of the land in the six developments prior to the enactment of the legislation authorizing the national recreation areas and that, except for one development at DWGNRA, plans to subdivide the land had been filed before authorization of the areas as recreation sites.

#### LAND SALES AND IMPROVEMENTS THEREON AT THE DELAWARE WATER GAP NATIONAL RECREATION AREA

Approximately 5,700 acres of land had been acquired by land developers at the six land developments. As of the dates of the authorization of the four areas as national recreation areas, about 2,232 individual parcels of land totaling approximately 830 acres had been sold by the developers. We found that, after the dates of authorization, sales by the developers at three areas--CCNS, FINS, and PRNS--had almost stopped, except for 12 sales involving approximately 5.5 acres. At DWGNRA, however, we found that 359 sales, involving about 137 acres of land at two

developments, had been made subsequent to the date the site was authorized as a national recreation area. All unsold land owned by the developers at the six developments included in our review has now been acquired by the Government.

At DWGNRA, a developer acquired one tract of land--about 389 acres--in July 1963, more than 2 years before the area was authorized as a national recreation area. Of the 389 acres, 377 are included in DWGNRA. Since 1963 the developer has sold about 89 lots averaging one-half acre each. Forty-seven of these lots, having a total estimated sales price of \$138,000, were sold after authorization of DWGNRA. We visited the site and found that improvements by the developer consisted principally of clearing, grading, and subdividing the area into residential building lots and constructing unpaved roads in the area.

On the lots sold by the developer 17 houses, having a total appraised value of about \$197,000, have been built. Of these 17 houses, seven, having a total appraised value of \$77,000, were built after the approval of the authorizing act. The act provides that owners of residential dwellings for which construction had been started before January 21, 1963, may use and occupy such property for a specified period if its use does not interfere with the development of the recreation area. The owners of the 17 houses do not have the right to use and occupy the houses, because construction of the houses was not started before January 21, 1963.

A Corps of Engineers official told us that the Corps, which is handling land acquisitions for NPS at DWGNRA, after its acquisition of the 17 properties, would offer to sell the improvements to the owners at their salvage value provided that the improvements be removed from the recreation area. If the landowners do not accept the Corps' offer, and if the homes cannot be sold to the general public for removal from the area, the improvements will be razed.

The Corps was unable to negotiate an acceptable price for the remaining 328 acres still owned by the developer within DWGNRA and in December 1967 filed a Declaration of Taking to acquire the land by condemnation. The Corps

deposited \$232,200 with the court as the fair market value of the 328 acres, which represented an average price of \$700 an acre. The final judgment had not been entered on this property as of May 1969.

As of December 31, 1968, the Corps had acquired or was in the process of acquiring the remaining 49 acres at this development. The estimated cost to acquire this land and the improvements thereon is as follows:

	<u>Acres</u>	Estimated acquisition <u>cost</u>	Average cost an <u>acre</u>
Purchases	36.76	\$460,745	\$12,534
In condemnation	<u>11.95</u>	<u>66,100</u>	<u>5,531</u>
	<u>48.71</u>	<u>\$526,845</u>	<u>\$10,816</u>

The estimated acquisition cost of the property in condemnation is the amount deposited with the court, which may not represent the amount of the final settlement.

At a second development in DWGNRA, the developers had acquired approximately 3,900 acres, principally in 1956, or about 9 years before the area was authorized as a national recreation area. Of the 41 subdivision plans for this development, 33 were filed prior to the authorization of the DWGNRA. At the time of our review, the developers had sold over 2,300 lots--averaging one-third acre each--of which 300 were sold after the authorization of DWGNRA. About 250 houses have been built in this development. The Corps estimates that the 250 improved sites have a total value of \$2.5 million. Our review showed that at least 50 of these houses had been built after the authorization of DWGNRA.

In September 1967 the Corps purchased the land then owned by the developers--about 3,059 acres--for \$2.5 million, or about \$817 an acre. As of December 31, 1968, the Corps had acquired an additional 288 acres of land from individual lot owners at a cost of approximately \$1,727,000, or about \$6,000 an acre.

A March 1966 exchange of correspondence between the Secretary of the Interior and the Chairman of the Tocks Island Regional Advisory Council (TIRAC) indicates that local officials have taken action to prevent further development of DWGNRA. TIRAC is an organization of representatives from six counties in the tri-state region--New Jersey, New York, and Pennsylvania--which is affected by DWGNRA.

In a letter to the Chairman, TIRAC, the Secretary urged local officials to take action to preserve the present status of lands within the boundaries of DWGNRA. In response to this letter, the Chairman, TIRAC, advised the Secretary that zoning controls had been used to prevent the start of new developments. He pointed out, however, that, since certain developments within DWGNRA were started prior to the time when zoning controls or subdivision regulations were implemented, there was no way under existing State law to control such developments.

The Chairman also pointed out that TIRAC had widely publicized the fact that the Congress had authorized DWGNRA and that persons who were buying lots in existing developments would have no rights of tenure and would have little time in which to enjoy their property.

#### LAND DEVELOPMENT ACTIVITY AT POINT REYES NATIONAL SEASHORE

In early fiscal year 1970, because of indications that development activities were taking place at PRNS, we revisited PRNS to discuss this matter with the landowners or their representatives, with NPS officials, and with officials of Marin County in which PRNS is located. As discussed below, the information obtained indicates that plans are being made or have been implemented to subdivide, sell, or develop seven properties encompassing about 9,500 of the 27,000 acres remaining to be acquired by NPS at PRNS. (See p. 7.)

--Of the seven properties, three, constituting about 4,700 acres, were owned by groups or companies that planned to develop the land and steps had been initiated to improve these properties. For example, on one 510-acre property, maps illustrating that the



property would be divided into 40-acre parcels had been filed with the county planning commission, and efforts were being made to sell the parcels. Preliminary studies on water and sewage needs, incidental to the development of the land, were under way on the other two properties.

--Of the other four properties which are not held by groups or development companies, the owner of one of the properties had offered the entire property for sale and the owners of the other three properties had indicated that they intended to sell some or all of their land in parcels ranging from 2 to 40 acres. On one of the three properties, containing 1,772 acres, graded roads had been constructed and several homes were under construction. The owner of another of the three properties was expected to submit a subdivision proposal to the county planning commission in November 1969.

--The following three factors, coupled with attractive offers from land developers, were the principle reasons for the sale or subdivision of the properties:

1. Elderly landowners want to avoid problems their heirs might have in selling the property to pay estate and inheritance taxes.
2. High real estate taxes are making it uneconomical to operate a ranch.
3. Some landowners wish to avoid costly lawsuits over valuation of the land by NPS.

According to the county counsel, county officials are obligated by law to consider subdivision plans on their own merits and cannot disapprove such plans even though the area proposed for subdivision is within the boundaries of an authorized national recreation area that will ultimately be acquired by the Federal Government.

