



# An Economic Benefit Analysis of the USDA Forest Service Recreation Residence Program



## Summary Report - June 2022

About National Forest Homeowners and This Study	1
Local Communities: Positive Economic and Social Impacts	3
USDA Forest Service: Mutual Economic and Non-Economic Benefits	4
Cabin Owners: Tangible Investment and Intangible Rewards	4
Challenges Facing the Recreation Residence Program	5
Future of the Program	5
Appendices	7

### About National Forest Homeowners and This Study

The Recreation Residence Program (RRP) is a unique "cabin in the woods" program established by Congress in 1915 specifically for the “...purpose of constructing or maintaining summer homes...” to **facilitate family recreation** experiences on our public National Forests. The RRP is regulated by special use permits issued by the USDA Forest Service. The RRP cabins are the personal property of the permit holder who pays an annual fee for the use of the land. National Forest Homeowners (NFH) is a member-directed organization representing cabin-owner recreation residence permittees on our National Forests. NFH is the only national organization advocating for the RRP.

The future of the RRP is uncertain. Wildfires are causing a rapid decline in the number of cabins nationwide. Without aggressive advocacy by cabin owners and action by leaders in Congress and the Forest Service, this century-old piece of American heritage which provides economic benefit to rural communities and to the American taxpayer may be facing collapse.

**The information in this document will be used to inform the Forest Service and members of Congress in their decision-making as it relates to this unique recreation and heritage program.**

*The Recreation Residence Program provides countless benefits & monetary returns to both the Forest Service and other private entities around our nation. Our program enhances the outdoor environment we share with the public at large, providing enhanced user experience for all.*

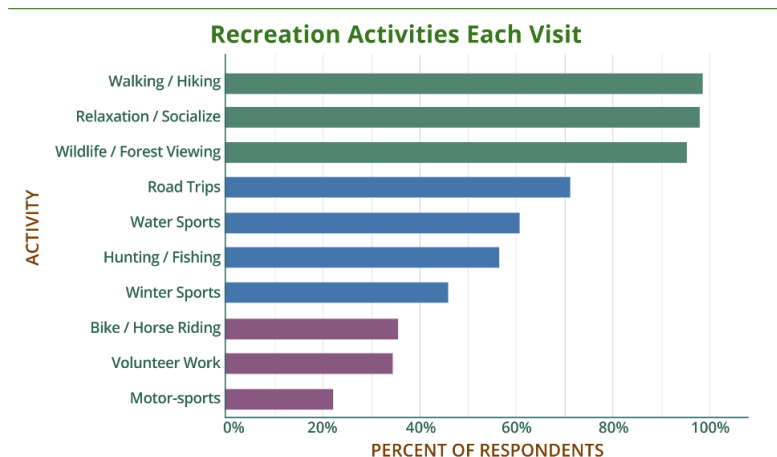
~ per survey respondent with cabin on the Medicine Bow-Routt National Forest in Colorado

NFH conducted a survey of cabin owners and tract associations to gather data used to prepare this study, the largest and most comprehensive to date of this program, which looks at the economic and non-economic impacts of the RRP on local economies and nationally. The study comes at a time when the RRP is facing critical challenges, including cabin losses due to wildfires and proposed regulatory changes. In 2009, NFH conducted in response to steeply increasing Forest Service permit fees. That report was crucial in the successful passage of the Cabin Fee Act (CFA) in 2014.<sup>1</sup> This new and more robust report demonstrates the important role of the Recreation Residence Program on Forest Service funding and documents the role of the RRP in fulfilling the Forest Service mission *“to facilitate family recreation in the National Forests and sustain the health, diversity, and productivity of the national forests and grasslands to meet the needs of present and future generations.”* This study demonstrates the value of this family recreation program to local communities, the Forest Service and generations of American families.

The program achieves the original intent of the 1915 Organic Act to facilitate family recreation on the National Forests. Today, there are about 13,800 permitted cabins in the program. Cabins bring 6.5 million recreation visitor days annually to the National Forests for recreation, including 2.9 million visitor days by those 19 years or younger. Cabin

families enjoy a diversity of recreation, and volunteer on stewardship efforts on the forests. A comparison of RRP recreation activity to other forest recreation users suggests RRP users tend to travel further, engage in more types of recreation per visit, as well as, reoccurring and longer visit stays which results in greater economic benefit to the impacted

rural communities. Given the breadth of recreation activities, along with extended stays and the wide



range of ages, the RRP should be more broadly recognized as the unique and valuable form of National Forest recreation that it represents.

