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*REPORT OF THE
COMPTROLLER GENERAL
OF THE UNITED STATES*

Private Land Acquisition
In National Parks:
Improvements Needed

National Park Service
Department of the Interior

The National Park Service began a land acquisition program in fiscal year 1969, the Opportunity Inholding Program, to acquire private lands within the boundaries of certain national parks.

Prices the National Park Service paid were, for the most part, reasonable and reflected the market values of the properties. The appraisal process should be improved, however, to increase the program's effectiveness.

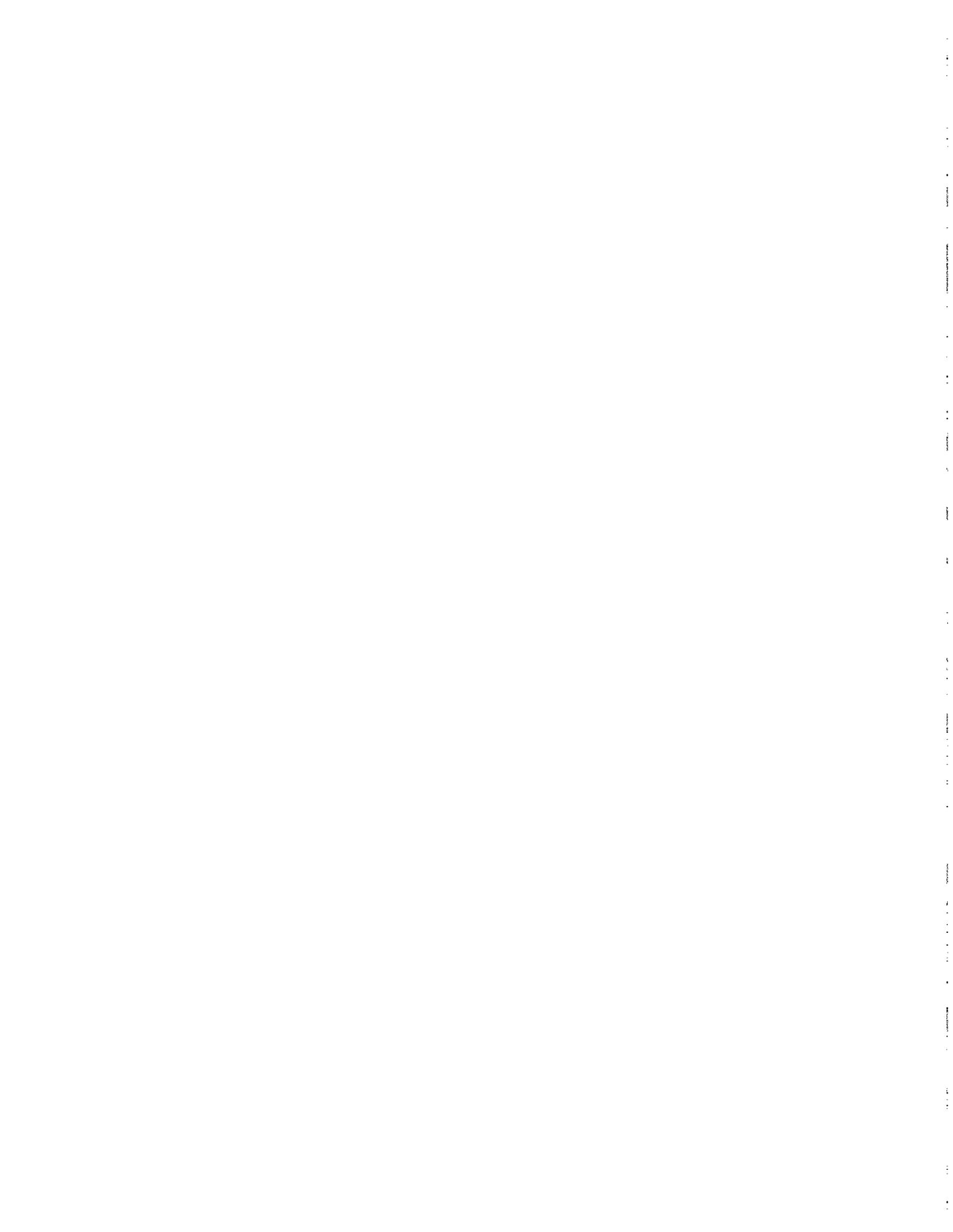
Park Service officials agreed that some of its practices, intended to force property owners to sell their properties to the Park Service at one park, could have been considered harassment of property owners. The Park Service has, however, acted on these complaints, and the difficulties should be resolved.

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

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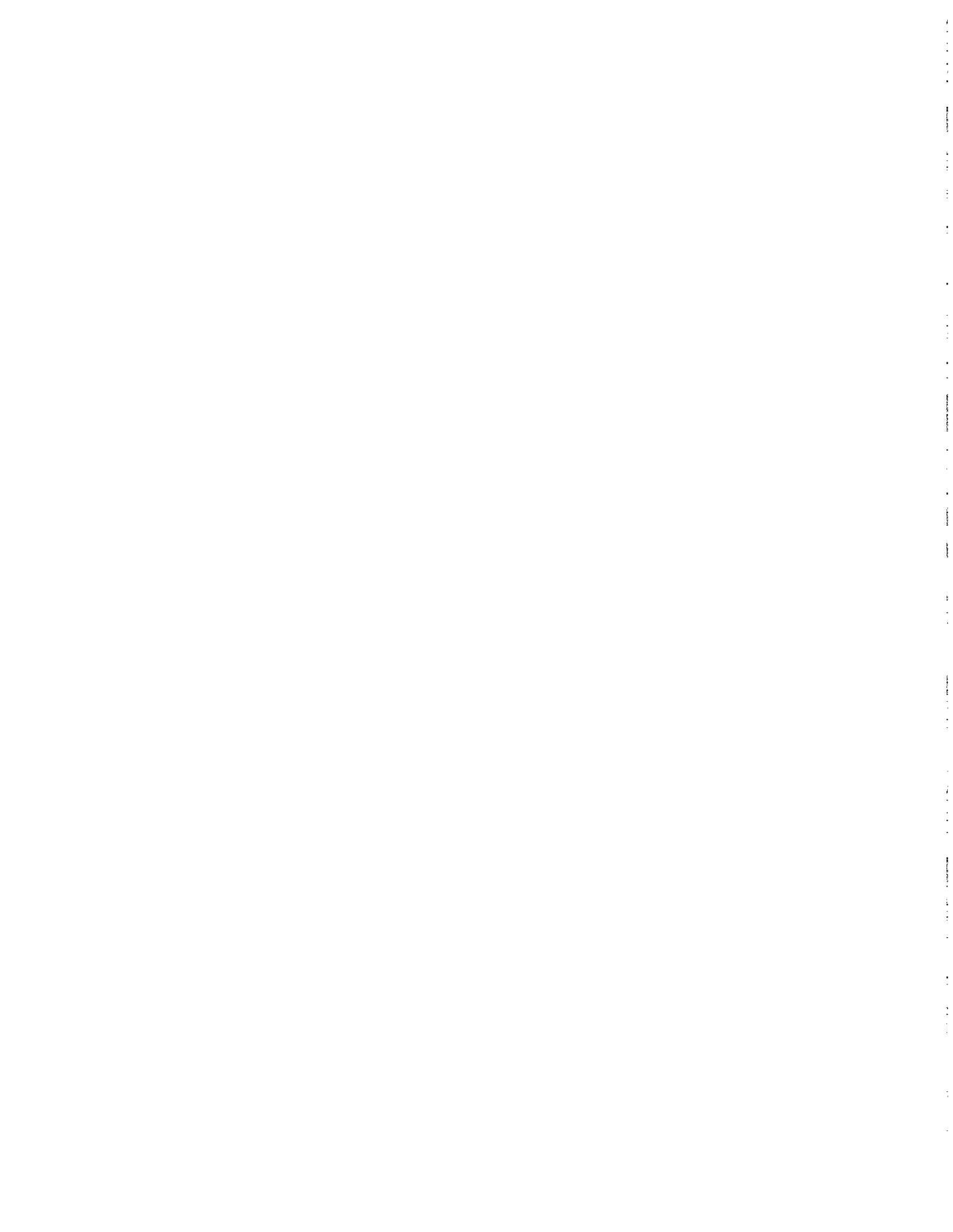
The Honorable B. F. Sisk
The Honorable Harold T. Johnson
The Honorable John J. McFall
The Honorable Robert J. Lagomarsino
The Honorable John H. Krebs
House of Representatives

This report, the result of work performed at the request of several Members of Congress, discusses the reasonableness of prices paid by the National Park Service, Department of the Interior, for private lands in certain national parks, including the adequacy of the Park Service's appraisal process, and presents information concerning the Park Service's practice of encouraging owners to sell their property, including property owners' opinions as to whether this practice constituted harassment.

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

A handwritten signature in black ink, appearing to read "James G. Stacks".

Comptroller General
of the United States



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ABBREVIATIONS

GAO General Accounting Office

NPS National Park Service

REPORT OF THE
COMPTROLLER GENERAL
OF THE UNITED STATES

PRIVATE LAND ACQUISITION
IN NATIONAL PARKS:
IMPROVEMENTS NEEDED
National Park Service
Department of the Interior

D I G E S T

The National Park Service is purchasing private lands within the boundaries of certain national parks--called inholdings--because of the wide variety of adverse uses that take place on these private lands. These uses are destructive of scenery, wildlife, forest, and flowers. Park Service officials say that inholdings should be eliminated because they usually are in strategic locations and are clustered around the scenic attractions of the parks or along natural access routes of the parks.

According to the Park Service, about 82,000 acres of private inholdings, costing about \$66.7 million, have been acquired from the start of the Opportunity Inholding Program in fiscal year 1969 through fiscal year 1975. The Park Service estimated that, as of July 1, 1975, about 35,000 acres of private inholdings costing about \$87.9 million were planned to be purchased.

Prices paid for private
land and improvements

For the most part, the prices paid by the Park Service for inholdings in Sequoia-Kings Canyon and Yosemite National Parks appeared to be reasonable and reflected the market values of the properties.

GAO selected 22 properties in these parks and contracted with two independent fee appraisers to retroactively appraise the properties. The result of these appraisals were then compared with earlier appraisals made for the Park Service.

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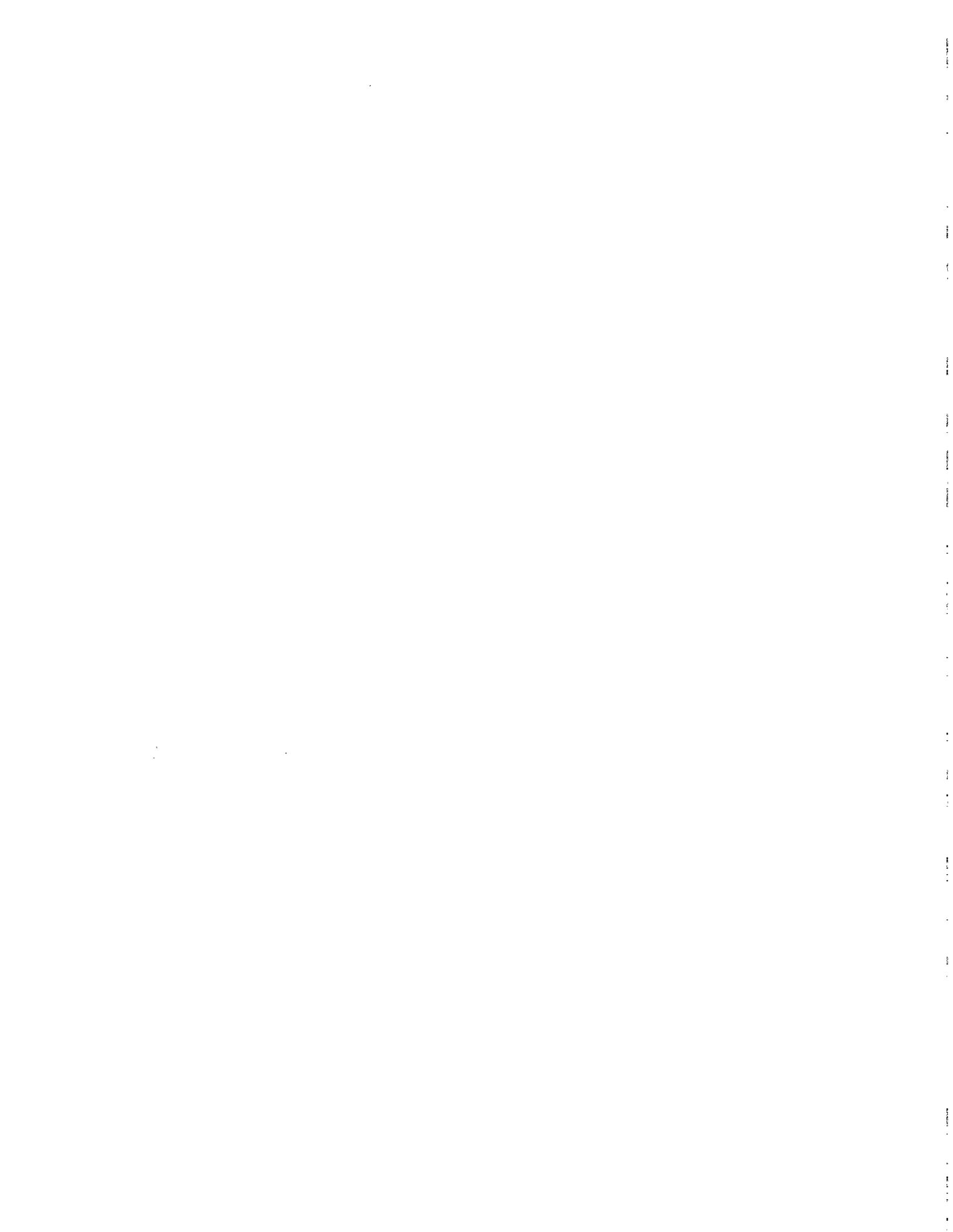
The differences in appraised values for 17 of the 22 properties ranged from plus 12.5 percent to minus 12.5 percent; for the remaining 5 appraisals, the differences were plus or minus 20 percent or greater. (See p. 7.)