A county official expressed the opinion that development on several of the larger of the seven properties, if successful, will contribute to increased land values and

taxes throughout the entire area. He also informed us that (1) real estate taxes, which have increased in recent years, may be expected to increase again within the next several years, (2) under county law, assessment of property for tax purposes was required every 3 to 4 years, and (3) the last county tax assessment was made in 1967.

## CONCLUSION

After a national recreation area has been authorized, the courses normally open to NPS to keep land acquisition costs from increasing, because of the establishment of new subdivisions or because of additional improvements to existing facilities, are dependent to a great extent on the cooperation received from local authorities. Our review indicates that NPS is working with responsible State and local governments in an effort to maintain authorized national recreation areas at their existing stage of development until NPS can acquire the land and the existing improvements thereon. We believe that such actions, as cited on page 8, can be of considerable assistance in controlling the costs to be incurred by the Government in acquiring land for national recreation areas and should be continued.

We believe also that the actions being taken at the local level to forestall or control subdivision and development activities cannot and will not fully resolve the land price escalation problem. At PRNS, county officials are obligated by law to consider subdivision plans in areas proposed for ultimate Federal acquisition on their own merits and, according to the county counsel, they cannot disapprove such subdivision even though the area proposed for subdivision will be ultimately acquired by the Federal Government.

It appears that, in cases such as this, effective action to control or prevent the escalation of land prices resulting from subdivision and development activities is dependent on the availability of Federal funds to acquire the land and the efforts by NPS to complete the acquisition of an area as soon as possible to avoid further subdivision and development.

## CHAPTER 3

### REDUCED LAND COSTS POSSIBLE

#### BY ADJUSTING THE BOUNDARIES

Considerable savings in land acquisition costs could be achieved if the boundaries of certain national recreation areas were revised to exclude high-cost developed properties located on or near the boundaries of the areas.

The authorizing legislation for each of the four national recreation areas included in our review sets forth the boundaries of the areas, either by description or by reference to a map on file in the Department of the Interior, and contains varying authority concerning adjustments to the boundaries. At PRNS and CCNS the established boundaries are required to be, as nearly as practicable, identical to those described in the act; at FINS there is no specific provision in the act for adjusting the boundaries; and at DWGNRA the Secretary of the Interior may adjust the boundaries, but the total acreage may not exceed the total acreage included within the boundaries described in the act.

At CCNS, DWGNRA, and PRNS, the boundaries were generally established by using a natural barrier, such as a mountain ridge, or a man-made facility, such as a road. At FINS the boundaries established included the entire island except for a Coast Guard Reservation and a State park at the extreme western end of the island. Although this method of establishing boundaries facilitates the identification of Government-owned lands, it often does not result in the most economical means of establishing a national recreation or seashore area. Following are several examples which we believe illustrate this point.

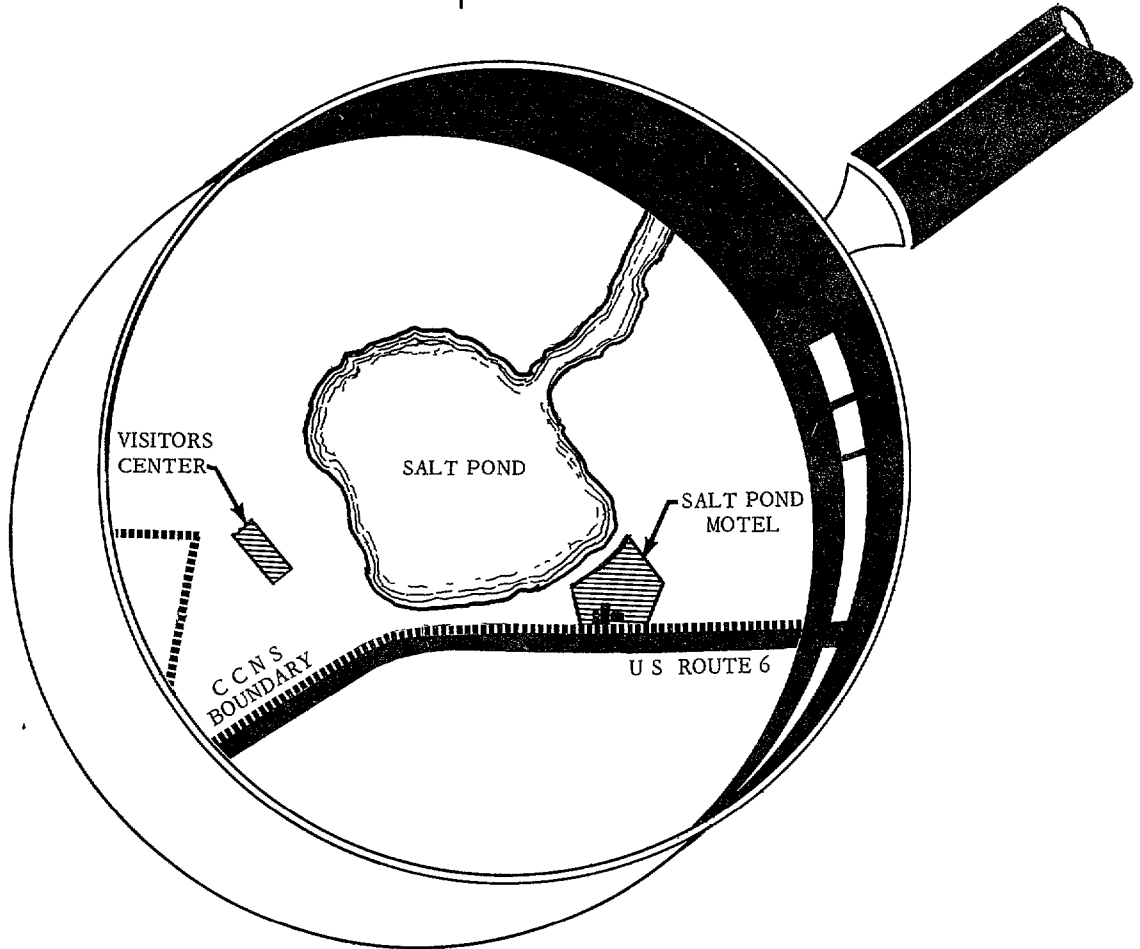
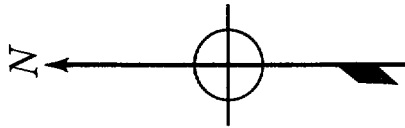
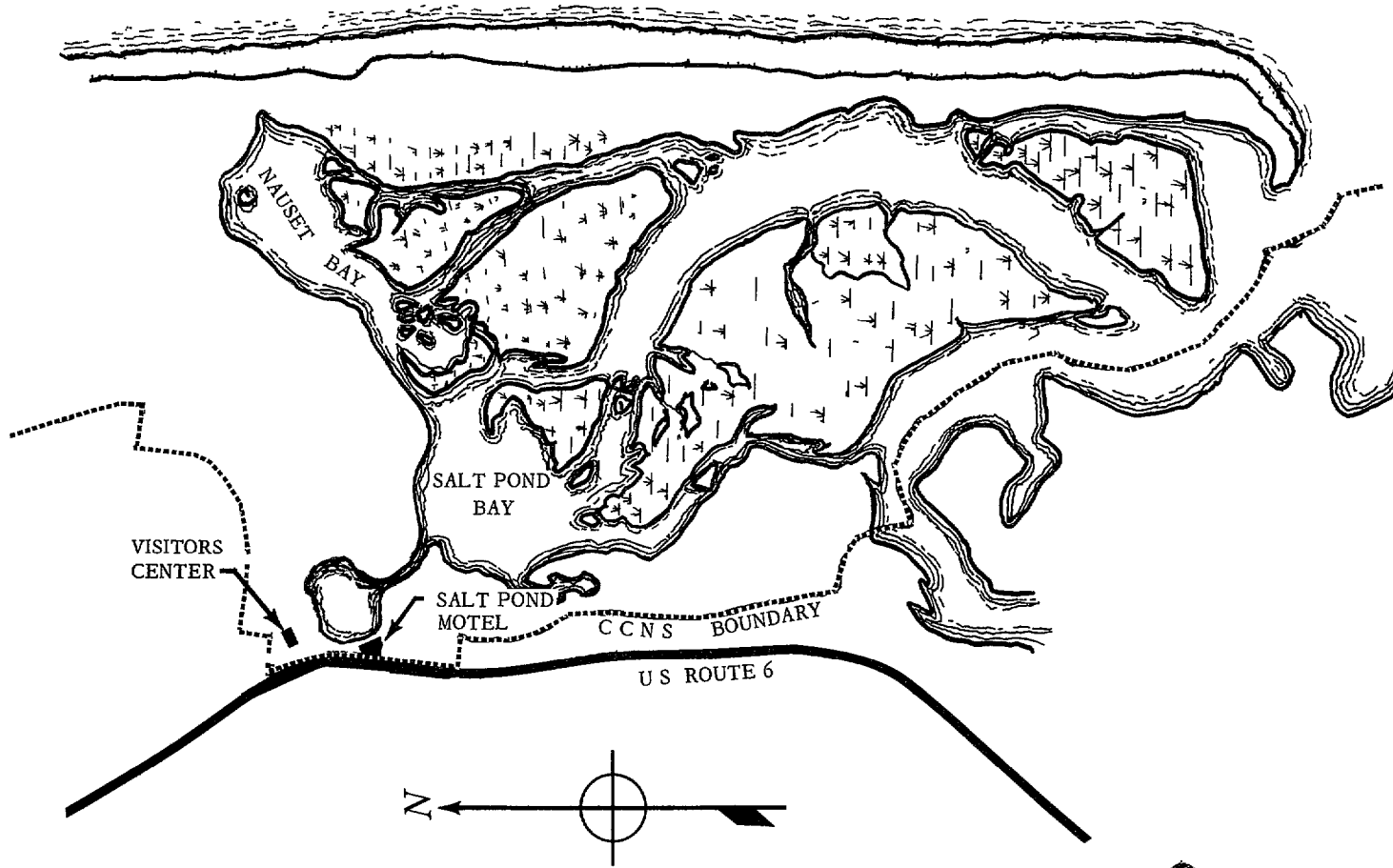
#### CAPE COD NATIONAL SEASHORE

