



VIRGINIA ASSOCIATION OF ASSESSING OFFICERS (VAAO)

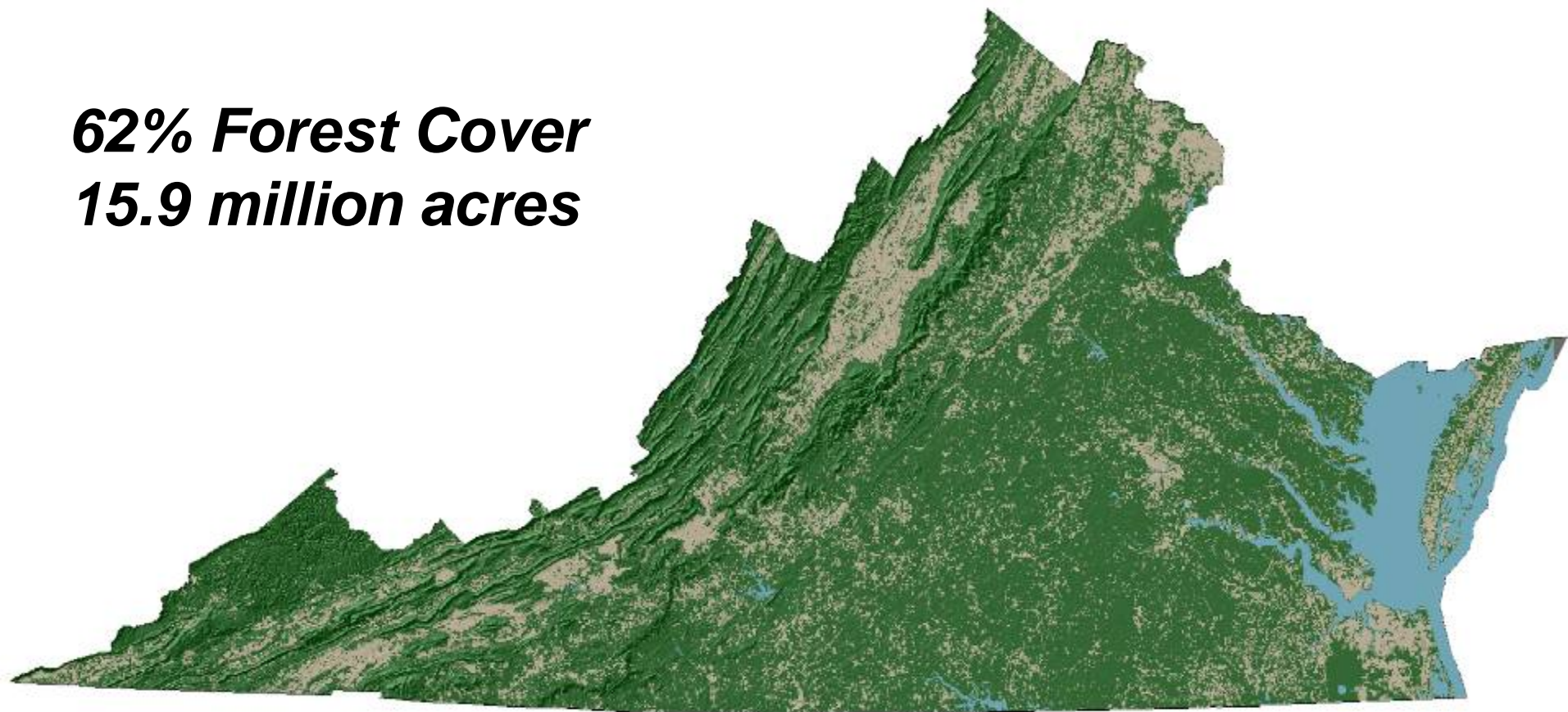
FORESTRY LAND USE **Overview and Update**

Todd Groh, Program Manager
Forest Resource Management Branch
Virginia Department of Forestry