where differences in appraised values were plus or minus 20 percent or greater, GAO identified factors which may have contributed to the variances. For example, on properties suitable for subdivision, appraisal reports were, in some cases, inadequate in that the appraisers for the Park Service failed to show how many building sites were suitable for the property.

GAO noted that in certain cases the Park Service should have documented inquiries made of appraisers. Also, the Park Service would have additional data to aid in evaluating the adequacy and accuracy of appraisal reports if it would, to the extent feasible, use more than one appraiser to review and value properties at each park.

The Secretary of the Interior should instruct the Director, National Park Service, to:

- require that, in appraisal reports where the highest and best use is indicated as subdivision, the report clearly discuss the number of sites the report is predicated upon, and the basis for this determination, including a thorough discussion of applicable legal requirements pertinent to subdividing. (See p. 19.)
- insure that staff reviewing appraisal reports thoroughly document inquiries made of appraisers, particularly those aspects of major importance to evaluating the adequacy of the appraisal. (See p. 19.)
- Use, to the extent feasible, more than one appraiser and, preferably, several appraisers to perform appraisals at each park. (See p. 19.)





The Department has taken or plans to take actions on GAO's recommendations. (See app. III.)

Park Service actions to encourage
land owners to sell their property

GAO asked 79 inholders in four national parks about the reasonableness of the Park Service's attempts to acquire their property. At two of the parks--Grand Teton and Olympic--inholders had no complaints regarding Park Service attempts to get them to sell their property.

At the other parks--Sequoia-Kings Canyon and Yosemite--some inholders expressed concern over such matters as the frequency of contacts by the Park Service and difficulties in obtaining building permits to improve or upkeep their property. These owners felt that these actions may have been a form of harrassment by the Park Service.

Park Service officials at Sequoia-Kings Canyon conceded that their actions could have been considered as harrassment and were intended to hold down land price escalation and result in sales of private inholdings to the Park Service. The Park Service has, however, taken action on inholders' complaints, which should resolve the problems noted during GAO's review.

18 months in advance, what tracts would be available for purchase and to request funds based on estimates rather than actual land value appraisals. According to NPS officials, these procedures were unwieldy and, as a result, numerous adjustments were required because of the inability to acquire certain tracts and/or because of inaccuracies in the estimates of the value of the land and improvement.

The Opportunity Inholding Program, according to NPS officials, provides flexibility in acquiring inholdings because NPS, with a lump-sum appropriation, can acquire properties as they become available; it also helps NPS to better compete with private buyers by reacting quickly to purchase available inholdings and therefore block commercial or industrial development in the parks.

In requesting approval for the Opportunity Inholding Program, NPS cited various reasons for eliminating private inholdings.

- Private inholdings tended to center around the scenic attractions of parks or along natural access routes where they were seen by millions of visitors and thus spoiled the view of the natural scene, diminished the esthetic experience, denied access to choice areas of the park, and blocked the development of public facilities for visitor enjoyment and protection.
- The wide variety of adverse uses that took place on these inholdings were destructive of certain features--scenery, wildlife, forest, and flowers--that made the area worthy of being a national park.
- Because of the existence of inholdings, park superintendents were faced with problems such as law enforcement, fire protection, zoning, construction, and sewage and its disposal, which diverted money and manpower needed for protecting and preserving the parks and for serving the visitors. (See pictures on pp. 3 and 4 for illustrations of private inholdings which adversely affect the scenic features of the park.)

CHAPTER 1

INTRODUCTION

On November 4, 1974, in a letter to the Comptroller General, three Members of Congress, joined later by two other Members, requested us to review certain aspects of of the National Park Service (NPS), Department of the Interior, land acquisition program, the Opportunity Purchase Program, under which NPS acquired private lands (inholdings) within the boundaries of certain national parks. (See apps. I and II.) In accordance with the request, we reviewed the reasonableness of prices being paid by NPS for inholdings to insure that the public is getting its dollar's worth and that it is not overbidding just to eliminate inholdings. We also reviewed the NPS practice of encouraging owners to sell their property to NPS, including the question of whether the property owners viewed this practice as harassment.

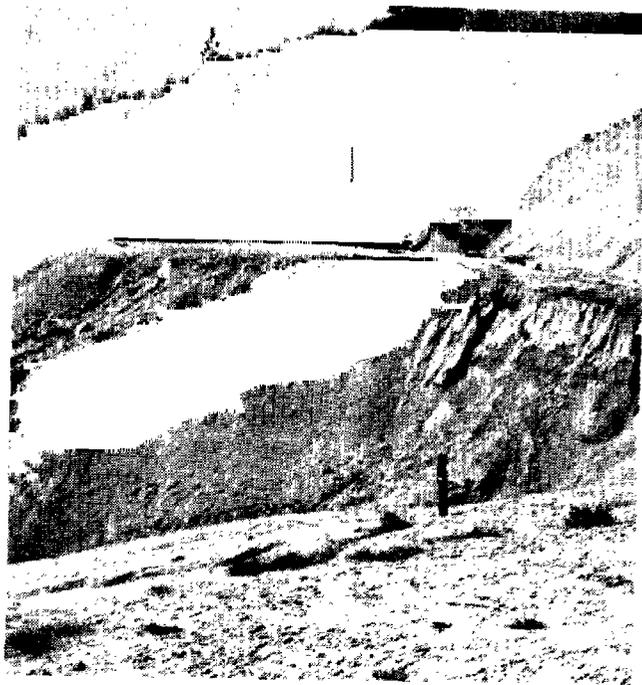
As requested, we reviewed the reasonableness of prices being paid by NPS for inholdings in Sequoia-Kings Canyon^{1/} and Yosemite National Parks in California. In addition, we randomly selected inholders in these parks, as well as those in Grand Teton National Park, Wyoming, and Olympic National Park, Washington, to obtain their views on NPS attempts to acquire their properties.

The Opportunity Purchase Program (NPS refers to the program as the Opportunity Inholding Program and therefore it is referred to as such in this report) was initiated in fiscal year 1969 with the concurrence of the House and Senate Committees on Appropriations. The program is designed to provide NPS with more flexibility in acquiring privately owned lands within the boundaries of national parks established before fiscal year 1960.^{2/}

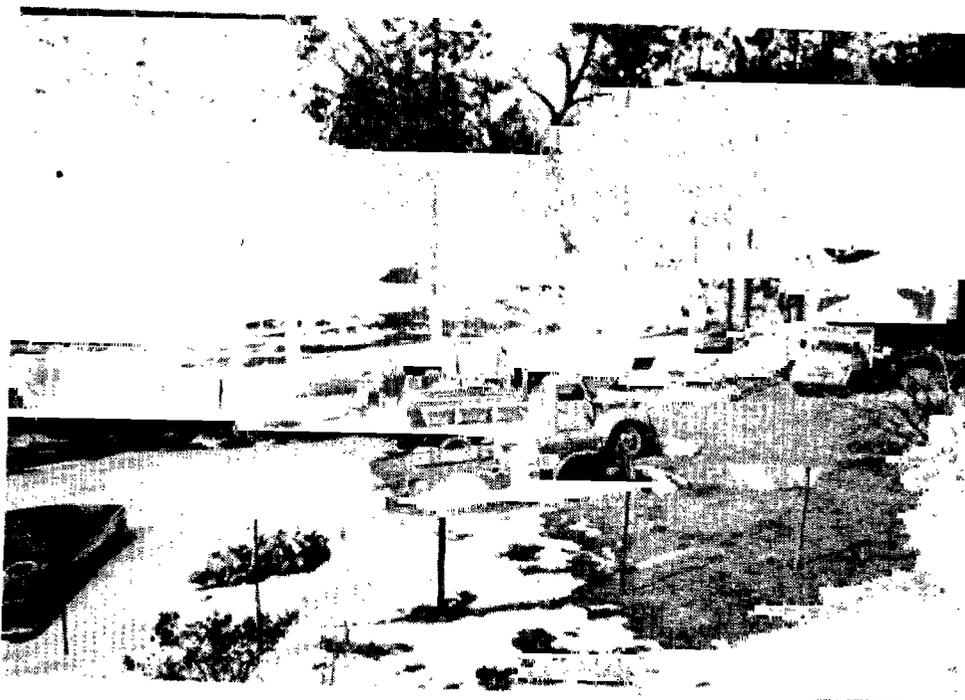
Before the Opportunity Inholding Program was initiated, funds for acquiring land and improvements in these parks were requested on a tract-by-tract basis which, according to NPS officials, made it necessary to project, as much as

^{1/}Sequoia National Park and Kings Canyon National Park are two separate parks; however, they are administered as one and are therefore referred to in this report as Sequoia-Kings Canyon National Park.

^{2/}Funds for acquisition of privately owned lands in the newer national parks are appropriated on a park-by-park basis under the budget category of recently authorized areas.



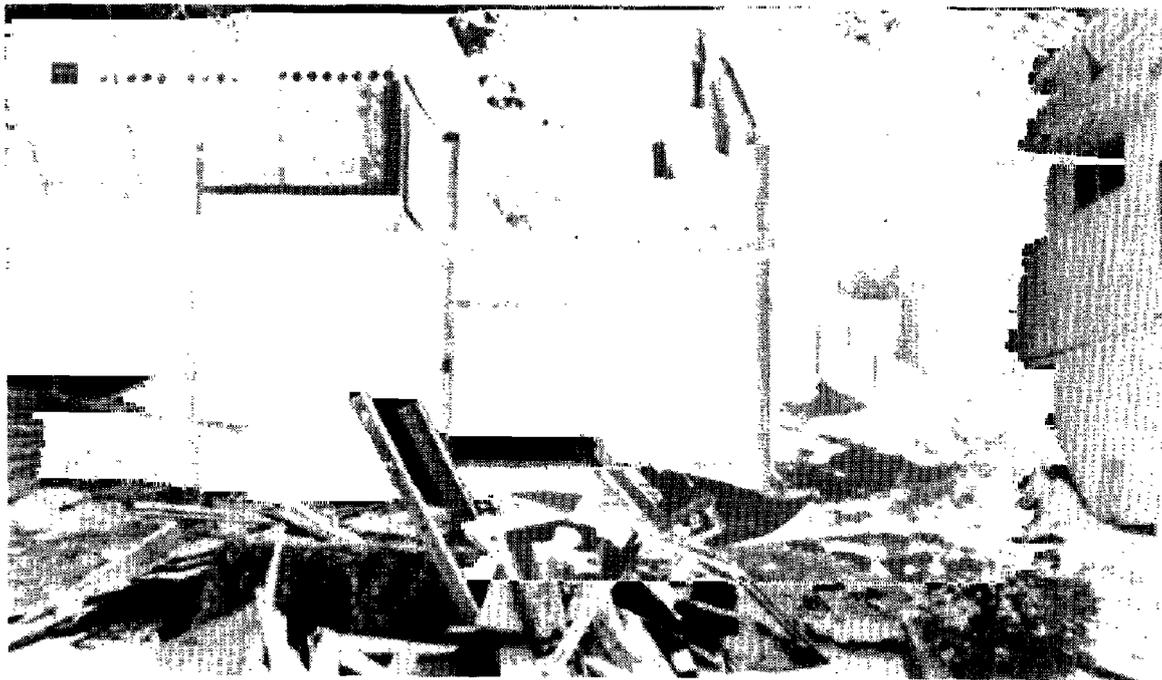
EROSION PROBLEM CAUSED THROUGH SUBDIVISION IN
YOSEMITE NATIONAL PARK



VIEW OF INHOLDING IN YOSEMITE NATIONAL PARK



VIEW OF PRIVATE INHOLDING IN SEQUOIA-KINGS CANYON NATIONAL PARK



VIEW OF INHOLDING ACQUIRED BY NPS IN FEBRUARY 1975
IN SEQUOIA-KINGS CANYON NATIONAL PARK

Realty specialists' duties include contacting inholders, requesting independent appraisals, negotiating terms and conditions of sale, and processing various claims for moving and selling expenses and other miscellaneous administrative matters. They are under the administrative control of the superintendent of the parks, although technical supervision is provided by the Division of Land Acquisition of the regional offices.