## Local Communities: Positive Economic and Social Impacts

The Recreation Residence Program has significant positive impacts on local rural economies. Over 83% of survey respondents live more than 50 miles away from their cabins. Any money spent by these cabin owners is considered new money into the local economy. This additional spending is vital for many small businesses. Many cabin owners use their cabins throughout the year which is an important differentiating factor when comparing this program to other public lands recreation. The off-season and shoulder season visitor days constitute 20% of all cabin visits, providing stabilization to seasonal economic cycles.

Cabin owners spend \$141M dollars annually in local rural communities including \$54M annually to local contractors for routine maintenance, infrastructure improvements and major cabin upgrades, \$24M on local recreation, and \$59M to retail and local eateries. The cabin community is generous, giving over 145,000 hours of their time on volunteer projects and providing cash donations of \$3M annually to local organizations.



Cabin owners pay \$19M annually in local property and use taxes for their cabins. This supports local and state services such as utilities, fire and rescue, schools, as well as public social service programs. Cabin owners pay into local government coffers and consume few government services, making the RRP a significant net positive for local governments.

These benefits are even more impressive when considering the economic multiplier effect that direct dollars spent in the local economy stimulate through secondary spending by businesses and employees. NFH used the economic modeling tool IMPLAN<sup>2</sup> to determine the “value add” of indirect spending by local proprietors, induced spending by local workers and additional local sales tax revenues. The average multiplier is 1.5 for all local business sectors supported by cabin owners in our case studies. This means that for every \$1.00 spent by a cabin visitor, there is a local impact of \$1.50. Using the average 1.5 multiplier, the \$141M spent nationwide by cabin owners generates **\$212M of economic benefit** to the rural communities local to recreation residence cabins. From local and state governments, the Forest Service, to local businesses and families, this recreation program has an impact that goes well beyond the thousands of American families who have participated directly in this heritage of recreation and a cabin in the woods.

## USDA Forest Service: Mutual Economic and Non-Economic Benefits

The Recreation Residence Program is one of the few recreation programs that is not only fully self-funded, but generates surplus revenues as well. During a 2010 U.S. House of Representatives hearing regarding the Cabin Fee Act (CFA), the Forest Service acknowledged they lacked the budget to adequately support the RRP. Congress responded by adding the retained fees language into the CFA. Starting in 2025, over \$35M in recurring annual special use permit fees and cabin transfer ownership fees will be retained by the USDA Forest Service. Because the special use fees are adjusted by inflation annually, this additional funding to the Forest Service will continue to grow over time.

**Over 10 years, \$376M will be retained by the USDA Forest Service.**

These fees must be used for administration of the RRP. Given a recent Forest Service estimate of \$1,000 per lot cost to administer the RRP, we estimate approximately two-thirds of these fees will be required for program administration and improvements in service. Per the CFA, Congress directed fees in excess of the cost to administer the RRP be used to support other recreation activities on National Forest lands, thus extending the public benefit of the cabin program.

The RRP has a relatively small footprint with less than 7,000 acres of National Forest lands under permit. RRP special use fees generate over **\$4,700 per acre**, one of the highest returns to the Forest Service and the U.S. taxpayer for recreational use of National Forest lands. As a comparison, this return is over 18 times higher than the \$253 fee revenue per acre generated by ski areas, often considered to be one of the more successful forest recreation programs.



In addition to the economic benefits, permittees and their guests volunteer 145,000 hours annually toward forest stewardship activities like invasive species removal, fire mitigation, forest restoration and trail maintenance, a value of over \$4M annually. Many cabins are designated as historic structures and contribute to the historic cultural values of the National Forest and nearby communities.

*Firewise volunteers, Mt. Lemon, AZ*

## Cabin Owners: Tangible Investment and Intangible Rewards

All owners recognize the unique privileges and responsibilities that are inherent with being a special use permit holder on public lands managed by the Forest Service. In the current market, the average cabin plus infrastructure is valued at \$284,000. The typical ongoing annual operational expense is \$11,420 for fees, taxes, cabin upkeep, insurance, utilities, etc.