The following commercial properties, which were acquired or which were scheduled to be acquired, were located just inside the boundaries of CCNS.

## Salt Pond Motel

The Salt Pond Motel property, situated on about 2 acres of land, was purchased by NPS in October 1963 at a cost of \$182,500. At the time of the purchase, the property consisted of an 18-unit motel, approximately 5 years old (see photograph below), and an older wood-frame apartment building.





because it was believed that such action would establish a precedent and would foster similar requests from established businesses within authorized seashore boundaries. Also, the town of Eastham did not approve the expansion of the motel.

Subsequently, the motel owners entered into negotiations with NPS to sell the entire property, including the furnishings, to the Federal Government. In justifying the purchase of the furnishings, the land acquisition officer at CCNS indicated that the park superintendent was of the opinion that continued operation of the motel and the apartment house would be required to accommodate the visiting public. It was pointed out that, to attract a competent operator, the furnishings should be kept in place.

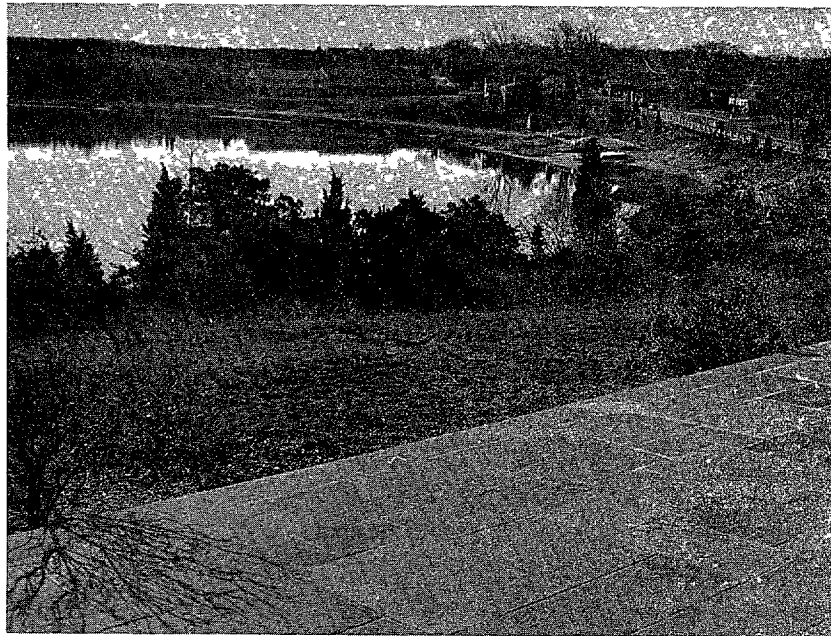
In November 1963--1 month after NPS acquired the property--NPS issued a prospectus requesting offers for the operation of the Salt Pond Motel. A concession contract was issued in February 1964 for the period ended December 31, 1968. In April 1969, a 5-year contract was issued to the same concessioner. The Department informed us that the Cape Cod National Seashore Advisory Commission had urged that the motel be continued in use until it is no longer feasible to do so. The motel is considered by the Department to have a useful life of another 10 or 15 years.

The Department informed us that the Salt Pond Motel was considered to be a major intrusion on the scene and that:

"When the unit is demolished in the future and the site restored, it will allow a view from the Salt Pond Visitor Center not now available of the surrounding landscape dotted with early Cape Cod homes \*\*\*."