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4651) required that all real property be appraised, before initiating negotiations, to establish the amount of just compensation for the property. The act further states that the amount of just compensation shall not be less than that specified in the agency's approved appraisal of the fair market value of the property. The regional offices review the appraisals and establish the amount of the offer of just compensation.

From the time of the Opportunity Inholding Program's inception in fiscal year 1969 through fiscal year 1975, about 82,000 acres of inholdings, costing about \$66.7 million, have been acquired by NPS.

The following data shows, as of July 1, 1975, the remaining inholdings scheduled for acquisition.^{1/}

<u>National Park</u>	<u>Tracts</u>	<u>Acres</u>	<u>Estimated cost</u> (millions)
Grand Teton	143	2,279	\$25.9
Olympic	451	1,159	5.9
Sequoia-Kings Canyon	232	443	4.9
Yosemite	<u>427</u>	<u>244</u>	<u>11.2</u>
Parks we visited	<u>1,253</u>	<u>4,125</u>	<u>\$47.9</u>
Total all parks	2,817	34,686	\$87.9

^{1/} Data provided by NPS on remaining inholdings to be purchased does not include all private inholdings. Inholding areas where boundary changes are under consideration and certain other inholdings owned by fraternal and religious organizations are not included.

The NPS goal under the Opportunity Inholding Program is to establish a "willing buyer-willing seller" arrangement. The Senate Committee on Appropriations stated in approving the funding for the Opportunity Inholding Program through the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460 1-4) that these funds can only be used to purchase lands which become available from a willing seller or on which adverse development is threatened or occurs after the beginning of fiscal year 1969.

In 1973 condemnation proceedings were instituted at Olympic National Park because an inholder started to subdivide an unimproved property for residential development. Each condemnation action must be approved by the House and Senate Committees on Appropriations. Condemnation action has not occurred at Sequoia-Kings Canyon or Yosemite National Parks since the Opportunity Inholding Program was initiated.

"Condemnation" is defined in the NPS Management Policies handbook as follows:

"* * * If present compatible uses of property are to be changed, and the properties are to be devoted to new and different uses not compatible with the primary purpose for which the area was established, the Service will attempt to negotiate with the owner for the acquisition of the property * * *. In the event all reasonable efforts at negotiation fail * * * the United States may institute eminent domain proceedings * * *."

NPS allows inholders who sell their residential property to NPS to retain, for a fee, the use and occupancy of their property for the remainder of their lives or for a mutually agreed-upon period. This policy, according to NPS, was first established in the 1930s so that the lives of long-time residents would not be disrupted by park establishments. Currently, a fee of 1 percent of the purchase price per year is charged by the NPS for reserved rights of residential use and occupancy.

NPS administers 286 park areas of about 30 million acres of federally owned lands. The Division of Land Acquisition at the NPS central office and land acquisition offices in the regional offices are responsible for the overall direction of the NPS land acquisition program. However, the primary responsibility for acquiring inholdings is carried out by realty specialists at the individual parks.

Comparisons of NPS and GAO Appraisals
of Properties in Sequoia-Kings Canyon
and Yosemite National Parks

Property (note a)	Acres	NPS	GAO	Increase or decrease(-)	
				Dollar	Percent
Yosemite National Park:					
1 I	1.31	\$ 51,350	\$ 33,000	\$18,350	35.7
2 V	1.70	40,000	30,000	10,000	25.0
3 V	3.75	46,875	36,000	10,875	23.2
4 V	.21	12,000	10,500	1,500	12.5
5 V	.28	12,500	11,500	1,000	8.0
6 I	.91	31,000	30,500	500	1.6
7 I	.30	60,750	60,000	750	1.2
8 I	2.17	70,000	70,000	-	-
9 I	.22	b37,150	37,500	-350	-.9
10 I	.53	67,500	68,500	-1,000	-1.5
11 I	.88	b38,000	41,000	-3,000	-7.9
12 I	.50	b40,200	45,000	-4,800	-11.9
Total	<u>12.76</u>	<u>507,325</u>	<u>473,500</u>	<u>33,825</u>	<u>6.7</u>
Sequoia-Kings Canyon National Park:					
13 I	.10	16,250	14,500	1,750	10.8
14 I	.10	16,100	14,500	1,600	9.9
15 I	.21	48,750	47,000	1,750	3.6
16 I	.10	14,500	14,100	400	2.8
17 I	.17	20,500	21,000	-500	-2.4
18 V	1.00	10,000	10,500	-500	-5.0
19 V	.10	5,625	6,000	-375	-6.7
20 I	.29	28,000	31,500	-3,500	-12.5
21 V	10.00	b25,000	30,000	-5,000	-20.0
22 I	.16	12,650	15,500	-2,850	-22.5
Total	<u>12.23</u>	<u>197,375</u>	<u>204,600</u>	<u>-7,225</u>	<u>-3.7</u>
Total	<u>24.99</u>	<u>\$704,700</u>	<u>\$678,100</u>	<u>\$26,600</u>	<u>3.8</u>

a/ Property data: V--vacant land; I--land with improvements.

b/ Acquisitions where NPS paid more than the NPS-appraised value.

In 11 of the 22 cases, the appraisers for our Office estimated the values of the properties to be lower than those estimated by the appraisers for the NPS; in 10 cases the estimates made by the appraisers for our Office were higher; and in

CHAPTER 2

APPRAISAL PROCESS AND PRICES PAID FOR INHOLDINGS

For the most part, the prices NPS paid for inholdings appeared to be reasonable and reflected the market values of the properties. The differences between appraised values established by NPS appraisers and the values established by independent appraisers hired by our Office for 17 of the 22 properties ranged from plus 12.5 percent to minus 12.5 percent; for the remaining 5 appraisals, the differences were plus or minus 20 percent or greater. Because of the subjectivity of the appraisal process, it is difficult to determine which appraisal in these five cases more closely reflected the market values of the properties. We noted, however, several factors which, in our opinion, might have contributed to the wide variances in appraised values.

REASONABLENESS OF NPS-APPRAISED VALUES

To find out whether the amounts NPS paid for properties were reasonable and reflected the market values of the properties, we contracted with two qualified independent fee appraisers to retroactively appraise properties NPS purchased in Sequoia-Kings Canyon and Yosemite National Parks and compared these appraisals with NPS appraisals for the same properties. We also examined NPS acquisitions of private inholdings in these two parks to determine whether the prices NPS paid exceeded the appraised values of the properties and whether they were within guidelines permitting such adjustments.

The 22 properties selected for evaluation were purchased by NPS from November 1972 through June 1975. The properties selected included various sized parcels, vacant lots, and properties with improvements. All of the appraisals were made by NPS within 16 months of the date of purchase of the properties.

A comparison of the appraisals made for our Office with the appraisals made for NPS follows.

For example, the appraiser indicated that the highest and best use of property number 2 (see picture on p. 12) was for single-family residential use, but he did not indicate the number of building sites that were possible. In a desk review of the appraisal, the NPS review appraiser responsible for insuring that appraisal reports conformed to acceptable appraisal standards stated that:

"Weakness in the report is noted in that the appraiser does not specifically indicate the number of sites relating to the highest and best use as residential sites. On page 21, the appraiser refers to '* * * several * * *' sites. In the opinion of this reviewer it is assumed the appraiser is indicating a minor sub-division of not more than four sites. The appraiser used acreage as the valuation unit which in the opinion of this reviewer would have been better related in terms of site values."

NPS records do not indicate whether the NPS appraisal reviewer discussed these matters with the appraiser. We were told by the reviewer, however, that, to the best of his recollection, he did discuss these matters with the appraiser who indicated to him that the appraisal was based on three or four sites. The appraiser for our Office stated in his appraisal report that the property could be subdivided into three sites.

The failure of the appraiser to identify the number of building sites may not have been the sole reason for the differences in appraised values of the three properties. We believe, however, that it is important that appraisers specify in their reports the number of building sites suitable for the property and adequately support the basis for their decisions on the number of sites that are possible. In addition, we believe NPS appraisal reviewers should better record the results of their inquiries when reviewing appraisal reports, particularly those aspects of major importance to judging the appraisal report's adequacy.

The need for such information in making appraisals, in our opinion, is clearly illustrated in the case of property number 1 (see pictures on pp. 13 and 14), the only one of the four properties designated as suitable for subdividing

one case there was no difference. The differences between the appraised values for the 22 properties ranged from plus 36 percent to minus 23 percent, with an average difference of plus 3.8 percent. (A positive percentage indicates that the appraiser for the NPS estimated the value to be higher than that estimated by the appraiser for our Office.) Except for five cases, property numbers 1, 2, 3, 21, and 22, the range of differences in appraised values was from plus 12.5 percent to minus 12.5 percent.

In the five cases, the percentage of difference was plus or minus 20 percent or greater. We concluded that the differences in appraised values (plus or minus 12.5 percent) for 17 of the properties could be attributed to professional judgment and/or the subjectivity of the appraisal process. We made an analysis of the other five cases to identify factors which, in our view, might have contributed to the differences in the appraised values. Our observations follow.

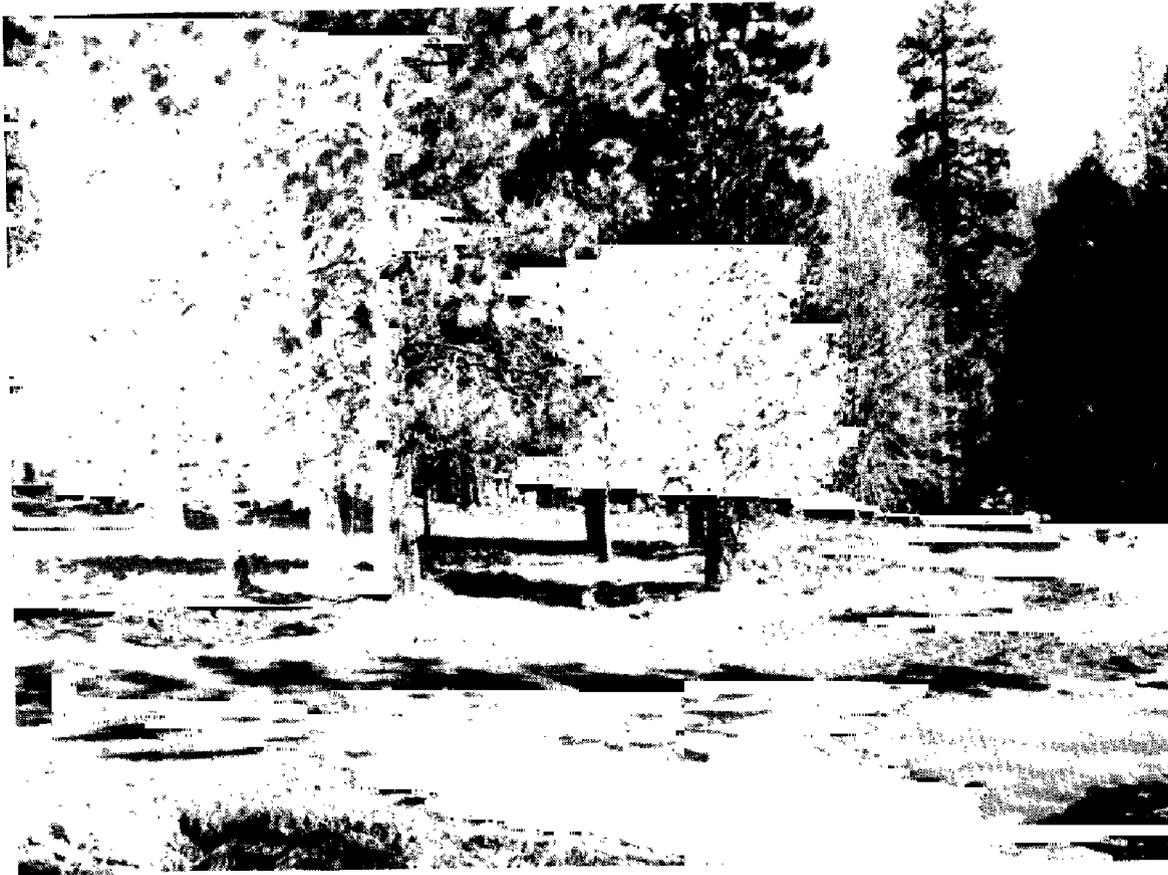
Number of sites not specified
in appraisal reports

The Uniform Appraisal Standards for Federal Land Acquisitions state that determining the fair market value should include consideration of the highest and best use of the property. The standards further provide that, because the highest and best use is a most important consideration, it must be dealt with specifically in appraisal reports. "Highest and best use" is defined in the NPS operating procedures as:

"The legal use of the property to which it can logically be put or adapted, for which there is a current market, and which may reasonably be expected to produce the greatest net return to land over a given period of time, or to yield to land its highest present value."

