

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

V. INDUSTRY SEMINARS AND SPEECHES - SHORT TERM

B. Assessors and Other Public Officials

9. Speech to the DNR Administrative Staff,
touches on rural real estate markets, state
acquisition, tax problems, preservation and
changing appraisal and development trends.
Presented December 4, 1979



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Anthony S. Earl
Secretary

BOX 7921
MADISON, WISCONSIN 53707

November 7, 1979

IN REPLY REFER TO: 1400

Dr. James Graaskamp
School of Business
118 Commerce Building
University of Wisconsin
Madison, WI 53706

Dear Dr. Graaskamp:

We are pleased that you can join our administrative staff of 12 people on Tuesday, December 4, 1979 to informally discuss real estate trends in Wisconsin.

As we near the end of the ORAP-200 program and begin seeking new funding sources for land acquisition and development, our staff is particularly interested in your views on: rural real estate market, state acquisition, tax problems, changing development trends that would affect our ability to purchase land and alternatives to state acquisition of recreation lands.

The meeting will be held at my house at 53 S. Eau Claire Avenue, Madison (Hill Farm area - map enclosed), beginning at 1:00 p.m.

We look forward to meeting with you and discussing this important subject.

Sincerely,
Division of Resource Management

A handwritten signature in cursive script that reads 'C. D. Besadny'.

C. D. Besadny
Administrator

CDB:dgb
Enc.

cc - Anthony S. Earl

DNR Administrative Staff

- I. Changing Trends in Appraisal
 - A. Recognition of preservation and conservation as highest economic use
 1. Growing market among a variety of public and private organizations funding conservation purchases
 2. Okeefonokee case - 80% of timber was most likely to be logged but conservationists wanted 100% of the timber not to be cut so timber value was 80% of total value making preservation the best use in economic terms.
 3. Cascade case where statistics are being kept on all federal purchases
 - a. Scenic easement prices for less than fee title
 - b. Timber values plus recreational values
 - c. Access by STOL or helicopter changes definition of accessible
 - d. The absorption rate issue on recreational sites - the Minnesota case
 - B. Contemporary trends in appraisal
 1. Concept of most probable price
 2. Concept of most probable use
 3. Comparable property implies buyer with similar motivation as well as physically similar property
- II. Long Term Price Level of Rural Land
 - A. Past trend show steadily rising prices including private conservation efforts and premiums placed on ownership of singular resources, like rare paintings.
 - B. Future trends will be affected in unknown ways by:
 1. Gasoline shortage and pricing discouraging long drives, reducing demand
 2. Consumer demand for alternative energy supplies such as a wood lot, crops converted to alcohol will increase demand
 3. Non-materialistic life styles will increase demand
 4. Migration of the footloose professions out of the city or those with inheritances out of urban areas will increase demand
 5. Rising farm prices will bring marginal land back into production
 6. Rising farm prices in the sand counties will lead to further irrigation and corporate farming
 7. Withdrawal of the paper companies will lead to surplus timberland
 8. Increased heating costs will favor increased consumption of wood in home furnaces and perhaps local power plants
 9. Shorter work weeks plus better recreational education may mean heavier pressure on outdoor resources
- III. Preservation May be Advanced by Special Status Private Ownership
 - A. Public ownership often causes heavy increased and public utilization of a sensitive resource - Sylvania, enchantments, Georgia Islands, St. Croix

- B. Attempts to control agriculture show some people want short term tax relief but wish to retain future development potential while other groups want permanent tax relief and permanent preservation but the ability to exclude the general public. DNR agencies find controls through permit to access politically difficult to administer.
- C. Why not create a land preservation and open space trust which was quasi-public.
 - 1. Dedication of all development rights beyond current use as farm, golf course, private arboretum; etc. would provide charitable deduction for income tax and exemption from real estate tax, or at least education tax.
 - 2. Private agency would remain in control but could make no changes or improvements of any kind without permission of the trustees.
 - 3. Trustees would be selected in which lands they would accept appropriate to the environmental significance of the land in question.
 - 4. The public would enjoy the open space or conservation while the private owner would carry the onus of excluding most people.
- D. The DNR should facilitate policies that would advance trade. There is a great reluctance by bureaucrats to part with anything once acquired and paranoia that they will be hornswoggled or politically roasted by dealing with the private sector.
 - 1. The Cascade wilderness trade
 - 2. Consolidated Paper trade
 - 3. Possibility of trading urban for rural lands