

**REPORT TO  
THE CONGRESS OF THE UNITED STATES**

**FOLLOW UP  
REVIEW OF ADJUSTMENTS MADE  
IN FEES CHARGED FOR SUMMER HOME SITES  
ON NATIONAL FOREST LANDS**

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**FOREST SERVICE  
DEPARTMENT OF AGRICULTURE**



**BY  
THE COMPTROLLER GENERAL  
OF THE UNITED STATES**

**JANUARY 1966**



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

JAN 18 1966

B-152490

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

Herewith is our report on a follow-up review of adjustments made in fees charged for summer-home sites on national forest lands by the Forest Service, Department of Agriculture.

In our report of March 28, 1963, to the Congress on a review of recreation and other selected land use activities of the Forest Service (B-125053), we pointed out that the Forest Service fees for permits for summer-home sites were in some cases less than the fees would have been if computed, in accordance with Forest Service instructions, on the basis of the estimated values of comparable privately owned lands used for the same purpose in the same areas. We recommended in the report that the Chief of the Forest Service reemphasize to regional foresters the need to determine the reasonableness of summer-home-site permit fees charged in their respective regions and, where warranted, to adjust the fees as soon as possible under the provisions of the permits.

Since the issuance of our report in March 1963, several members of the Congress have expressed their interest concerning Forest Service adjustments of special-use permit fees. We are advising the Congress of the action taken by the Forest Service with respect to these matters and of the substantial financial benefits which are accruing to the Government as a result of such action.

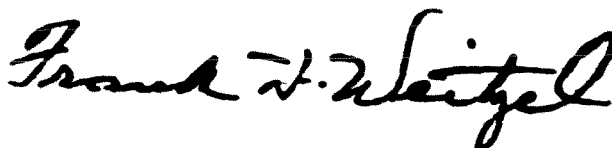
Our follow-up review of the action taken by the Forest Service through May 1965 disclosed that the agency had reviewed most of the special-use permit fees for summer-home sites and recalculated the permit fees, and as a result it is expected that revenues will increase to the Government by approximately \$1.5 million for the 5-year periods from the effective dates of the fee increases to the next applicable fee adjustment dates. On the basis of our examinations of fee adjustment activities at certain Forest Service field locations, we believe that the re-determined special-use permit fees were generally established in accordance with Forest Service instructions, although certain minor discrepancies were noted.

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The Chief of the Forest Service, by letter dated November 19, 1964, informed us of his awareness that certain deficiencies still existed in the review and the adjustment of summer-home permit fees. He stated that the deficiencies would be brought to the attention of the respective regions for corrective action.

On the basis of our review, we believe that the Forest Service has made substantial progress in adjusting, in accordance with its prescribed procedures, the fees charged for special-use permits which authorize the use of national forest sites for summer homes. Accordingly, we have no further recommendations at this time.

Copies of this report are being sent to the President of the United States and to the Secretary of Agriculture.

A handwritten signature in black ink, reading "Frank W. Weitzel". The signature is written in a cursive style with a large, prominent initial "F".

Acting Comptroller General  
of the United States

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REPORT ON FOLLOW-UP  
REVIEW OF ADJUSTMENTS MADE  
IN FEES CHARGED FOR SUMMER-HOME SITES  
ON NATIONAL FOREST LANDS  
FOREST SERVICE  
DEPARTMENT OF AGRICULTURE

INTRODUCTION

The General Accounting Office has made a follow-up review of the action taken by the Forest Service through May 1965 to adjust special-use permit fees for summer-home sites. In our report of March 28, 1963, to the Congress on a review of recreation and other selected land use activities of the Forest Service (B-125053), we pointed out that, in some instances, the fees (1) were not computed, in accordance with Forest Service instructions, on the basis of the estimated values of comparable privately owned lands used for the same purpose in the same areas or (2) were set at amounts lower than the minimum fees prescribed by the responsible Forest Service regional office.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). We reviewed Forest Service records and fee adjustment activities in the Intermountain Region (Region 4), the California Region (Region 5), the Pacific Northwest Region (Region 6), and the Southern Region (Region 8). We interviewed various Forest Service officials, private realtors, and permittees concerning the use of comparable land values in establishing adjusted permit fees. Also, we made an analysis of information provided at our request by the Forest Service on the status in the fall of 1964 of about 18,000 summer-home-site permits.