We noted in our analysis of the five properties with differences of plus or minus 20 percent or more in appraised values that for four of the five properties the appraiser for NPS, as well as for our Office, considered the highest and best use of the properties to be residential subdivision.

These properties (property numbers 1, 2, 3, and 21) had from 1.31 to 10 acres. The appraiser for NPS indicated that the highest and best use of these four properties was for residential subdivision but he did not disclose the number of sites that his appraised value was based upon in three of the four cases.



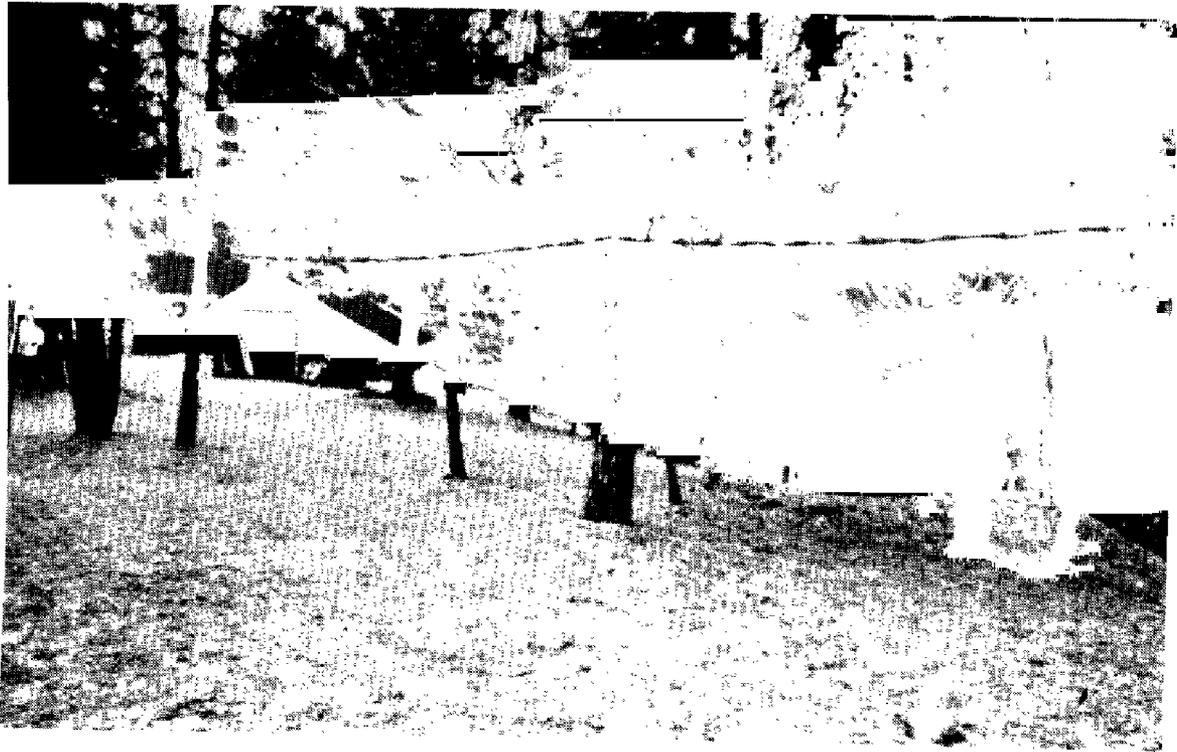
PROPERTY NUMBER 2--A VACANT 1.70-ACRE PARCEL IN
YOSEMITE NATIONAL PARK

APPRAISED VALUE BY NPS APPRAISER: \$40,000
APPRAISED VALUE BY THE GAO APPRAISER: \$30,000

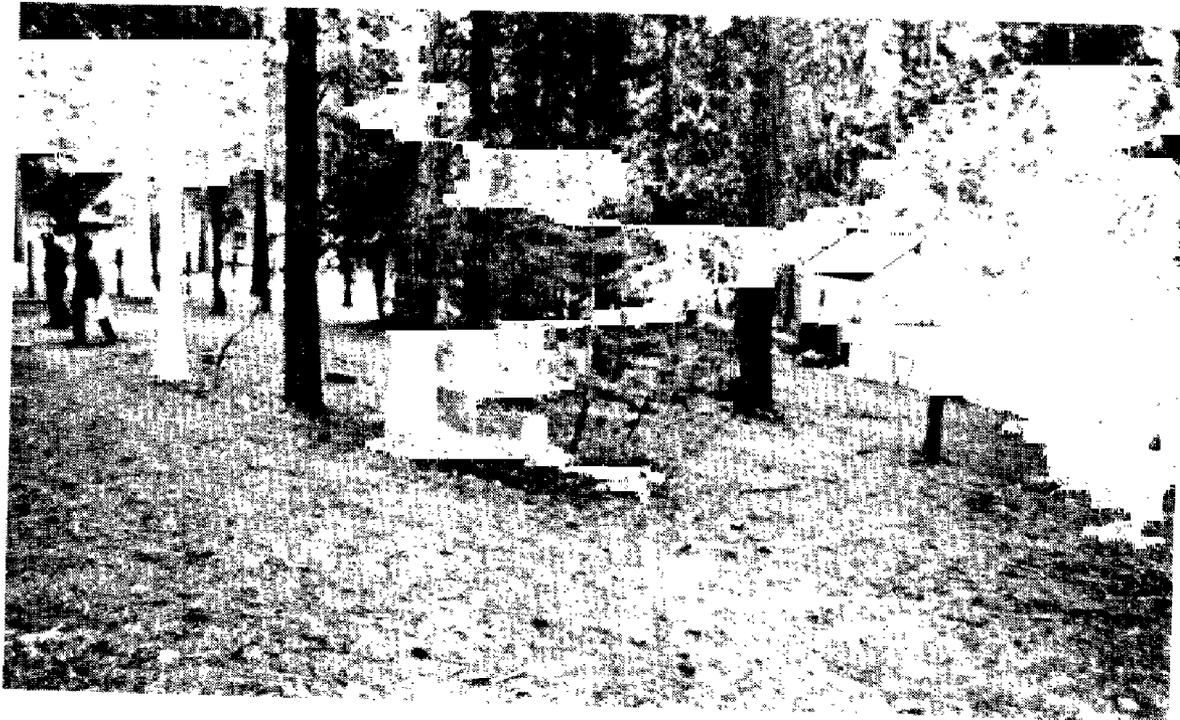
where the NPS appraiser specified in his appraisal report the number of building sites on the property. The appraiser, however, did not state in his report, nor did the record show, whether the NPS review appraiser had made any inquiry during his review concerning how the subdividing would be done and whether applicable county ordinances governing subdividing, water supplies, and sewage systems would have any impact on the subdividing of the property. We believe that, had these matters been recorded, NPS would have been in a better position to judge the adequacy of the report.

The NPS appraiser said that the property was suitable for subdividing into three building sites, and he valued the property at \$51,350. Our Office appraiser said that the property was suitable for subdividing into two sites, and he valued the property at \$33,000, or \$18,350 less. Of the two appraisal reports, the major difference in appraised values was attributable to the number of building sites.

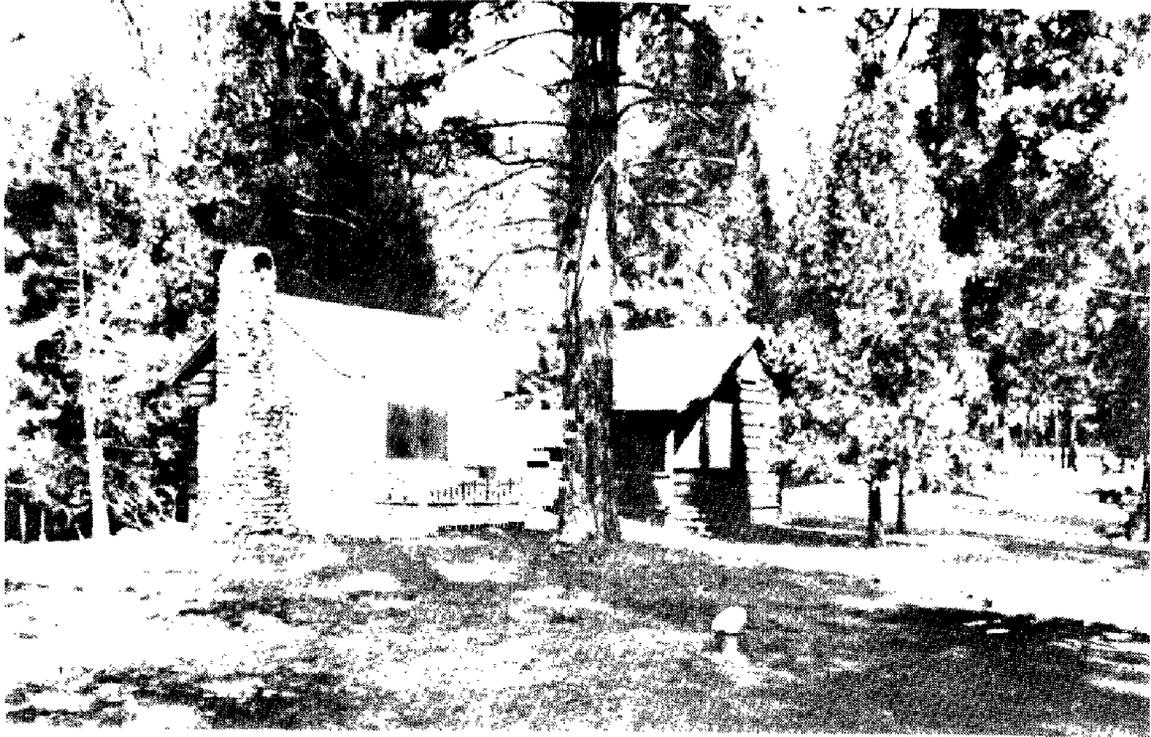
To determine which appraiser had more closely reflected the market value of the subject property, we hired a third independent fee appraiser to review both appraisals. This appraiser concluded that our Office appraiser had more nearly reflected the number of building sites that were possible than had the NPS appraiser. He stated that, had the NPS appraiser based the land value on two, rather than three, building sites, it might well be that the value would not be too far above that value established by our Office appraiser. He indicated that he could find no reasoning for the NPS appraiser's conclusion that the property was suitable for three, rather than two, building sites because county water and sewage ordinances would not have permitted three sites. The appraiser told us that it appeared the NPS appraiser might not have completely followed through on his investigation of the applicable rules and regulations of the county governing water supplies, sewage systems, and land subdivision. He said it was essential that appraisers thoroughly investigate all applicable legal requirements, particularly for properties where the highest and best use was indicated as subdivision.