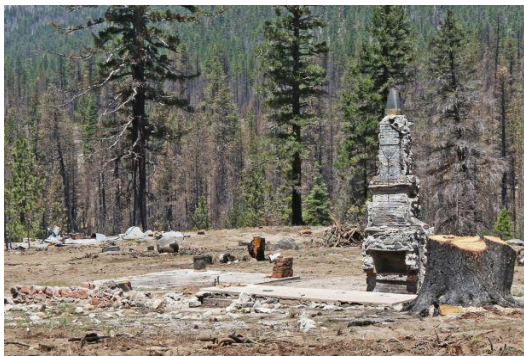
**Nationwide, cabins represent a total private investment of nearly \$4 billion.**

Cabin owners are largely middle-class American families. Survey data reveals that 36% of cabin owners have an annual household income of \$100,000 or less with the overall average of \$141,484. Over 600 cabins change ownership annually. When this occurs, approximately 42% of the cabins remain in the family which enables the ongoing familial legacy within the program. Equally important are the estimated 58% of cabins sold to families new to their “cabin in the woods,” allowing more Americans to experience the program.

Cabin visitors range from the very young to the very old. About 90% of permittees are over 50 years of age. They invite families and friends in a broad range of ages to the National Forests, with 44% of cabin visitors found to be youth 19 and under. The toddlers and seniors who recreate from cabins are not as easily accommodated by other recreation options on our National Forests.

## Challenges Facing the Recreation Residence Program

Today, there are about 13,800 cabins in the program, nearly 2,000 fewer than 30 years ago. In the last four fire seasons over 440 cabins—3% of the total—have been destroyed by wildfires. Inevitably, more cabins will be lost to wildfires. Using current trends, less than half of the cabins destroyed by wildfires will be rebuilt. Every cabin not rebuilt removes \$10,217 annually from the local economy and reduces the financial and non-financial contribution to the Forest Service. Insurance for cabins is difficult to obtain



which results in many cabin owners who are uninsured or underinsured. Traditional bank financing is not available to rebuild cabins due to several clauses in the special use permits. Furthermore, Forest Service decisions have been inconsistent in determining whether or not to authorize rebuilding of destroyed cabins. The process for cleaning up the lot and following newer building codes can present hurdles that many can't overcome. Some cabins have been in families for generations and losing their cabin can feel

more devastating than losing their home. The program is in steady decline due to lack of replacing destroyed cabins. Current Forest Service practice is to leave a cabin lot vacant if a cabin is not replaced by the current owner, rather than issue a permit to a new owner willing to build a replacement cabin. This practice forgoes the opportunity to leverage private investment by cabin owners in the program which pays for not only replacing the cabin, but continues the fee revenues and other benefits enjoyed by the Forest Service at virtually no net cost to the agency.

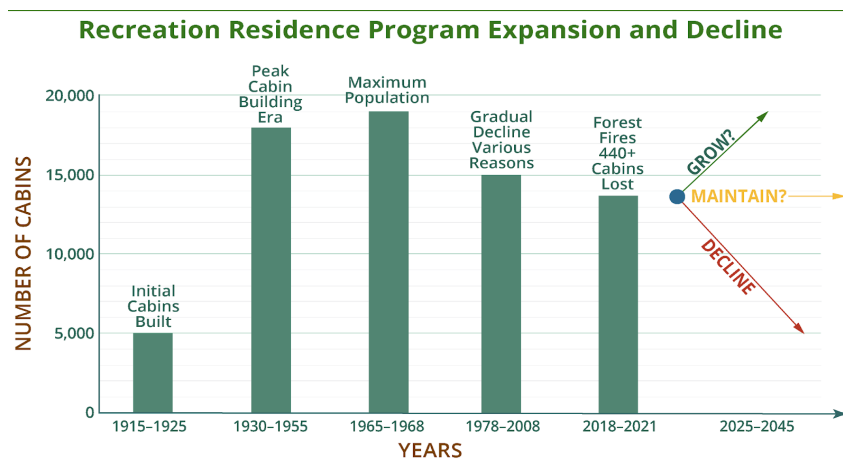
Most permits will expire in 2028, but some will expire as soon as 2024. Historical trends suggest most existing permits will be reissued. The Forest Service has proposed changing terms to the special use permit. Some changes could significantly erode permit-holder rights. These include excluding certain line officer decisions from the administrative appeal due process; prohibiting co-ownership of recreation residences; and the potential taking of private water rights by the Forest Service without compensation. In November 2020, during the public comment period for these permit changes, NFH submitted written comments objecting to most of the new language. Additionally, NFH objected to prior Forest Service changes to the permit that were introduced in 2017 and 2007 and never submitted to the requisite public

comment process. Nearly two years after the proposed new permit language was published and comments submitted, there has been no response from the Forest Service.