### GENERAL COMMENTS

The Act of March 4, 1915, as amended (16 U.S.C. 497), authorizes the Secretary of Agriculture to issue permits (leases) covering use and occupancy of national forest land for the purpose of constructing or maintaining summer homes and other structures. It is the policy of the Secretary of Agriculture that such special-use permits shall require the payment of a fee or charge commensurate with the value of the use authorized by the permit, the amount of which shall be prescribed by the Chief of the Forest Service. This policy is in accord with the Government-wide policy prescribed by the Bureau of the Budget in Circular A-25 that, where federally owned resources or properties are leased or sold, a fair market value should be obtained. Under this policy, charges are to be determined by the application of sound business management principles and, so far as practicable and feasible, in accordance with comparable commercial practices.

The policy established by the Chief of the Forest Service with regard to special-use permit fees for summer-home sites is that an equitable fee will be charged and that the fee will be based on the purposes for which the land is to be used and will be comparable with rentals paid for like use of similar private lands in the same areas. Forest Service instructions implementing these policies state that, in determining fees for summer-home-site use, the rental and sale value of comparable private lands shall be considered and that an annual fee of 5 percent of the value of comparable private lands used for similar purposes may be considered to be a fair annual rental, subject to a minimum fee of \$25 a year. In recognition of certain restrictions imposed by its

special-use permits, the Forest Service uses 5 percent of appraised value a year rather than the 7 to 12 percent leasehold rates advocated by the American Institute of Real Estate Appraisers. Forest Service instructions state that fee revisions should ordinarily be made at 5-year intervals and should take effect as of the beginning of the payment year.

In our report of March 28, 1963, we pointed out that Forest Service fees for permits for summer-home sites were in some cases less than the fees would have been if computed in accordance with Forest Service instructions, on the basis of the estimated values of comparable privately owned lands used for the same purpose in the same areas. We found this condition at four of the six national forests where we made such comparisons. Although we did not find this condition at the remaining two national forests, we did find instances in both forests where some permit fees were lower than the minimum fees prescribed by the Forest Service regional office involved.

The Chief of the Forest Service had issued instructions in January 1959, to all regional foresters to make a review of special-use permits and to adjust the permit fees as necessary. We pointed out in our report, however, that, on the basis of our reviews made more than a year after issuance of the Chief's instructions, there were indications that the Government was losing significant amounts of revenue each year on permits for summer-home sites. Accordingly, we recommended that the Chief of the Forest Service reemphasize to regional foresters the need to determine the reasonableness of summer-home-site permit fees charged in their respective regions and, where warranted, to adjust the fees as soon as possible under the provisions of the permits.

## FINDINGS

### INCREASED REVENUES REALIZED FROM FEE ADJUSTMENTS

Our review of the action taken by the Forest Service to adjust special-use permit fees for summer-home sites disclosed that the Forest Service had reviewed most of these fees and had made adjustments expected to result in a revenue increase to the Government of about \$1.5 million for the 5-year periods from the effective dates of the fee increases to the next applicable fee adjustment dates.

In November 1964, there were approximately 18,300 Forest Service special-use permits in effect which authorized the use of national forest land for summer-home purposes. From 1960 the time our original review was initiated to May 1965, the Forest Service had increased the annual fees for over 12,000 summer-home-site permits. For most of the remaining 6,300 permits, forest Service fee reviews indicated that adjustments were not warranted or appropriate; in other instances, the fee reviews either had not been completed or had been made prior to the start of our review.

The Forest Service fee adjustments ranged from \$1 to \$305 annually, with an average fee increase of about \$25 a year. To minimize the financial burden on holders of summer-home-site permits in certain areas where the more substantial annual fee adjustments were necessary, the Forest Service provided for the fees to be gradually increased over a period of 5 years.

#### Propriety of redetermined fees

Our review of Forest Service fee adjustment activities at selected field locations and our analysis of information furnished by the Forest Service indicate that the redetermined fees for summer-home-site permits were established in accordance with the agency's instructions.



The Forest Service handbook provides that, in determining fees for summer-home-site use, the rental and sale value of comparable private lands shall be considered and that an annual fee of 5 percent of the sale value of comparable private lands in the same areas used for similar purposes may be considered to be a fair annual rental. The handbook instructions provide that all lots in a tract for summer-home sites should carry the same fee except where unusual factors such as lakeshore settings are involved. Although the American Institute of Real Estate Appraisers advocates leasehold rates of from 7 to 12 percent, the Forest Service applies the 5-percent rate to give recognition to certain restrictions imposed by the special-use permits.