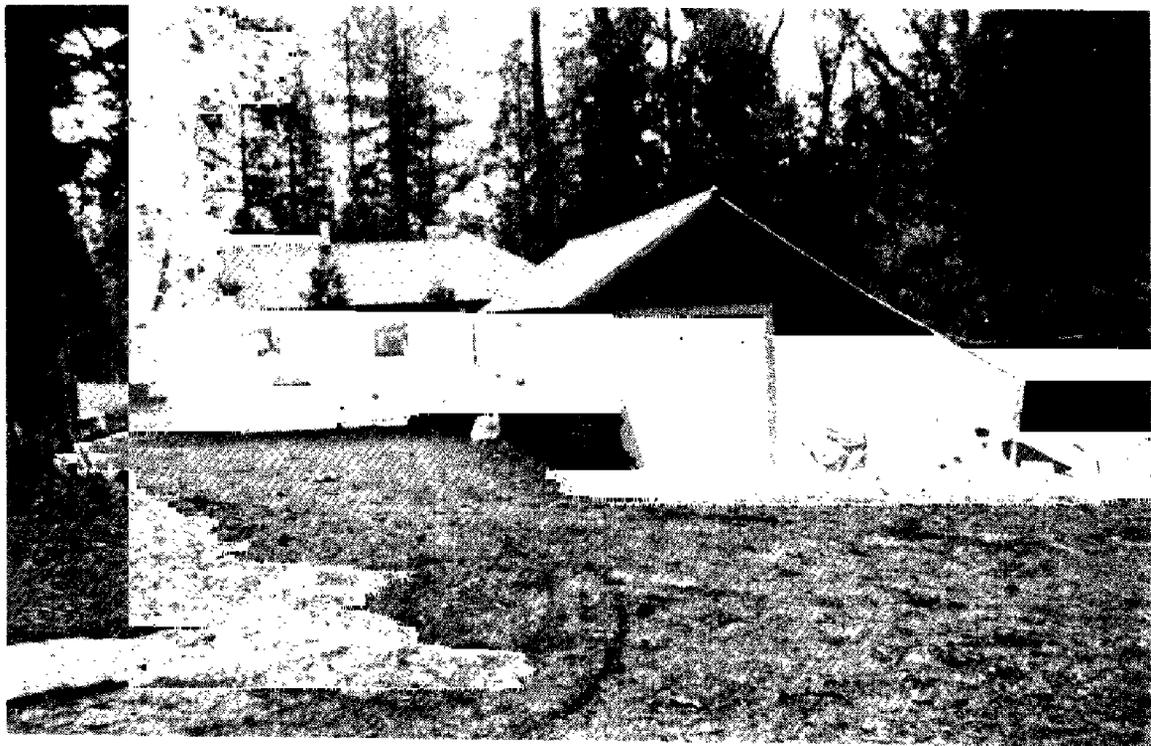
PROPERTY NUMBER 1--OPEN AREA LOOKING TOWARD MAIN RESIDENCE
AND GARAGE



PROPERTY NUMBER 1--OPEN AREA, INCLUDING VIEW OF SMALL GUEST
COTTAGE, LOCATED ON THE PROPERTY



PROPERTY NUMBER 1--FRONT VIEW OF MAIN RESIDENCE



PROPERTY NUMBER 1--SIDE VIEW OF MAIN RESIDENCE AND GARAGE

<u>Amount of offer</u>	<u>Permissible increases</u>
\$10,000 or less	25 percent or \$1,000, whichever less
\$10,001 to \$25,000	20 percent
\$25,001 to \$50,000	15 percent
\$50,001 to \$100,000	10 percent
Over \$100,000	5 percent

We reviewed NPS acquisitions of inholdings at Yosemite and Sequoia-Kings Canyon National Parks for the period May 1974 to February 1975 to determine whether the purchase prices exceeded the amounts in the guidelines. The results are shown in the following schedule.

Compliance With NPS Purchase Price Guidelines

<u>National Park</u>	<u>Total purchases</u>	<u>Purchased at appraised value</u>	<u>Negotiated price within guideline amounts</u>	<u>Negotiated price exceeded guideline amounts</u>
Sequoia-Kings Canyon	37	31	6	-
Yosemite	<u>48</u>	<u>32</u>	<u>12</u>	<u>4</u>
Total	<u>85</u>	<u>63</u>	<u>18</u>	<u>4</u>

Of the 85 purchases NPS made, 63 purchases, or about 74 percent, were made at the appraised value. Of the remaining 22 purchases, NPS paid more than the appraised values of the properties, but in only 4 purchases did the prices exceed the amounts in the NPS policy guidelines. For the four purchases, the NPS records showed certain justifications, such as allowances necessitated due to the failure of the appraiser to consider a developed water system and concern over possible future subdivision of the property.

We were told that the NPS Western Region submitted relevant data on these four acquisitions, with their recommendations, to the NPS central office for its consideration and that after an evaluation by the central office it was decided it was in the best interest of the Government to approve the acquisitions.

For the 22 properties that we had independently appraised, NPS paid more than the appraised values of the properties in 4 cases.

Need to use the services of
several appraisers at each park

During fiscal years 1974 and 1975, NPS used the same appraiser to value most of the properties at Yosemite National Park. NPS indicated that 145, or about 99 percent of the 147 appraisals made during this period were made by the same appraiser.

We discussed the above practice with NPS officials and suggested that they consider using several appraisers at each park. We suggested that NPS have a broader base of opinions to assist it in evaluating the adequacy and accuracy of appraisal reports.

NPS officials said that other appraisers had been given the opportunity to submit proposals for appraisal work. These officials indicated, however, that the qualifications of the appraiser, his ability to deliver on time, and cost were the primary reasons for using only one appraiser at this particular park. NPS officials told us that they had instructed Western Region officials to use, to the extent feasible, the services of several appraisers at each park. NPS officials concurred in our conclusion that, by utilizing the services of more than one appraiser at each park, NPS would have a broader base of opinions to assist it in evaluating the overall adequacy and accuracy of appraisal reports.

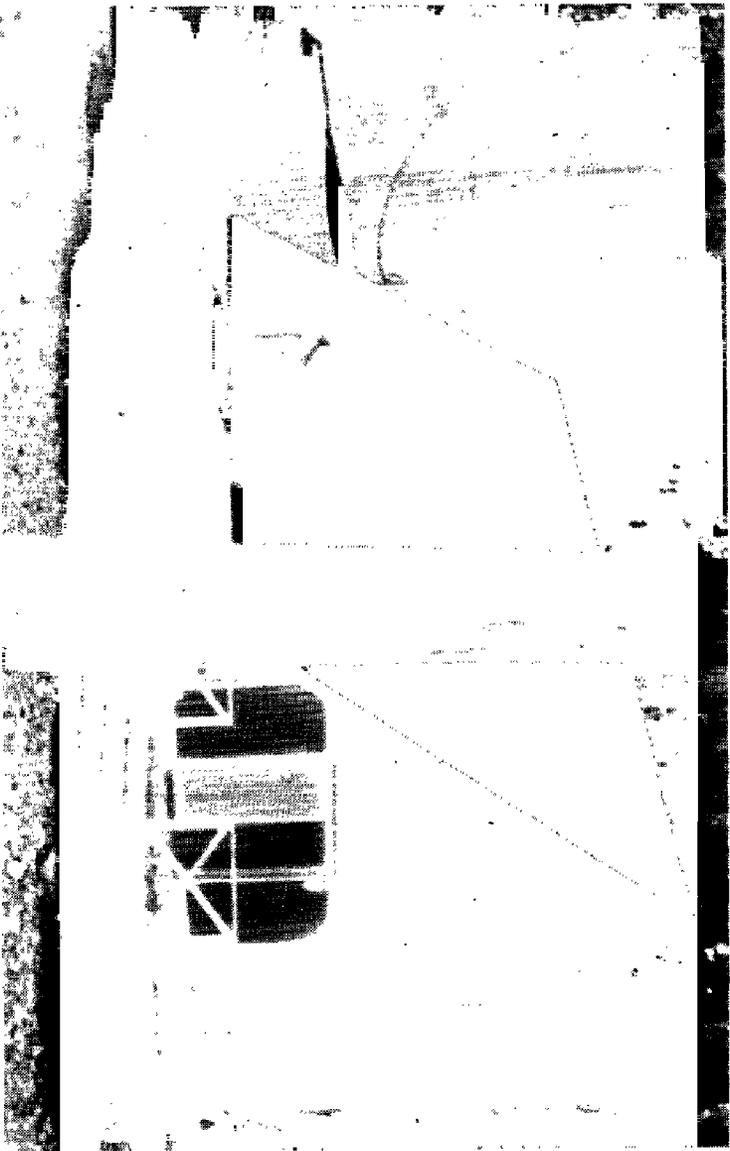
PRICES PAID FOR INHOLDINGS

Although the appraisal value is crucial in establishing the price NPS pays for land, the amount offered and subsequently paid may exceed the appraised value. An offer of just compensation may be adjusted for various circumstances, such as major property value increases after the date of appraisal. NPS procedures require that all adjustments be justified. NPS guidelines^{1/} for increases in just compensation follow.

^{1/} Revised guidelines increasing the authorized increases were issued by NPS in June 1975; however, the guidelines shown were in effect during the period of our review.



PROPERTY NUMBER 9-GENERAL VIEW OF PROPERTY



PROPERTY NUMBER 9-CLOSE-UP OF RESIDENCE

Properties Independently Appraised for GAO and
Purchased for a Price in Excess of NPS-Appraised Value

<u>Property number</u>	<u>Appraised value</u>		<u>Purchase price</u>
	<u>NPS</u>	<u>GAO</u>	
9	\$37,150	\$37,500	\$42,500
11	38,000	41,000	41,000
12	40,200	45,000	43,000
21	25,000	30,000	30,000

In one case, property number 9 (see pictures on p. 18), the amount NPS paid was more than the appraised value established by our Office appraiser. In that case, the \$42,500 purchase price was \$5,350, or 14.4 percent, over the NPS appraised value of \$37,150 but was still within the NPS-authorized guidelines permitting an increase of 15 percent.

comparable sales as adjusted for variables. The Department stated that, in using this method, the number of residential sites was not relevant in determining the value of the property.

In subsequent discussions with NPS officials, we pointed out that, notwithstanding the appraisal method used, identifying the number of sites was pertinent to determining the value of the properties. We noted that the NPS appraisal reviewer had stated that the number of residential lots was important to determining the value of the property in the specific case we cited in our report.

NPS headquarters officials said, in their view, identifying the number of sites would be costly and would have little impact on the total appraised value in the case of properties of large acreage. They agreed, however, that, in cases such as those discussed in our report, the number of residential lots was relevant in determining the value of the property. They added that they would advise their regional staff that, in cases such as those discussed in our report, appraisal reports in the future include the information on the number of sites in accordance with our recommendation.

Regarding our recommendations on the need for thorough documentation by appraisal reviewers and for the need to use more than one appraiser for each park, the Department said that:

--NPS policy now requires that staff reviewing appraisal reports thoroughly document inquiries made of appraisers. The Department agreed, however, that better documentation was needed for the case discussed in our report. Although the Department said it believed the problem was not great enough to warrant special attention, NPS officials told us that this matter would probably be covered in forthcoming appraisal guidelines.

--NPS, as a matter of policy, "blankets" the appraisal market for fee proposals before contract awards. Concerning Yosemite National Park, NPS had made numerous attempts, although unsuccessfully, to obtain the services of other appraisers. It stated that the NPS Western Region was continuing its efforts to obtain the services of more than one appraiser.

CONCLUSIONS

The amounts NPS paid for inholdings, for the most part, closely approximated the market values of the properties. However, where properties were suitable for subdividing, appraisal reports in some cases were inadequate. We found several cases where the NPS appraiser failed to show how many building sites were possible for the property. Also we noted that in certain cases NPS reviewers should have documented inquiries made of appraisers. In addition, NPS would have additional data to aid in evaluating the adequacy and accuracy of appraisal reports if it would, to the extent feasible, use more than one appraiser to review and value properties at each park.

RECOMMENDATIONS

We recommend that the Secretary of the Interior instruct the Director, NPS, to:

- Require that, in appraisal reports where the highest and best use is indicated as subdivision, the report clearly discuss the number of sites the report is predicated upon and the basis for this determination, including a thorough discussion of applicable legal requirements pertinent to subdividing.
- Insure that staff reviewing appraisal reports thoroughly document inquiries made of appraisers, particularly those aspects of major importance to evaluating the adequacy of the appraisal.
- Use, to the extent feasible, more than one appraiser and, preferably, several appraisers to perform appraisals at each park.

AGENCY COMMENTS AND OUR EVALUATION

In commenting on our recommendation to require that appraisal reports include information on the number of sites for properties where highest and best use is indicated as subdivision, the Department said our recommendation is technically correct in situations where value is determined by the "development" appraisal method; i.e., estimating the sales price of individual lots and deducting the cost of development and other expenses. The Department said, however, in the specific case identified in our report the appraiser for NPS used the "market approach;" i.e., value based on

FREQUENCY OF NPS CONTACTS WITH INHOLDERS

The three NPS regions we visited had no written policies or procedures specifying the number or type of contacts to be made. As shown below, the NPS records indicated that the number of contacts with inholders in 1974 varied from park to park. Contacts were made by letter, telephone, or personal visit.

