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Utah firm buys Idaho state endowment-owned lake cabin sites for \$5.8M

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A limited-liability company from Utah dropped more than \$5.8 million this week to snap up two lakefront lots on Payette Lake that for years have been owned by Idaho's state endowment.

The two, which were among six lots the state Department of Lands auctioned off to the highest bidders, were non-adjacent vacant lots, each just under half an acre, along the lake's shore. For decades, Idaho's state endowment, which largely benefits the state's public schools, has rented hundreds of lots to cabin-owners along the popular lake at McCall.

But in recent years, Idaho has sold off 154 cabin sites at Payette Lake and another 315 at Priest Lake, as it moves out of the cabin-site-renting business, shifting the funds into other, higher-earning investments for the endowment. That shifts the lots to private ownership.

The state hailed the auction as win for schools and other endowment beneficiaries, as the lots sold for millions above their appraised value.

"This auction affirms the strong demand for endowment real estate in the McCall area," Idaho Department of Lands Director Dustin Miller said in a statement. "On a per-acre basis, these six lots on average sold for nearly \$3.7 million per acre."

The six lots included two on the lakeshore, and four upland lots that were away from the shoreline. The appraised values, which were the minimum bids, ranged from \$175,000 to \$1.4 million. All six saw competitive bidding; the final sale prices ranged from \$330,000 to \$2.93 million.

Sharla Arledge, public information officer for the Department of Lands, said there were 35 registered bidders for the public auction, which was held in Eagle and conducted by Corbett Bottles Real Estate Auctions; the bidders were “a mix of in-state and out-of-state folks,” she said.

“A family LLC out of Utah was the top bidder for both lakeside properties,” Arledge said.

Among the four successful bidders for the upland lots, three were from Boise, Arledge said in response to a reporter’s inquiry, and the fourth was from Arizona.

Idaho’s longstanding practice of renting out cabin sites on lakes to people who then built and owned their cabins on them led to frequent controversy over the years, as the state endowment is required by the Idaho Constitution to manage its land holdings for maximum long-term returns to the endowment’s beneficiaries, the largest of which is the state’s public schools. But state-proposed rent increases for the parcels drew protests and even litigation, as families saw their lake cabins that had been handed down through generations become unaffordable due to rising land rents.

In 2010, the state Land Board approved a plan to phase the endowment out of the cabin-site renting business over time; it’s auctioning off most of the remaining lots through 2024, along with some lots that weren’t leased. In some cases, multi-generational cabin owners lost their sites to wealthier bidders. The six sites auctioned this week all were unleased; Arledge said they weren’t generating any return for the endowment.

Proceeds from this week’s auction came to a total of \$8.4 million, nearly \$5 million over the appraised value. One non-lakefront lot that had been appraised at \$175,000 sold for \$1 million.

The proceeds from the auction will be deposited in the endowment’s Land Bank fund, where it can be used to purchase other lands as investments; if not spent within five years, the money would go to the state’s permanent endowment fund. That fund now totals more than \$3 billion, and reported record investment earnings of 29.7% in the last fiscal year.

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