At one national forest, we examined into the manner in which fees were established for five selected summer-home-site tracts containing a total of 192 sites including some with lakeshore settings. We found that the redetermined fees established by the Forest Service were based on transaction data obtained from the sale of privately owned land bordering on the same lakes and from the valuation of certain other property included in a Forest Service land exchange. The transaction data involving the lakefront property was used as a basis for adjusting the fees for those summer-home sites which the Forest Service classified as lakefront lots, while the land exchange property data was used as a basis for adjusting fees for sites which the Forest Service did not classify as lakefront lots.

Information which we obtained from a realtor on the value of property sold by him in the area and estimates by the realtor of the value of the Forest Service summer-home-site lots in the area indicated that the adjusted appraised values used by the Forest Service in establishing the fees were reasonable. For all sites in

the forest as a whole, we found that the adjusted permit fees were computed on the basis of 5 percent of the appraised value of the Forest Service home-site lots and that the appraised value of these lots was based on land transactions involving comparable private lots in the vicinity of the Forest Service lots.

Our review disclosed that summer-home-site permit fees had been increased to at least the prescribed minimum fee in those particular areas for which we had previously reported that fees of less than the minimum amount were being charged. Forest Service reports show that not every permit fee for summer-home sites in each region has been raised to the minimum amount established for the respective region, however, the number of permits and amounts involved are not significant.

Our analysis of information provided by the Forest Service on fee adjustments throughout the country indicated that, generally, the redetermined rates were based on 5 percent of the value of comparable privately owned lands and that regional instructions relating to specified minimum fees were being observed.

#### CONCLUSION AND AGENCY COMMENTS

Our review showed that, generally, the Forest Service had corrected the deficiencies disclosed by our prior review of the administration of permits for the use of national forest lands for summer-home sites. The Chief of the Forest Service, by letter dated November 19, 1964, informed us of his awareness that certain deficiencies still existed in the review and adjustment of some summer-home permit fees. He stated that the deficiencies would be brought to the attention of the respective regions for corrective action.

On the basis of our review, we believe that the Forest Service has made substantial progress in adjusting, in accordance with its prescribed procedures, the fees charged for special-use permits which authorize the use of national forest sites for summer homes. Accordingly, we have no further recommendations at this time.

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APPENDIX

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PRINCIPAL OFFICIALS  
OF THE DEPARTMENT OF AGRICULTURE  
RESPONSIBLE FOR THE ADMINISTRATION OF  
SUMMER-HOME SITES ON NATIONAL FOREST LANDS  
DURING THE PERIOD COVERED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<u>DEPARTMENT OF AGRICULTURE</u>		
SECRETARY OF AGRICULTURE:		
Ezra Taft Benson	Jan. 1953	Jan. 1961
Orville L. Freeman	Jan. 1961	Present
ASSISTANT SECRETARY, FEDERAL-STATES RELATIONS:		
Ervin L. Peterson	Dec. 1954	Sept. 1960
Clarence M. Ferguson	Sept. 1960	Jan. 1961
Frank J. Welch	Jan. 1961	July 1962
ASSISTANT SECRETARY, RURAL DEVELOPMENT AND CONSERVATION (note a):		
John A. Baker	Aug. 1962	Present
<u>FOREST SERVICE</u>		
CHIEF:		
Richard E. McArdle	July 1952	Mar. 1962
Edward P. Cliff	Mar. 1962	Present
DEPUTY CHIEF, NATIONAL FOREST RESOURCE MANAGEMENT (note b):		
Edward P. Cliff	July 1952	Mar. 1962
Vacant	Mar. 1962	May 1962
Arthur W. Greeley	May 1962	Present

PRINCIPAL OFFICIALS  
OF THE DEPARTMENT OF AGRICULTURE  
RESPONSIBLE FOR THE ADMINISTRATION OF  
SUMMER-HOME SITES ON NATIONAL FOREST LANDS  
DURING THE PERIOD COVERED IN THIS REPORT (continued)

<sup>a</sup> Responsibility for Forest Service activities was transferred on July 30, 1962, from Assistant Secretary, Federal-States Relations, to Mr. John A. Baker, Director, Rural Development and Conservation, who was designated Assistant Secretary, effective August 3, 1962.

<sup>b</sup> Position title changed from Assistant Chief to Deputy Chief in June 1962.