<u>Region and/or Park</u>	<u>Inholders (note a)</u>	<u>Total contacts (note b)</u>
Pacific Northwest Region: Olympic (note c)	473	27
Rocky Mountain Region: Grand Teton	123	15
Western Region: Sequoia-Kings Canyon	254	516
Yosemite	467	468

a/ An inholder may own more than one tract of land.

b/ Some inholders may have been contacted more than once.

c/ The 27 contacts represented personal contacts made by Pacific Northwest Region officials. The general procedure of annually sending form letters was not followed in 1974 because the realty specialist at the park was transferred to another park.

The former realty specialist assigned to Sequoia-Kings Canyon National Park told us that during his tenure contact letters were mailed to inholders at about 6-month intervals beginning in March 1973. According to the realty specialist, no other contacts were made, except with those inholders who had indicated interest in selling their property by requesting an appraisal. This official said the inholders in these cases were contacted under normal negotiation practices.

The Chief, Division of Land Acquisition, in the Pacific Northwest Region, told us that central office officials, in January 1975, were somewhat critical of the region because of the lack of contacts being made with property owners and recommended that the region contact such parties on a more

CHAPTER 3

COMPLAINTS OF HARASSMENT BY INHOLDERS

We obtained information on the NPS practice of encouraging inholders to sell their property to NPS. As part of this work we determined whether, in the inholders' opinions, this practice constituted harassment.

We found that allegations of NPS harassment of inholders were, for the most part, limited to the Sequoia-Kings Canyon National Park. Our review disclosed activities which, NPS officials said, could be construed by inholders as harassment. NPS officials said this practice was discontinued after we began our review.

We randomly selected inholders from each of the parks visited and asked them about the frequency of NPS contacts to acquire their property and whether they believed they were being harassed. At two of the parks--Grand Teton and Olympic--the inholders we contacted had no complaints of NPS harassment. However, at the other parks--Sequoia-Kings Canyon and Yosemite--some inholders expressed concern over certain matters, such as the frequency of contacts NPS made and difficulties in obtaining building permits to improve or upkeep their property, which they considered a form of harassment. Details on the results of these contacts are summarized below.

Park	Inholders contacted by us	Inholders complaining	Type of complaint (note a)			
			Too many contact letters	Hard to get permits	Threats of condemnation	Snowmobile use
Grand Teton	12	-	-	-	-	-
Olympic	15	-	-	-	-	-
Yosemite	20	5	-	4	2	-
Sequoia-Kings Canyon (note b)	<u>32</u>	<u>13</u>	<u>4</u>	<u>6</u>	<u>1</u>	<u>5</u>
Total	<u>79</u>	<u>18</u>	<u>4</u>	<u>10</u>	<u>c/3</u>	<u>5</u>

a/ Several inholders had more than one complaint.

b/ The majority of inholders contacted in this park were from Wilsonia, a subdivision of residential homes located in the Grant Grove area of the park. Wilsonia comprises the major portion of private inholders located in the park.

c/ Threats of condemnation were implied, according to two of the three individuals contacted, with the remaining individual indicating he was actually threatened with condemnation.

An NPS central office official told us in March 1976 that NPS did not plan to issue policies and procedures to guide park officials in the practices to be used in contacting inholders. He said that the Opportunity Inholding Program was more effective if operated on a park-by-park basis as the situation may dictate.

NPS PERMIT CONTROLS

For the most part, complaints of NPS harassment were isolated to Sequoia-Kings Canyon National Park, specifically the Wilsonia area of the park. In addition, we received some complaints from inholders we contacted at Yosemite National Park concerning difficulties in obtaining building permits and threats of condemnation. To further determine the specific nature of the major complaints of inholders at Yosemite National Park, we met with the Wawona Property Owners' Association. However, no information was provided by the association.

We reviewed Sequoia-Kings Canyon National Park's file of recent complaints and interviewed officers of the Wilsonia Property Owners' Association. Inholders complaints were as follows:

- NPS was being overly strict in interpreting county building codes when reviewing building permit applications.
- NPS acted "abruptly" in closing snowmobile routes.
- NPS refused to renew a longstanding permit for the operation of a garbage storage area and horse corral, as a means of harassing property owners.

Building code enforcement

According to the Wilsonia Property Owners' Association, NPS has rigidly enforced the county building codes and has not allowed any building code variances. The county, however, has allowed certain variances. Prior to any construction, including minor repairs, the owners had to prove to NPS that the property met current county or State standards or the building permit would not be issued. The association members believed that this was part of NPS efforts to get them to sell their property to NPS.

The Code of Federal Regulations (36 CFR 7.8) sets forth the criteria for administering rules and regulations pertaining to water supplies, sewage disposal systems, and construction and alteration of buildings for privately owned lands

regular basis. He said, however, the region disagreed with the view of the central office officials and did not plan to contact inholders on a more regular basis because inholders were aware of NPS's desire to purchase their property.

The Chief, Division of Land Acquisition, Western Region, told us in early 1976 that the region would continue to send contact letters to all inholders except those inholders located in the Wilsonia area of Sequoia-Kings Canyon National Park where the program was inactive because of the inholders opposition to the program. (This matter is discussed on pages 24 to 33.) He stated that the region had no established policy on the frequency of contracting inholders and that generally this was up to the realty specialist of the specific park.

We noted, however, that in September 1974, the Associate Director for Park System Management, in commenting on the need for the duty station of the realty specialist for Sequoia-Kings Canyon National Park to be transferred to the Wilsonia area of the park, stated:

"This [referring to the proposed transfer of duty stations] has come into even greater focus lately with the rash of complaints which have been precipitated by the continuing practice of mailing letters to all property owners at rather short intervals. When the opportunity purchase inholding operation was established beginning in fiscal year 1969 it was suggested that letters be written, as soon as possible, to all inholders advising them of the policy with regard to the willing buyer-willing seller concept which would henceforth be employed. We believed that it was perfectly clear that subsequent contacts would thereafter be largely through personal contact (either telephonic or personal visit).

"We, of course, recognize that each inholding area in the National Park System has its own unique and individual problems. We recognize further that with regard to the community of Wilsonia there was a moratorium for several years while alternatives to acquisition were studied and that it was necessary to resolicit the landowners by mail upon resumption of that program. We also agree that prior to resumption of an active program it was beneficial to keep a rather low profile. Now, however, much of the explanation of the program should be on an individual basis with landowners."

sewage, would have to meet full standards, regardless of the percentage of value of the improvement to the building.

We were able to identify two cases from 1972 to 1973 from the NPS files where NPS refused and/or delayed the issuance of permits to property owners although the county had approved them. We were not able, however, to establish the extent of this occurrence because of the lack of readily available records. The following summary, which was paraphrased from an August 1973 letter from an inholder to the Wilsonia Property Owners' Association's Board of Directors, illustrates one inholder's feeling regarding NPS harassment.

The writer was informed by NPS that heavy snows had collapsed her cesspool, and she would not be allowed to use her cabin without NPS approval. She had been notified that the premises had been posted as unsafe for human habitation. To rectify this situation, she obtained a permit application to build a new cesspool, which was approved by the county Building Department and the county Public Health-Sanitation Department.

The park superintendent, however, rejected the application and required more detailed measurements of the cabin, its grounds, and the distance to neighbors' wells. The second application was also rejected, with a recommendation for an alternate plan. The inholder felt that this plan would be too expensive, and the NPS realty specialist suggested mortgaging the property. This specialist also threatened demolition of the cabin if the inholder did not comply with the regulations within 3 years. In summary, the owner felt that NPS did not want to cooperate in the owner's efforts to restore the cabin to a usable condition.

NPS records showed that the permit was rejected on August 1, 1973, because the plans, according to NPS, did not meet State and county codes. NPS told the owner that the leach field (distribution system for treated sewage) was inadequate in composition and slope and that additional information, such as more detailed drawings of all parts of the building, would be required for the application to be approved.

NPS, in September 1973, finally issued the inholder a permit to make the necessary repairs and/or construction to his sewage system. This inholder told us that he turned the matter over to a local building contractor, which, after

within Sequoia-Kings Canyon National Park. For the Wilsonia area of Sequoia-Kings Canyon National Park, NPS has adopted, as Federal regulations, the applicable standards prescribed by the State of California and by Tulare County, California.

The regulations state that no person shall construct, rebuild, or alter any buildings, water supply, or sewage disposal system without the permission of the superintendent. The regulations further state, however, that the superintendent will give such permission only after the receipt of written notification from the appropriate Federal, State, or county officer that the plans for such building or system comply with State or county standards. The final authority for the approval of permits rests with NPS, because Sequoia-Kings Canyon National Park is under the exclusive legislative jurisdiction of the United States.

Officials of the Tulare County Building Department told us that the Uniform Building Code, adopted by the county, governs the construction and alteration of buildings located within Tulare County. According to these officials, the Uniform Building Code provides that only in those cases where an addition, alteration, or repair is greater than 50 percent of the value of the existing structure must such building or structure be brought up to full standard. These officials also said that the regulations provide, under certain circumstances, the granting of variances in methods and materials of construction.

Regarding water and sewage systems, county officials told us that the county only reviewed the adequacy of existing systems when (1) there was evidence the system presented a health hazard and/or (2) an addition was being made to the building, such as a bedroom, which would increase the occupancy. These requirements, county officials said, are contained in the Uniform Plumbing Code and the California Health and Safety Code. County officials told us that in certain instances where a property owner could not bring his water and sewage systems up to full code requirements, the county would, under certain circumstances, grant administrative waivers or variances from the code. These waivers or variances, according to county officials, are handled on a case-by-case basis.

According to the acting superintendent, Sequoia-Kings Canyon National Park, the NPS interpretation of applicable State and county codes was that, whenever a property owner wanted to make an addition, alteration, or repair to an existing building, the entire property, including water and

office concerning these matters and that it was his understanding that the Field Solicitor's office had given the park an interpretation of the applicable codes.

The Field Solicitor, NPS Western Region, told us that his office had several contacts with the park concerning these matters but did not provide the park with an interpretation of the legality of the park's actions. He told us that, before a determination could be made as to what law governed a particular situation, a thorough examination of all applicable laws would be necessary. According to the Field Solicitor, if the granting of waivers was provided for in law and embraced by those laws which the NPS had adopted for Sequoia-Kings Canyon National Park, NPS would have no alternative but to grant waivers as well. The Field Solicitor added that NPS could enforce no more and no less than was provided for in the laws the park adopted.

An excerpt from a November 13, 1973, memorandum from the realty specialist, Division of Lands, Western Region, to the Director, Western Region, clearly indicates NPS's intentions.

"* * * [Realty Specialist, Sequoia-Kings Canyon] maintains that he requires assistance from the Region in one particular matter only and it applies to both Sequoia-Kings Canyon and Lassen. The attached correspondence sets forth his general concern under what he says are still the circumstances. In summary, * * * [he] concludes that the lack of enforcement of regulations concerning grazing, trespass, and improvement standards results in there being no real incentive for owners to sell. For instance, where dwellings would have to be brought up to standard, especially as concerns sewage systems and other features, * * * [he] believes owners would have second thoughts about refusing to sell. I acknowledge that this appears to be the proper way 'to go'. However, in some cases where people are forced to meet codes they may very well do so and because of their added equity and the increase utility, they may refuse to sell. Strict enforcement could boomerang as regard acquisitions, or it will aid, depending upon the circumstances."

An excerpt from an October 9, 1974, memorandum from the realty specialist to the superintendent, Sequoia-Kings Canyon National Park, also indicates NPS's intentions.

considerable discussion with park officials, obtained the approval to make the necessary repairs. The inholder told us that he became disgusted with NPS officials over this matter and, as a result, on August 26, 1974, sold his property to a private party.

A November 5, 1973, letter from the then-Regional Director of the NPS Western Region to an inholder states the NPS position regarding building codes, as follows:

"* * * the National Park Service has adopted the State and county laws applicable to private lands in Tulare County with respect to water supply, sewage or disposal systems and building construction or alteration. * * *"

* * * * *

"* * * By agreement with officials of Tulare County, plans applicable to private lands at Wilsonia are reviewed and inspections are made by them as agents for the Superintendent. In this role, these officials may only indicate that plans and resultant construction are in compliance with standards. They do not have authority to grant waivers. As indicated by the regulations quoted above, buildings are required to be in compliance with standards. There is no provision for granting waivers. Therefore, it is possible that application of State and county requirements within the park may be more strictly applied than elsewhere within the county. At the time of our discussion in May, it was assumed that State and county laws, with regard to building construction, sewage or disposal systems and water supply were enforced within the county outside the park. The granting of waivers by county officials for projects outside the park may be an administrative procedure or actually provided for by the law itself; however, as pointed out above, our regulations require that buildings, sewage and water systems be in compliance with applicable State and county laws."