As shown in the illustration on page 17 and in the following photograph of the view of the motel and surrounding area from the visitors' center, the motel property does not appear to significantly intrude into or impair the view of CCNS from the visitors' center. However, even if the motel was removed by NPS from the scene, the view from the

visitors' center would still be affected by the properties lying immediately outside the boundary of CCNS on the opposite side of the road, which NPS does not have authority to acquire. In addition, the view would also be affected by a frame cottage located next to the motel which at December 31, 1968, had not been acquired and which may be exempt from condemnation under the legislation authorizing CCNS.



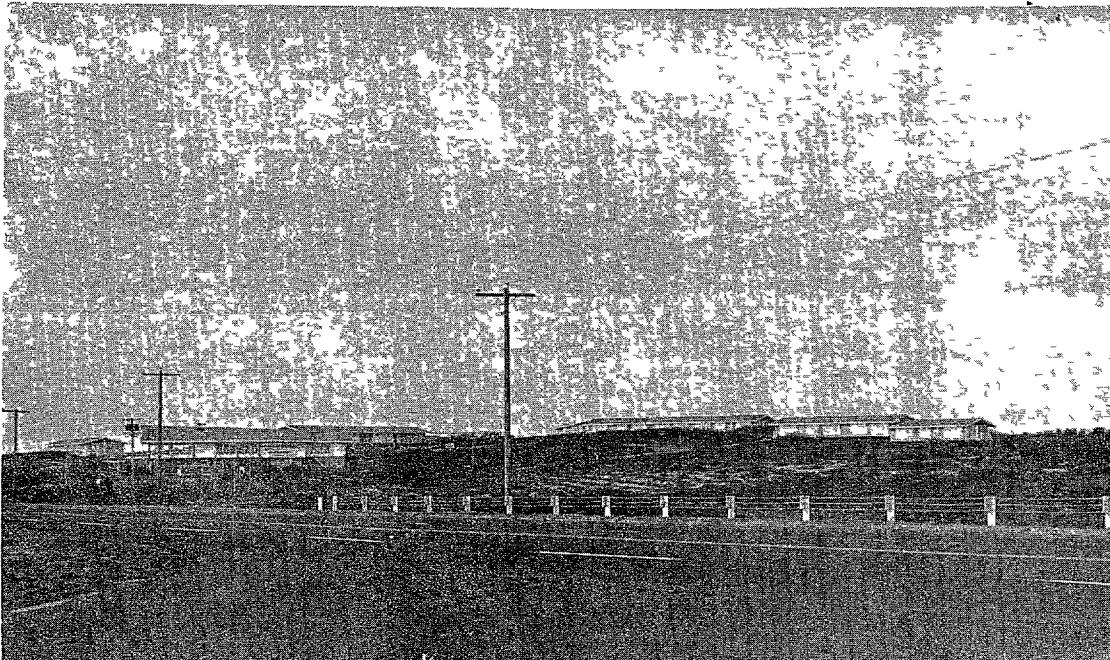
In view of (1) the indicated need for visitor accommodations at CCNS, (2) the intention of NPS to operate the motel under a concession arrangement for a number of years in the future, and (3) the proximity of the property to the CCNS boundary, it appears that the boundary of CCNS should have been changed to exclude this property and that the operation of this motel could have continued under private ownership.

The Department's contention that acquisition of the motel was required to remove a major intrusion from the scene does not appear to be consistent with the actions of NPS to continue to operate the motel under a series of concession contracts.

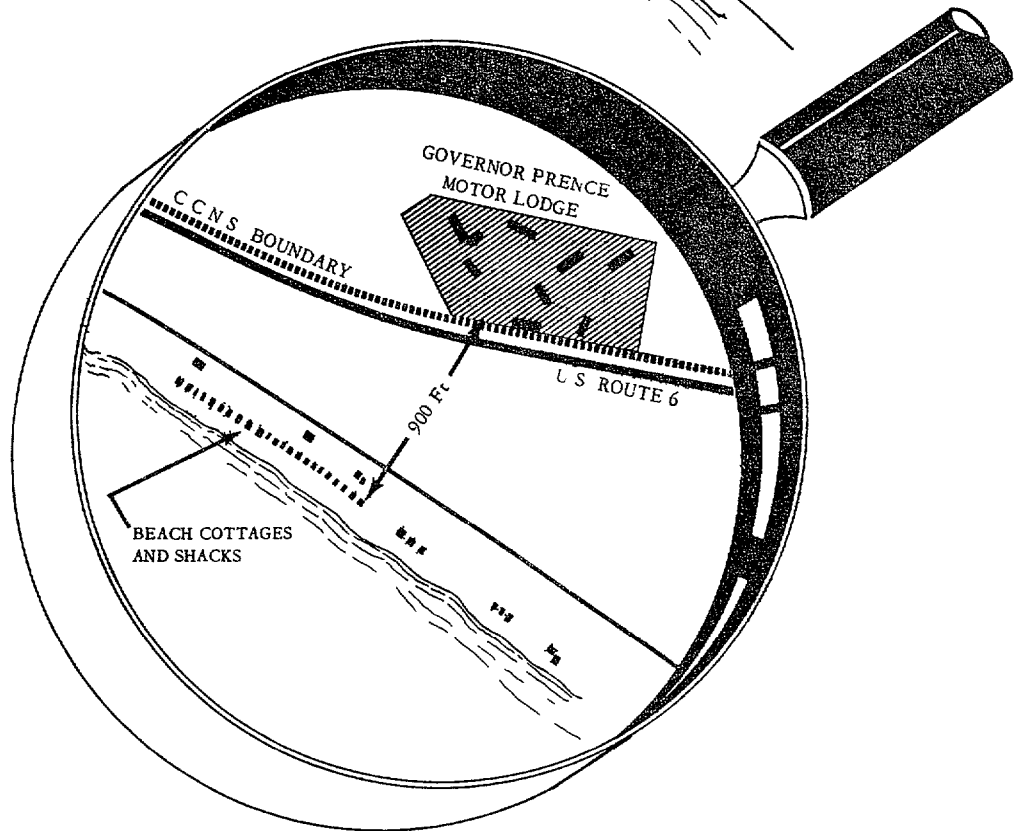
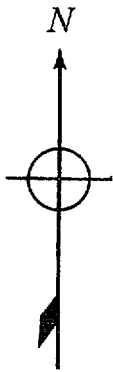
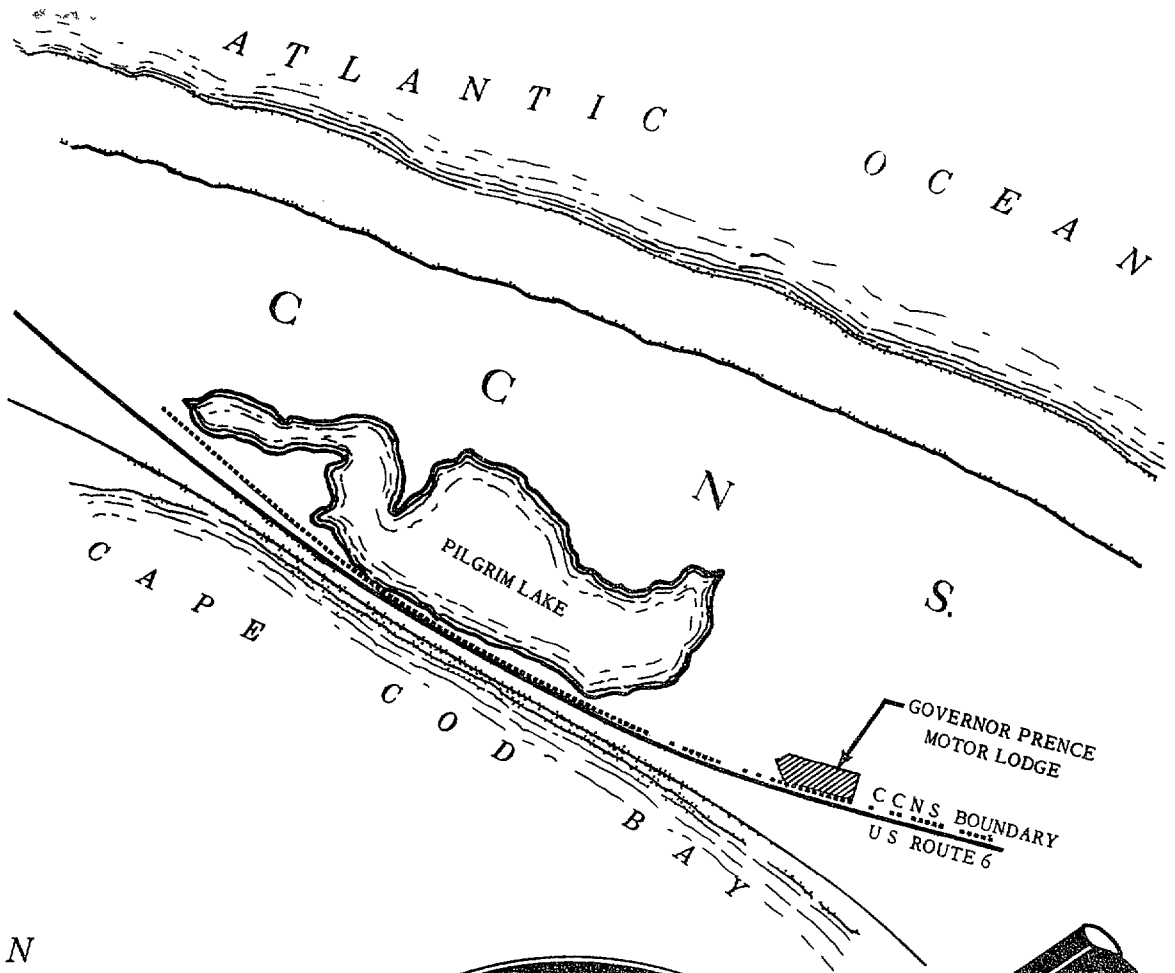
Also, the acquisition of the motel property at a cost of \$182,500 at a time when a considerable amount of land within the CCNS area remained to be acquired appears to be questionable particularly in view of the indicated need for visitor accommodations at CCNS. NPS estimated that the acquisition of the remaining 7,270 acres of unimproved land would cost an average of \$1,000 an acre.