## Future of the Program

The Recreation Residence Program was created over a century ago and has been a success for the Forest Service and the public. Existing policies and good intentions are insufficient to counteract the decline in the number of cabins. To ensure this program's continuation for another century, positive changes must be enacted. Data obtained by the NFH survey supports the importance of the RRP to the Forest Service, the communities local to the cabins, and the legacy of American family recreation on our public lands. The RRP continues to fulfill the original Congressional intent and should be managed as stated in the current Forest Service Manual, section 2347.1:

*Recreation residences are a valid use of National Forest System lands. They provide a unique recreation experience to a large number of owners of recreation residences, their families, and guests. **To the maximum extent practicable**, the recreation residence program must be managed to preserve the opportunity it provides for individual and family-oriented recreation. It is Forest Service direction to continue recreation residence use and to work in partnership with holders of these permits to maximize the recreational benefits of recreation residences. [emphasis added]*



Multiple stakeholders lose if the recreation residence cabin numbers decline at this rate. The RRP is a significant, unique and consistent economic benefit to rural communities and to the American taxpayer. With support from Congress and Forest Service partners, we look forward to seeing this program become more resilient, recover from

disasters and ultimately provide new families, their friends and loved ones with a place to connect to public lands and be rejuvenated.

The future of the RRP is uncertain. Wildfires are causing a rapid decline in the number of cabins nationwide. Without aggressive advocacy by cabin owners and action by Forest Service leadership and leaders in Congress, this century-old recreation program which helps connect the American people to their natural and cultural heritages while providing economic benefit to rural communities will continue to decline resulting in the loss of benefits to cabin owners, the Forest Service, and the local rural communities near cabin tracts.

## Appendices

### Study Methodology

The primary source of information collected for the study was a survey of individual cabin owners conducted by NFH in November-December 2021. The 50-question survey collected information regarding cabin investment, annual spending, recreation activities, and non-monetary contributions made by cabin owners and their guests. NFH sent email and postcards to reach nearly 100% of the cabins in the program. Participation in the survey was excellent. Surveys were completed by 3,250 cabin owners representing 24% of all cabins. Responses were received from all 9 USFS Regions, all 24 states with cabins, and 83 of 89 National Forests where cabins are located. Approximately 65% of responses were from NFH members and 35% from non-member cabin owners. Nearly half of the local cabin tract associations also submitted survey responses regarding the investment, annual spending, and non-monetary contributions made by these associations, over and above those made by individual cabin owners. We enhanced the study analysis by employing economic analysis tools used by the Forest Service, including IMPLAN and the Forest Service National Visitor Use Monitoring Program (NVUM)<sup>3</sup>. NFH also consulted with three subject experts: one a PhD economist with the USDA Forest Service, one a PhD economist at Colorado State University and the other from the IMPLAN Professional Services Consulting Team. They provided guidance regarding our survey structure, use of the IMPLAN and NVUM tools, statistical rigor and valid conclusions.

### Additional Resources

The Study results are shared in one video and 3 documents found on the NFH website [nationalforesthomeowners.org](https://nationalforesthomeowners.org), including this *Economic Benefit Study: Summary Report*, an *At A Glance* flyer, and the *Economic Benefit Study of Recreation Residence Cabins*, a detailed report.

### Footnotes

1. The 2014 Cabin Fee Act (CFA) solved the problem of unaffordable permit fees that threatened the continued existence of the RRP. The CFA established a tier system which is adjusted annually based on inflation. Applying the tier levels for 2022 the permit fee amount collected was over \$33 million.
2. IMPLAN is a comprehensive commercially available economic analysis tool used by all levels of government, by economic researchers in academia, and healthcare organizations nationwide to better inform policy making, evaluate economic development, and inform decision making and the effect of those initiatives on the economic health and well-being of communities.
3. National Visitor Use Monitoring Program (NVUM) is a tool created and used by the USFS for the collection and analysis of public recreation data on National Forest lands. NVUM has specifically defined various types of appropriate recreational activities and recreation sites on National Forests.

Photographs courtesy of NFH archives. Figures designed by Talon Graphics.