The former realty specialist at Sequoia-Kings Canyon National Park told us that he thought the park's enforcement of laws and ordinances governing water supplies, sewage disposal systems, and the construction and alterations of buildings was legally correct. The realty specialist said that park officials had contacted the Field Solicitor's

The acting superintendent stated that, in late 1975, because of numerous complaints from inholders and other adverse publications, the park revised its policy regarding building permits so that its interpretation of the building codes was in line with the county's requirements. The current approach, according to the acting superintendent, is to grant those variances that the county would grant outside the park.

The acting superintendent said NPS would reject the county's recommendation only in cases where a variance or waiver, if granted, would degrade the park. He also told us that the practice of using the realty specialist to issue building permits had been changed and that the Chief Ranger was now responsible for this function. NPS officials said the realty specialists' responsibilities for issuing building permits and for acquiring these same properties represented a conflict of duties and responsibilities.

Elimination of snowmobile routes

Executive Order 11644, issued February 8, 1972, established policies and procedures to control the use of off-road vehicles, including snowmobiles, on public lands. The Department of the Interior, as well as other Federal departments affected by the Executive Order was to establish regulations implementing the new off-road vehicle policy. According to Wilsonia property owners, the Sequoia-Kings Canyon National Park acted abruptly by eliminating routes which had been used for several years.

The purpose of Executive Order 11644 was to establish policies and procedures to insure that off-road vehicle use on public lands would be controlled and directed so as to protect the resources of the lands, promote the safety of all users, and minimize conflicts among the various uses. On November 15, 1973, the Acting Regional Director, NPS Western Region, notified all parks within the Western Region that new regulations would be forthcoming from NPS headquarters, which would require the closing of all existing snowmobile routes until such routes were redesignated by publication in the Federal Register. Officials at Sequoia-Kings Canyon National Park, in anticipation of the proposed regulations, closed all snowmobile routes effective February 11, 1974, after giving property owners a 30-day notice of the closing. However, the NPS regulations were not effective until May 1, 1974.

An NPS Western Region official told us that, except for Sequoia-Kings Canyon National Park, no other parks within the region's jurisdiction closed snowmobile routes

"Unless and until we have congressional commitment to an aggressive acquisition program with strict enforcement of all county standards including lot size, offsets and off-street parking the opportunity purchase benefits are second rate to demand ownership of a cabin in Wilsonia."

The acting superintendent of Sequoia-Kings Canyon National Park in late 1975 said the strict enforcement of building codes by the realty specialist was a deliberate attempt to hold down prices and force sales. He stated that a December 29, 1972, memorandum from an inholdings task force to the Assistant Secretary for Fish and Wildlife and Parks and to the Assistant Secretary for Program Policy was probably the basis for these actions. The memorandum recommended for Wilsonia (1) total acquisition, (2) a continuation of the NPS permit control but under a much more rigorously enforced health and safety code, and (3) restrictions upon any new development in the area. These recommendations were concurred in by both Assistant Secretaries.

We also noted that the Office of Management and Budget, in August 1972, requested the Director of Budget, Department of the Interior, and specifically NPS, to review the extent to which NPS regulations on utilities, generally, and sewage disposal, in particular, are effective in controlling incompatible development and land price escalation. NPS, in response to Management and Budget's letter, requested the Directors of its regional offices to submit information concerning:

- What was being done and/or could be done to discourage incompatible development, and consequent price escalations in inholdings, by prior control of utilities and sewage systems.
- What would be the effect on land prices if inholders were not permitted to use park utility and sewage systems, on inheld land, in discretionary situations and if rigid septic tank standards were enforced. (See app. IV and V.)

The acting superintendent told us in late 1975 that, by enforcing the county standards more stringently (i.e. allowing no variances and asking for total compliance), the park had denied building permits for even simple repairs. Since no work could be done without a permit, NPS expected that the costs of needed repairs eventually would exceed the value of the property. NPS then planned to offer to buy the property from the inholder. He said these actions could be interpreted as harassment.

Garbage storage area
and horse corral closings

On June 30, 1975, Sequoia-Kings Canyon National Park officials refused to renew a special use permit to the Wilsonia Property Owners' Association for the continued use of a garbage storage area and for a horse corral. The permit had been in effect for a number of years, and, according to Sequoia-Kings Canyon Park officials, the horse corral dated back to the mid-1950s and the garbage storage area to the mid-1960s. Several members of the Property Owners' Association believed this was harassment and was additional pressure to get them to sell their properties.

A 5-year special-use permit issued by NPS in 1970 extended the use of a garbage storage area and a horse corral to the Wilsonia Property Owners' Association, both of which, according to NPS, were built at the homeowners expense. The property owners' association controlled the use and posted signs prohibiting use by other than Wilsonia residents. NPS officials told us that, after the special-use permit expired on June 30, 1975, the park refused to reissue the permit because the exclusive use of both the horse corral and the garbage storage area constituted private uses of public land, in violation of section 45d, title 16, United States Code, which states that no exclusive privileges shall be granted within the park. Park officials said that this section might have been overlooked when the permit was granted on previous occasions and that the harassment charge stemmed from discontinuing privileges which possibly should not have been granted in the first place.

We noted that the basis cited (16 U.S.C. 45d) by Sequoia-Kings Canyon National Park officials for refusing to renew the special-use permit for the horse corral and garbage storage area appeared to apply only to Sequoia National Park and not to Kings Canyon National Park--the park in which these facilities were located. We discussed this matter with an official of the Field Solicitor's office, NPS Western Region, who stated, that, on the basis of his cursory review, he agreed with our interpretation. He said that, although the park apparently did not cite the proper legal basis, he believed the park had a legal basis for its actions. He said that under section 1, title 16, United States Code, NPS had wide discretionary authority to promote and regulate the use of national parks, including the authority to issue and deny special-use permits.

before May 1, 1974. He said that, although the intention of the regulations was to close all existing snowmobile routes until such routes or proposed routes could be evaluated and public comments received on their proposed designation, the implementation of the final regulations varied from park to park, with some parks not closing routes on May 1, 1974. NPS central office officials said the superintendent of the Sequoia-Kings Canyon National Park had the authority under existing Federal Regulations (36 CFR 2.6) to close or restrict public use of all or any portion of a park at any time when necessary for the protection of the park and/or the safety and welfare of persons or property.

The acting superintendent of Sequoia-Kings Canyon National Park said that Wilsonia property owners interpreted the closing of park snowmobile routes as harassment because the Forest Service, Department of Agriculture, did not close snowmobile routes in nearby Sequoia National Forest. The Forest Service, unlike NPS, did not require the closing of existing snowmobile routes; rather, it allowed the routes to remain open and established December 31, 1976, as the date by which all routes would be evaluated and a determination made as to whether they would remain open or be closed. NPS officials said that the differing management philosophies of the agencies may account for why each agency took different approaches in implementing regulations pursuant to Executive Order 11644. NPS officials said their philosophy was one of preservation, whereas the Forest Service's philosophy was one of multiple use.

On October 3, 1974, NPS published, in the Federal Register, a proposal to designate a snowmobile route from Wilsonia to Forest Service lands. According to NPS officials, public comments were received on the proposed route, and, on the advice of counsel, an environmental assessment was initiated by Sequoia-Kings Canyon Park personnel in January 1975. The environmental assessment was completed in March 1975 and on March 25, 1976, NPS, through publication in the Federal Register, announced that the proposed designation of snowmobile routes in Sequoia-Kings Canyon National Park was being withdrawn.

The announcement indicated that 84 percent of over 100 groups and individuals responding to the environmental assessment expressed opposition to the proposed designation of snowmobile routes in the park. The principal objections, according to the announcement, focused on the adverse impact that snowmobiles would have on the natural, esthetic, and scenic values of the park's winter environment.

CHAPTER 4

SCOPE OF REVIEW

In accordance with the request, we made our review of the Opportunity Inholding Program at:

--The NPS central office in Washington, D.C.; the Pacific Northwest Region, Seattle, Washington; the Rocky Mountain Region, Denver, Colorado; and the Western Region, San Francisco, California.

--Grand Teton National Park, Sequoia-Kings Canyon National Park, Yosemite National Park, and Olympic National Park.

We reviewed applicable laws and regulations and pertinent NPS related policies, procedures, and practices concerning appraisals and methods used to encourage inholders to sell their properties to NPS. We interviewed (1) NPS officials at the central and regional offices, as well as the parks visited, (2) inholders who were randomly selected from the parks visited, (3) land appraisers, and (4) various other Federal, State, and local officials.

We selected, on a judgmental basis, 22 properties NPS purchased during November 1972 to June 1975 within Sequoia-Kings Canyon and Yosemite National Parks to determine the reasonableness of prices paid for inholdings. We hired two independent appraisers, members of the American Institute of Real Estate Appraisers, to retroactively appraise the properties. Also, for 1 of the 22 properties independently appraised, we hired a third appraiser, a member of the American Institute of Real Estate Appraisers, to review the appraisal reports made for NPS and our Office to determine which appraiser had more nearly reflected the market value of the property.

The superintendent of Sequoia-Kings Canyon National Park, in December 1975, told us that he was concerned that eliminating the garbage storage area would cause problems for NPS in maintaining the area. Therefore, in November 1975 NPS notified the property owners' association that a permit would be issued for use of the garbage storage area. We were told that the garbage storage area would be open to the public so that legal requirements were met. The property owners will pay for garbage pickup by the park's garbage contractor, and the area must be maintained by the inholders for the permit to remain in effect. The superintendent has no plans to allow the property owners to continue to use the horse corral because no benefit to the park would result. Corrals will still be permitted on private land if they meet county standards.

CONCLUSIONS

Allegations of NPS harassment of inholders were, for the most part, limited to the Wilsonia area of Sequoia-Kings Canyon National Park. Our review disclosed activities which, according to NPS officials, could have been considered harassment. The officials said that NPS's policy of stringently enforcing building codes was designed to force inholders to sell their property to NPS. Also it should be recognized that inholders could interpret the closing of snowmobile routes and the closing of the garbage storage area and horse corral as harassment since the timing of these actions closely coincided with the park's strict enforcement of building codes.

NPS has, however, taken action on the complaints of inholders, which should resolve the problems noted during our review.

AGENCY COMMENTS

The Department of the Interior agreed that some actions at Sequoia-Kings Canyon National Park could have been interpreted as harassment. It stated, however, that harassment was not its policy and that, fortunately, the incident was isolated. As indicated in our report, the Department stated that action had been taken to resolve the problems.

While these prices may be justifiable, it has been brought to our attention that the actual cost to the government may be even higher because of certain advantageous uses of the Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970. Also, a form letter is used by the NPS stating, "We are periodically required to remind owners..." These form letters are sent quite regularly, and to many of the inholding owners the "barrage of mail from the National Park Service is harassment."

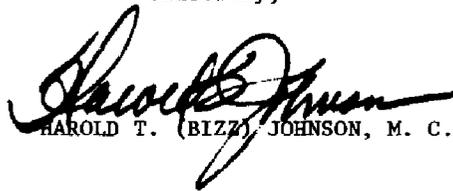
We would appreciate very much your office reviewing the Opportunity Purchase Program as being practiced, as well as the prices being offered, to assure that the American public is getting its best dollars worth and that an agency is not overbidding just to eliminate an inholding.

With kind regards.

Sincerely,



B. F. SISK, M. C.



HAROLD T. (BIZZY) JOHNSON, M. C.



JOHN MCFALL, M. C.

APPENDIX I

B. F. SISK

16TH DISTRICT, CALIFORNIA

COMMITTEE ON RULES

COMMITTEE ON AGRICULTURE

HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515

**CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515**

November 4, 1974

APPENDIX I

TONY COELHO
ADMINISTRATIVE ASSISTANT

DISTRICT OFFICE:
BETTY CLOUGH CORNELIUS
FIELD REPRESENTATIVE
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FEDERAL OFFICE BUILDING
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FRESNO, CALIFORNIA 93721
208-487-8004

Honorable Elmer Staats
Comptroller General of the
United States
General Accounting Office
441 "G" Street
Washington, D. C. 20548

Dear Elmer:

As you have already been requested to review various concessioner contracts with the National Park Service by other colleagues and that review is underway, we would like to request that you either expand that investigation to include a current review of the National Park Service's Opportunity Purchase Program, or to consider it as a separate issue.