#### Governor Prence Motor Lodge

This property consists of about 12 acres and seven motel buildings having six to eight units each and one building housing a restaurant and a cocktail lounge. Three appraisals of the estimated fair market value of the property made for NPS in late 1962 ranged from \$430,000 to \$475,000. As shown in the following photograph and in the illustration on page 21, the Governor Prence Motor Lodge, which is located in Truro, Massachusetts, has frontage along U.S. Route 6 and is on the CCNS boundary.

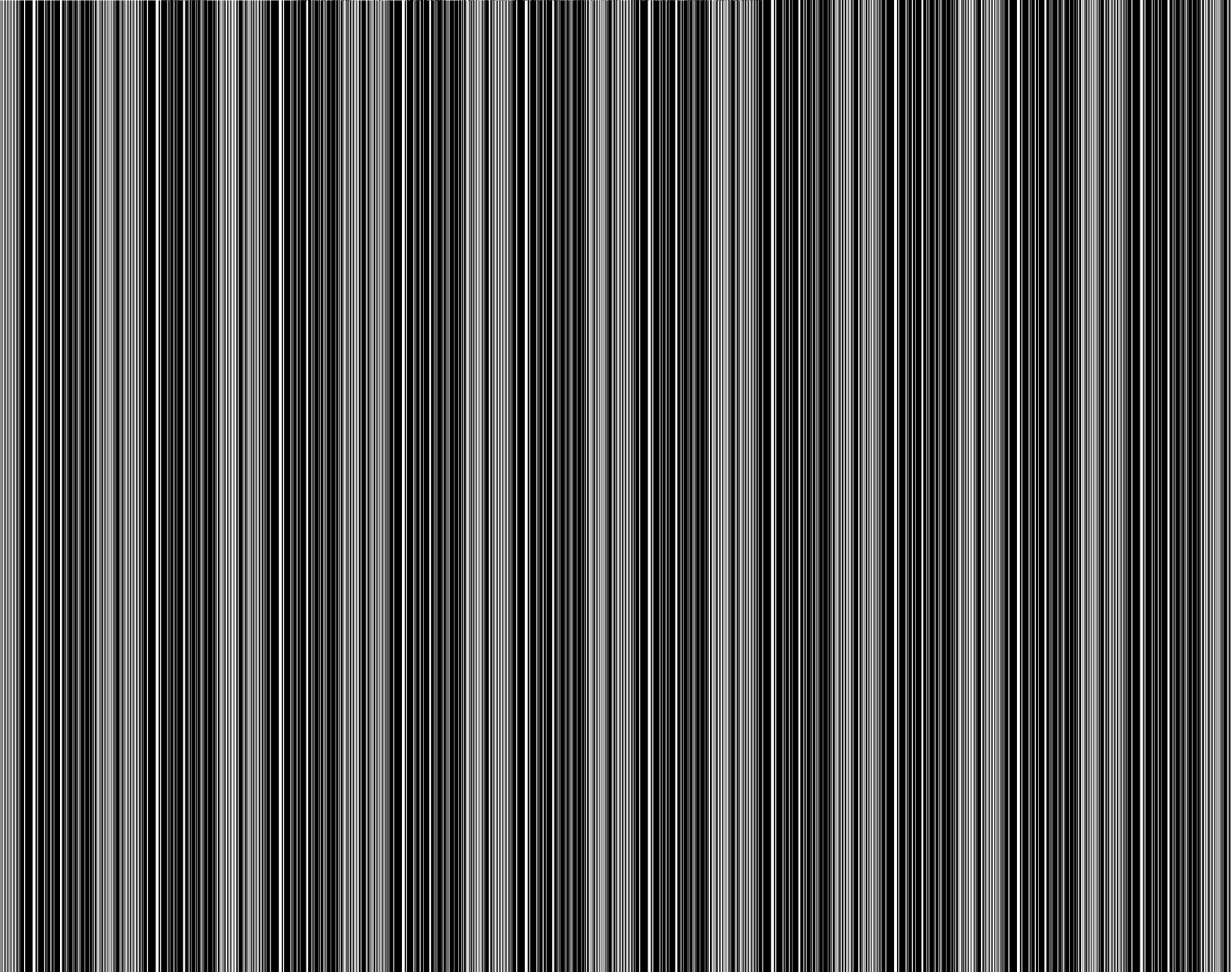
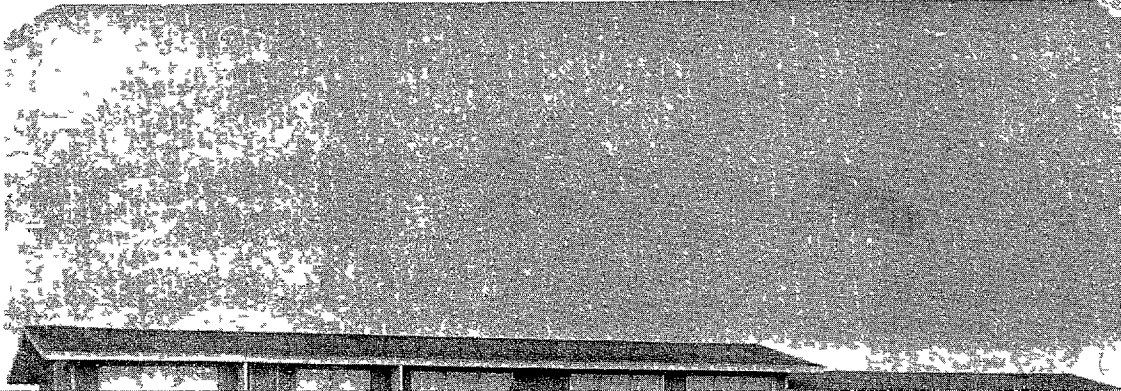






NPS officials informed us that the Governor Prence Motor Lodge was low on the acquisition priority list and would be acquired, if necessary, to prevent expansion of the facility, such expansion would tend to degrade the surrounding landscape.

4



1. The boundaries of the seashore were determined by thorough studies and only minor revisions should be made.

This statement does not appear to be consistent with the fact that 10 revisions have already been made in the CCNS boundaries involving about 164 acres of land. Elimination of the Governor Prence Motor Lodge property from the property to be acquired would have affected only 12 acres.

2. The boundary should be reasonably continuous and not too irregular.

We do not agree that property adjacent to the boundary, which is significantly more expensive in comparison with other properties within the CCNS boundary, should be acquired merely to achieve the symmetry of the project.

3. The act calls for preservation of the seashore and this can best be done when the land is under NPS control.

Since the Governor Prence Motor Lodge involves only a few acres situated on the inland perimeter of the CCNS boundary, the NPS position does not appear to be valid. The land in question amounts to only a fraction of 1 percent of the total inland acres of CCNS, and, in our opinion, the acquisition of this property represents too great a cost for the acquisition of such a small portion of the total CCNS area.

## DELAWARE WATER GAP NATIONAL RECREATION AREA

Along the boundaries of DWGNRA are several fairly well-established communities. All the land on which these communities are located is being acquired by NPS. We found that the purchase of this land and related improvements would be substantially more costly than the purchase of other less developed lands. At the time of our field review, a Corps of Engineers appraiser had estimated that the land and improvements in two of the communities located along the boundary of DWGNRA would cost about \$9.2 million. This estimated cost represents 29 percent of the estimated land acquisition cost of \$32.1 million for the entire DWGNRA but is applicable to only 9 percent of the land in the area. The estimated cost of \$32.1 million does not include resettlement and acquisition costs of \$5.3 million.

The acreage, the number of homes, and the estimated cost to acquire the properties in the two communities are summarized below.

	<u>Commu- nity A</u>	<u>Commu- nity B</u>	<u>Total</u>
Number of acres	3,900 <sup>a</sup>	377	4,277 <sup>a</sup>
Number of homes	250 <sup>a</sup>	17	267 <sup>a</sup>
Estimated acquisition cost	\$8,500,000	\$752,000	\$9,252,000

<sup>a</sup>Estimated.

Five developers had been active in the two communities. At the time of our field review, 3,387 acres of land had been acquired by the Corps from the developers through negotiations and condemnations. The remaining 890 acres had been sold by the developers to individuals. Of the 890 acres, approximately 337 had been acquired by the Corps.

An NPS official responsible for resource planning at DWGNRA informed us that, in his opinion, the project boundaries should not be realigned to exclude the high-cost properties mentioned above because the area in which the properties are located contains hiking trails and lakes and

is ideally suited for picnic and camping sites. Present NPS plans are to utilize the areas for these purposes.

We were informed by an official of the Corps of Engineers that lands just outside the perimeter of the existing boundary of DWGNRA could be acquired at much lower costs because of the unimproved status of the lands. Our inspection of the area surrounding, and adjacent to, the established communities and elsewhere along the DWGNRA boundary indicated that the land was much the same as the land on which the communities were located. We therefore believe that consideration should have been given to realigning the boundaries of DWGNRA to exclude the communities located inside the DWGNRA boundaries and to substituting, as permitted by the authorizing legislation, less expensive land located outside the present boundaries.

### CONCLUSION

We believe that the preceding examples illustrate how NPS could make better use of its limited funds by adjusting the boundaries of an existing recreation area. It is our opinion that NPS, wherever possible, should take full advantage of its ability to adjust boundaries to exclude high-cost improved lands and to substitute, when considered desirable, comparable acreage from unimproved lands located on the perimeter of the recreation area.

### AGENCY COMMENTS AND OUR EVALUATION

In our draft report, we suggested that the Secretary of the Interior consider adjusting the boundaries of certain recreation areas to exclude expensive properties located on or near the boundary lines.

The Director of Survey and Review, in commenting on our draft report for the Department, stated that:

\*\*\* We agree that expensive improved properties have been included in the boundaries, but only as a necessity for the protection of scenic, historical, natural, and cultural values. Keeping acquisition costs to a minimum carried to the extreme

would preclude the establishment of the areas at all. The setting of the boundaries and the purchase of improved properties at Cape Cod, Delaware Water Gap, and Point Reyes have proceeded primarily with the purpose of preserving the total value of the areas as intended. The establishment of boundaries for these areas includes determination of the necessity for strong control of use of critical tracts, and because inclusion within the boundary provides condemnation authority, this control is maintained often without acquisition or purchase of perimeter properties."