GAO did do some work on this in 1970 but we are particularly concerned with Sequoia-Kings Canyon National Parks and Yosemite National Park in California. Owners of inholdings in those parks are complaining loudly of harassment, implementation of master plans before the plans are finalized at the department level and sent out for public comment, and that prices being paid are far above normal.

For example, in 1974 NPS Director Ronald Walker, in discussing funding for the purchase of inholding applications already pending, presented statistics which showed that the NPS was paying \$15,844 an acre for 8.5 acres of inholdings in Yosemite. Three residences were purchased for \$16,039 each.

Of all the acquisitions pending at that time, only a 2.45 acre collection of inholdings at Glacier National Park commanded a higher settling cost--an average of \$20,020 an acre. The average prices per acre for all the Parks listed--Hot Springs, Arkansas; Joshua Tree, California; Dinosaur and Great Sand Dunes, Colo.; Glacier, Mont.; Perry's Victory, Ohio; Gettysburg, Penn.; Fredericksburg, Virginia; Olympic, Washington, and Grand Teton, Wyoming--ranged from a low of \$75 an acre to the highs mentioned above.





United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

Mr. Henry Eschwege
Director, Community and Economic
Development Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Eschwege:

This responds to your draft report "Improvements Needed in Private Land Acquisition Program in National Parks" furnished with your June 25, 1976, letter. With respect to recommendations set forth on page 25, the Departmental position is as follows:

1. Recommendation: "Require that in appraisal reports where highest and best use is indicated as subdivision, the report clearly discuss the number of sites the report is predicated upon as well as the basis for this determination, including a thorough discussion of applicable legal requirements pertinent to subdivision."

This recommendation is technically correct only in those situations where value is determined by the "development" method, i.e. estimating the sales price of individual lots and deducting the cost of development and other expenses. In the specific case identified in the report, the appraiser used the market approach, i.e., value was based on comparable sales as adjusted for variables.

Where sufficient comparable sales data is available, the market value approach is the most direct and preferred method. The appraisal report was accepted because the market approach was used and adequately supported. In other words, the number of residential lots was not relevant to the determination of value.

2. Recommendation: "Insure that staff reviewing appraisal reports thoroughly document inquiries made of appraisers, particularly those aspects of major significance to judging the adequacy of the appraisal."

The GAO recommendation is, in fact, current policy. In the case in question, better documentation of the review process would have eliminated the



Save Energy and You Serve America!

ROBERT J. LAGOMARSINO
19TH DISTRICT CALIFORNIA

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WASHINGTON, D.C. 20515
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Congress of the United States
House of Representatives
Washington, D.C. 20515

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COMMITTEE ON
INTERIOR AND INSULAR
AFFAIRS

SUBCOMMITTEES
NATIONAL PARKS AND RECREATION
TERRITORIAL AND INSULAR AFFAIRS

September 3, 1975

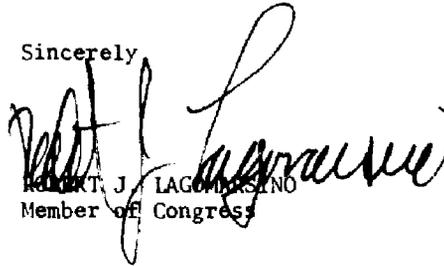
The Honorable Elmer B. Staats
Comptroller General of the United States
General Accounting Office
441 G Street
Washington, D.C. 20548

Dear Mr. Staats:

Attached is correspondence from my constituent, Mr. Christopher Nicholas, regarding the request of several Congressman for the investigation of the National Park Services' Opportunity Purchase Program, and in particular, steps being taken to acquire private in-holdings in the Yosemite and Sequoia-Kings Canyon National Parks.

I would appreciate your attention to Mr. Nicholas' letter and your advising me of your progress in this investigation.

Sincerely



ROBERT J. LAGOMARSINO
Member of Congress

RJL:jb
Attachment

[See GAO note.]

GAO note: Letter is not included.

COPY

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503

August 4, 1972

Mr. Francis M. Wiles
Director of Budget
Department of the Interior
Washington, D.C. 20240

Dear Mr. Wiles:

This is in response to your notes of August 2, requesting our view on proposals to acquire inholdings within several areas of the National Park System.

The areas are Yosemite, Hot Springs, Joshua Tree, Sequoia, Blue Ridge, and Grand Teton. The amounts involved in the two proposed letters to Congress are \$617,275, and \$343,663 respectively.

While we have no objection to transmittal of these particular proposals, we do want to remind you that the Department needs to consider these projects along with all other Interior programs in the light of Director Weinberger's letter of July 5, 1972 to Secretary Morton concerning FY 1973 budget outlays.

We also believe that the Department needs to review the extent to which Park Service regulations on utilities generally and sewage disposal in particular by owners of inholdings are effective in controlling incompatible development and land price escalations. We would expect to discuss such a review more fully in connection with future acquisition proposals.

Sincerely,

(signed) Donald E. Crabill

Donald E. Crabill
Chief, Natural Resources
Programs Division

confusion and misunderstanding that resulted. However, based on the one case presented in the GAO report, and the subjective nature of determining how much documentation is sufficient, the problem does not appear to be of significant magnitude to warrant special attention.

3. Recommendation: "Use to the extent feasible, more than one appraiser and, preferably, several appraisers to perform appraisals at each park."

The National Park Service, as a matter of policy, blankets the appraisal market for fee proposals prior to contract awards. In the specific case of Yosemite to which the report refers, numerous attempts were made to obtain the services of other appraisers but the Western Region was unsuccessful in getting qualified appraisers to undertake the work. The Western Region is continuing its efforts to obtain the services of more than one appraiser.

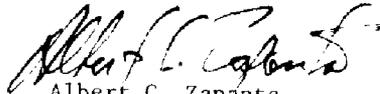
The Department appreciates the thorough and professional manner in which GAO evaluated the prices paid. The GAO concludes "For the most part, the prices paid by the NPS for inholdings appeared to be reasonable and reflected the market values of the properties." However, on the basis of the facts presented, the Department does not believe that the qualifying statement, "For the most part," is either necessary or warranted.

The net difference between the GAO appraisals and the National Park Service appraisals on 22 tracts was 3.8 percent. This magnitude of difference is remarkably low. The only reasonable inference to be drawn is that the National Park Service is paying reasonable prices and is applying sound appraisal techniques.

Some of the actions at Sequoia-Kings Canyon National Park could have been interpreted as harassment. Please be assured that harassment is neither the policy nor the practice. Fortunately, the incident is isolated and, as your report observes, action has been taken to resolve the problems.

Thanks for the opportunity to review the draft report. [See GAO note.]

Sincerely,



Albert C. Zapanta
Assistant Secretary-Management

[See GAO note.]

GAO note: Additional comments were considered in this report but not reproduced here.

We plan to accumulate the requested information and meet with the Office of Management and Budget concerning the above subject before the next legislative proposal is submitted.

Please provide us the answers to the above concerns, explaining the pros and cons of your present and possible approaches to control of utilities and sewage systems, if possible, by October 1, 1972.

Enclosed is a copy of a letter of August 4, 1972, from Donald E. Crabill to Francis M. Wiles, Director of Budget, Department of the Interior, and a copy of a memorandum of August 8, 1972, from Francis M. Wiles to the Director, National Park Service, both documents relating to the above subject. The August 4, 1972 memorandum was further amplified by telephone discussions between OMB and the National Park Service.

Enclosure

COPY

UNITED STATES DEPARTMENT OF THE INTERIOR

NATIONAL PARK SERVICE
WASHINGTON, D.C. 20240

AUG 29 1976

In Reply Refer to:
L1424-OMO(L)

Memorandum

To: Directors, Midwest, Northeast, Pacific Northwest, Southeast, Southwest, and Western Regions, and National Capital Parks

From: Assistant Director

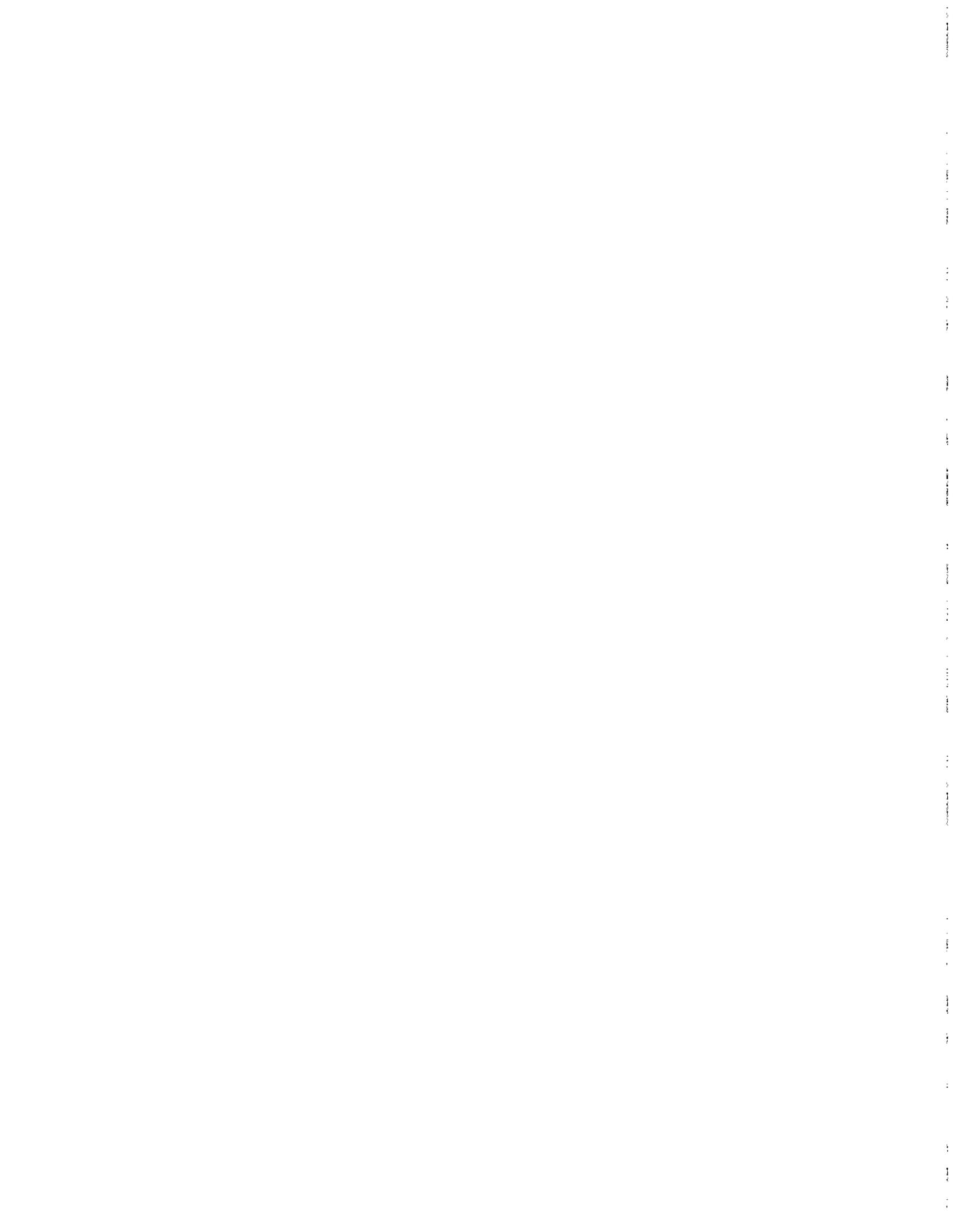
Subject: Acquisition of Inholdings, effect of Park Service controls on utilities and sewage disposal on land price escalation

The Office of Management and Budget has requested, on future land acquisition legislative proposals concerning inholdings, that the Park Service be prepared to discuss in depth (1) what we are doing and (2) what we could be doing, to discourage incompatible developments, and consequent price escalations in inholdings, by prior control of utilities and sewage systems.

The OMB wants to know what the effect on land prices would be if (1) we did not permit inholders to utilize park utility and sewage systems, on inheld land, in discretionary situations and (2) we enforced rigid septic tank standards on inholders.

The OMB wants to know what present methods are being used to permit and/or control utilities and sewage systems, such as rights-of-way, special use permits, Federal regulations, application of or incorporation by reference of State or local laws, zoning periodic inspections, etc. That office further wants information on how our approach differs in areas of exclusive jurisdiction as opposed to areas, with concurrent or proprietary jurisdiction, and is interested in the various types of inholding, e.g., Wilsonia and Wawona, small single-ownership inholdings, small communities, apartment complexes, etc.

NATIONAL PARKS CENTENNIAL 1872-1972



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