The Director's comments indicate that the Department does not fully consider the cost of acquiring various properties within established boundaries in relation to the benefits to be derived. We are not advocating that the Department take any extreme action which would preclude the establishment of a national recreation area as suggested above. Our position is that costs could be reduced if certain highly developed properties, which are located on or near the boundaries of authorized national recreation areas--especially where the boundaries are established by using a man-made facility such as a road--and which would not interfere with the development of the recreation area, were not acquired. We believe that such actions by NPS would not materially affect the establishment of national recreation areas. Conversely, we believe that the benefits which could be derived are significant, particularly at CCNS, where authorized funds have fallen far short (see p. 7) of the amount required to complete the acquisition of all land within the boundaries of CCNS and where considerable amounts of unimproved land with lower estimated costs an acre remain to be acquired.

#### RECOMMENDATIONS TO THE CONGRESS

In enacting legislation authorizing the establishment of national recreation areas and national seashores, the Congress is frequently faced with the problem of having to define boundaries before important facts are known, such as the cost of various tracts of land. We therefore recommend that the Congress, in enacting future legislation

authorizing national recreation areas, provide the Secretary of the Interior with guidelines for making changes in established boundaries when the acquisition of high-cost developed properties located on or near the boundary of an authorized area is involved.

We recommend also that the Congress require the Secretary of the Interior to prepare an analysis of the location and estimated cost of acquiring improved property located on the perimeter of authorized national recreation areas for which additional funds are needed to complete acquisition of the areas and to justify to the Congress the desirability of acquiring such properties.

## CHAPTER 4

### NEED TO IMPROVE ESTIMATES OF LAND ACQUISITION COSTS

Several of the NPS estimates of land acquisition costs for the four recreation areas contained substantial errors, were inadequately documented, or did not consistently consider all pertinent factors. We believe that the cost estimates are extremely important because they serve as a basis for authorizing projects and for appropriating funds.

Following are two examples which we believe illustrate the need for improvement in the preparation of land cost estimates.

#### CAPE COD NATIONAL SEASHORE

We found that estimates had been made of land values at CCNS in August 1959, May 1966, and January 1967. Each estimate either contained substantial errors or was not supported by adequate documentation.

The August 1959 cost estimate was made on the basis of a 4-day, on-site inspection by an appraiser from NPS headquarters in Washington, D.C. At the time the estimate was made, no current individual tract maps were available; so the appraiser divided the entire area into various categories of land ranging from marshland to more desirable areas, computed an average cost an acre for land within each of these categories, multiplied this by the number of acres involved, and added an amount for the estimated value of homes in the area. This estimate did not include any amount for such items as surveys, title evidence, appraisals, or personal services. In addition, the available information relating to this estimate did not disclose that any costs had been included for the acquisition of commercial properties within CCNS. Adequate documentation to support the basis for this estimate was not available.

Subsequent to August 1959, two more estimates were made by NPS officials to determine the additional funds which would be required to complete the acquisition of the land in the CCNS area.



One estimate, made in May 1966, was based on a tract-by-tract analysis of the 10,800 acres which remained to be acquired as of that date. This estimate, which indicated the need for an additional \$12 million to complete the acquisition of CCNS, included a factor of 10 percent for such items as surveying, title search, and appraisals; 15 percent for contingencies, such as condemnations; and 20 percent for an increase in land value which NPS officials believed would take place over an estimated 5-year period needed to acquire the land.

The NPS appraiser who prepared this estimate informed us that he had estimated the value of the tracts of land by geographical area primarily on the basis of his knowledge of the costs of acquiring other tracts in the same area but that he had not prepared any documentation to support the estimated values.

In January 1967 another estimate of the cost of acquiring the remaining land at CCNS was prepared. This estimate also included amounts for acquisition costs, contingencies, and estimated increases in land values over the acquisition period. Again, we found that the documentation did not fully support the estimated cost.

Although the May 1966 cost estimate included 2,629 more acres and 50 more improved properties than the January 1967 estimate, both estimates showed that additional funds of \$12 million were required to acquire the property.

The NPS staff appraiser who prepared the January 1967 estimate informed us that it had not been prepared on the basis of an analysis of tract maps as the May 1966 estimate had been but had been prepared on the basis of an estimate of the total number of acres within CCNS which were considered to be idle, residential, commercial, or other. He informed us that his analysis of the type of land and number of acres to be acquired had been made on the basis of his knowledge of the area and that he had prepared no documentation to support his decisions.

## POINT REYES NATIONAL SEASHORE

As of June 1969, NPS had made a number of different estimates of the cost of acquiring land at PRNS. The initial estimate, which was made in 1961, was based on several assumptions which failed to materialize. A July 1966 estimate contained several significant errors, which we pointed out to NPS officials in August 1967. The latest estimate was made in January 1969.

According to NPS records, one of the most important phases in the preparation of the PRNS proposal for congressional action was the completion of an economic study in 1960 designed to secure information upon which an estimate of acquisition costs could be based. This NPS study, made in cooperation with the University of California, concentrated on an examination of tax records in the county assessor's office.

Since the economic study was made in 1960, the assessed valuations, which had been established by the assessor on the basis of 23 percent of the fair market value as of 1956, were adjusted to convert the assessed values to 100 percent of the 1956 market value and to give effect to a general increase in land values through 1960. Also, in recognition of the then-current waterside development activities, the valuation of certain waterside areas was increased to give effect to their use for potential homesites rather than for agricultural purposes on which the assessed values had been based.

On these bases, the 1960 market value of the land within the PRNS boundaries was estimated to be about \$7.5 million. The 1960 market value of structures and other improvements, other than utilities, was estimated to have remained at about their 1956 market value of \$2.8 million. Therefore, the 1960 market value of the land and improvements, other than utilities, was estimated to be about \$10.3 million.

According to NPS records, public awareness of the proposal to acquire land at Point Reyes for a national seashore, together with newspaper and radio publicity, resulted in increased real estate activity on the Point Reyes

Peninsula. This increased activity resulted in a revised estimate of \$20 million for acquisition of land and improvements at Point Reyes which the Department of the Interior included in a March 1961 report to the Congress on several bills proposing the establishment of PRNS.

In August 1961 the Director, NPS, indicated in testimony before the Subcommittee on National Parks, House Committee on Interior and Insular Affairs, that the estimated total acquisition cost of the land within PRNS was about \$25 million. According to NPS files, the indicated higher acquisition cost was due, at least in part, to land subdivision activities taking place within the proposed seashore boundaries.

Public Law 87-657 enacted September 13, 1962, authorized \$14 million for the acquisition of land and improvements at PRNS. Subsequently, on October 15, 1966, the authorization was increased to \$19,135,000, under the provision of section 459c of Title 16, United States Code. However, according to House Report 1628, April 19, 1962, and House Report 2067, September 22, 1966, by the Committee on Interior and Insular Affairs, the \$14 million was considered to be adequate provided (1) that the land prices prevailing at the time of the appraisal remain approximately constant for a few years at least, (2) that the land acquisition program be started and carried out promptly, (3) that a certain portion of the land be acquired by exchange rather than by payment of cash, and (4) that a 26,000-acre pastoral zone within the boundaries of the national seashore continue in its existing condition and little, if any, of the land in this zone would have to be acquired to preserve its character.

These assumptions, for the most part, have not materialized. For example, land prices at PRNS have not remained constant but have risen considerably. As of December 31, 1968, about half the acreage within PRNS remained to be acquired and exchanges had been less than anticipated. It was anticipated that the 26,000 acres of pastoral land would have to be acquired to restrict development to that compatible with national seashore objectives.

An NPS estimate of the cost to acquire lands at PRNS, which was presented to the Congress in July 1966, indicated that an additional \$43.5 million would be needed to acquire the remaining land within the PRNS boundaries, including the 26,000 acres of pastoral land originally expected to remain in private ownership. This \$43.5 million together with the initial authorization of \$14 million brought the estimated acquisition cost of PRNS to a total of \$57.5 million.

We reviewed the computations prepared by NPS in support of its 1966 estimate of \$43.5 million to complete land acquisition at PRNS. We found that the estimate had been based on a tract-by-tract analysis of 1965 values of the unacquired land and improvements within the PRNS boundaries (\$22.8 million), which was increased by 15 percent for overhead costs (\$3.4 million) and by 20 percent a year of the value of the unacquired land for escalation in land prices from 1967 through 1972 (\$17.3 million) at which time the land acquisitions were estimated to be completed.

Our review of the estimate showed that it did not include the estimated cost of about 5,700 acres that NPS expected to acquire but that it included 15 percent for overhead costs, such as appraisals and personal services, although information in the NPS files showed that costs for these items at Point Reyes amounted to only 5 percent of the land costs.

In August 1967 we pointed out to the NPS official who had prepared the estimate that it did not include the cost of the 5,700 acres, which in 1965 had an estimated market value of \$6 million. This official revised the estimate to include the cost of the 5,700 acres and about 4,000 acres of communications and religious property that also had not been included in the 1966 estimate. The resulting increase in the estimated acquisition costs was offset by a reduction in the estimated acquisition costs of various other tracts of land. As a result, the revised estimate also showed that the total authorization needed to permit the acquisition of PRNS would be \$57.5 million.

## CONCLUSION

We believe that land cost estimates should be properly documented to support the estimated acquisition costs. Although an estimate is by necessity a professional opinion based on the experience, knowledge, and training of the person making the estimate, we believe that such an opinion should be supported by sufficient documentation to justify the amount of the estimate.

We believe also that all necessary and pertinent factors should be consistently considered in the preparation of cost estimates for presentation to the Congress in support of requests for funds to acquire land at national seashores and recreation areas.

In our opinion, accurate and properly documented cost estimates are of particular importance since past estimates have not been consistently prepared and have not always included the cost of such items as tract appraisals, surveys, contingencies, and general administration. For example, the initial 1959 CCNS cost estimate considered only the acquisition costs of lands and certain improvements; the May 1966 estimate, however, added about 45 percent to the estimated acquisition costs to cover the administrative costs related to land acquisitions, contingencies, and the estimated increase in land values over a 5-year period during which it was anticipated that the acquisition would take place.

At PRNS, because of the lack of documentation, we were unable to determine what consideration had been given in the initial 1961 estimate to the cost of supporting activities necessary for the acquisition of the property. The July 1966 cost estimate for the acquisition of the remaining lands within PRNS included 15 percent of the 1965 values of the lands for the supporting acquisition activities and an escalation factor of 20 percent of the values of the land for each year it was expected that the acquisition would be delayed. Thus NPS estimated that the acquisition cost of some tracts, expected to be among the last to be acquired, would be more than double the estimated acquisition cost as of the date of the appraisal because of the 20-percent-a-year escalation factor.

In our opinion, estimates of the cost of acquiring land at national seashores and recreation areas are more useful in making fund determinations if they show the estimated cost of acquiring land and related improvements at current market values, together with all incidental costs, and clearly identify the anticipated increase in value if the acquisitions are delayed or take place over a long period of time.

#### AGENCY COMMENTS AND OUR EVALUATION

In our draft report, we suggested that the Secretary of the Interior require that definite procedures be established and be used consistently in the preparation of land acquisition cost estimates that are presented to the Congress in connection with the Department's position on the amount of funds which are needed to permit the acquisition of land for national recreation areas.

The Director of Survey and Review, in commenting on our draft report for the Department of the Interior, stated that:

"As the result of the experiences emphasized in this report, the National Park Service, as standard procedure, now has all preliminary land-cost estimates made by qualified professional appraisers. New estimates will be made by qualified appraisers before any additional proposals are made to Congress on any existing areas such as Point Reyes. This policy is being applied to both 'in-house' and contractor appraisals."

The actions being taken by the Department appear to be a step in the right direction and, to the extent that the appraisers consistently consider all pertinent factors, more meaningful estimates of land acquisition costs should result.

In our continuing reviews of activities of NPS, we intend to examine into the implementation of the actions taken by NPS.

## CHAPTER 5

### SCOPE OF REVIEW

Our review was directed primarily toward an examination into (1) the cost of acquiring land for national recreation areas, (2) the extent of land development and subdivision activities occurring after national recreation areas were authorized, and (3) the NPS estimates of the cost of acquiring land for national recreation areas.

We reviewed the basic laws authorizing CCNS, DWGNRA, FINS, and PRNS. We examined pertinent records and interviewed officials at NPS regional offices located in San Francisco, California, and Philadelphia, Pennsylvania. We also examined NPS records and held discussions with NPS officials at the project offices for the four recreation and seashore areas. In addition, we held discussions with officials of the Corps of Engineers' district office in Philadelphia, Pennsylvania, and of the Department of the Interior in Washington, D.C.

APPENDIX



PRINCIPAL OFFICIALS OF THE DEPARTMENT  
OF THE INTERIOR RESPONSIBLE FOR ADMINISTRATION  
OF THE ACTIVITIES DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
SECRETARY OF THE INTERIOR:		
Walter J. Hickel	Jan. 1969	Present
Stewart L. Udall	Jan. 1961	Jan. 1969
ASSISTANT SECRETARY OF THE IN- TERIOR--FISH AND WILDLIFE, PARKS, AND MARINE RESOURCES (note a):		
Leslie L. Glasgow	Mar. 1969	Present
Clarence F. Pautzke	Oct. 1968	Feb. 1969
Stanley A. Cain	May 1965	Aug. 1968
Frank P. Briggs	Mar. 1961	Feb. 1965
DIRECTOR, NATIONAL PARK SERVICE:		
George B. Hartzog, Jr.	Jan. 1964	Present
Conrad L. Wirth	Dec. 1951	Jan. 1964

<sup>a</sup>Title changed from Assistant Secretary of the Interior--  
Fish and Wildlife and Parks effective October 1968.