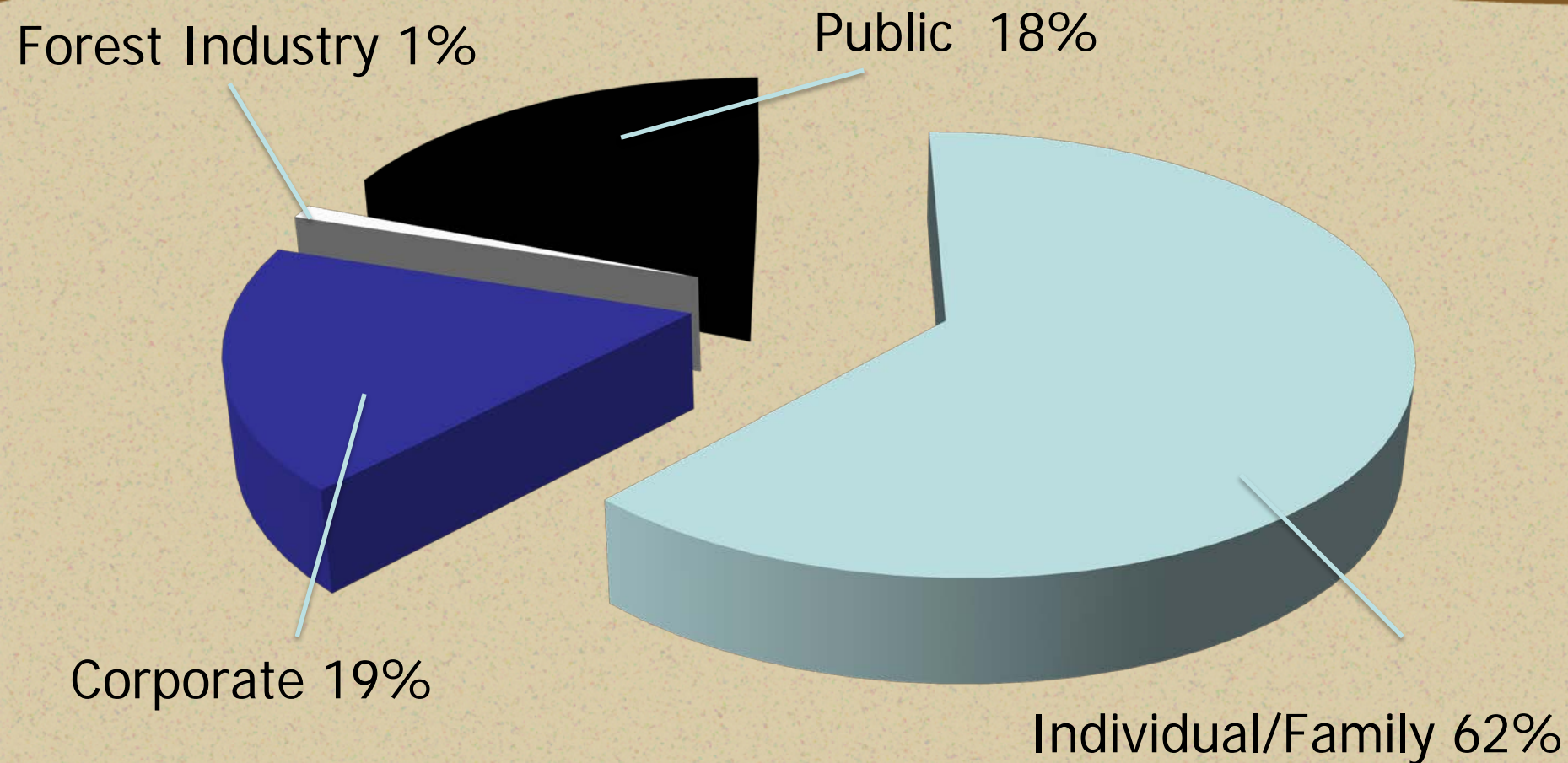
Virginia Forest Cover

62% Forest Cover
15.9 million acres



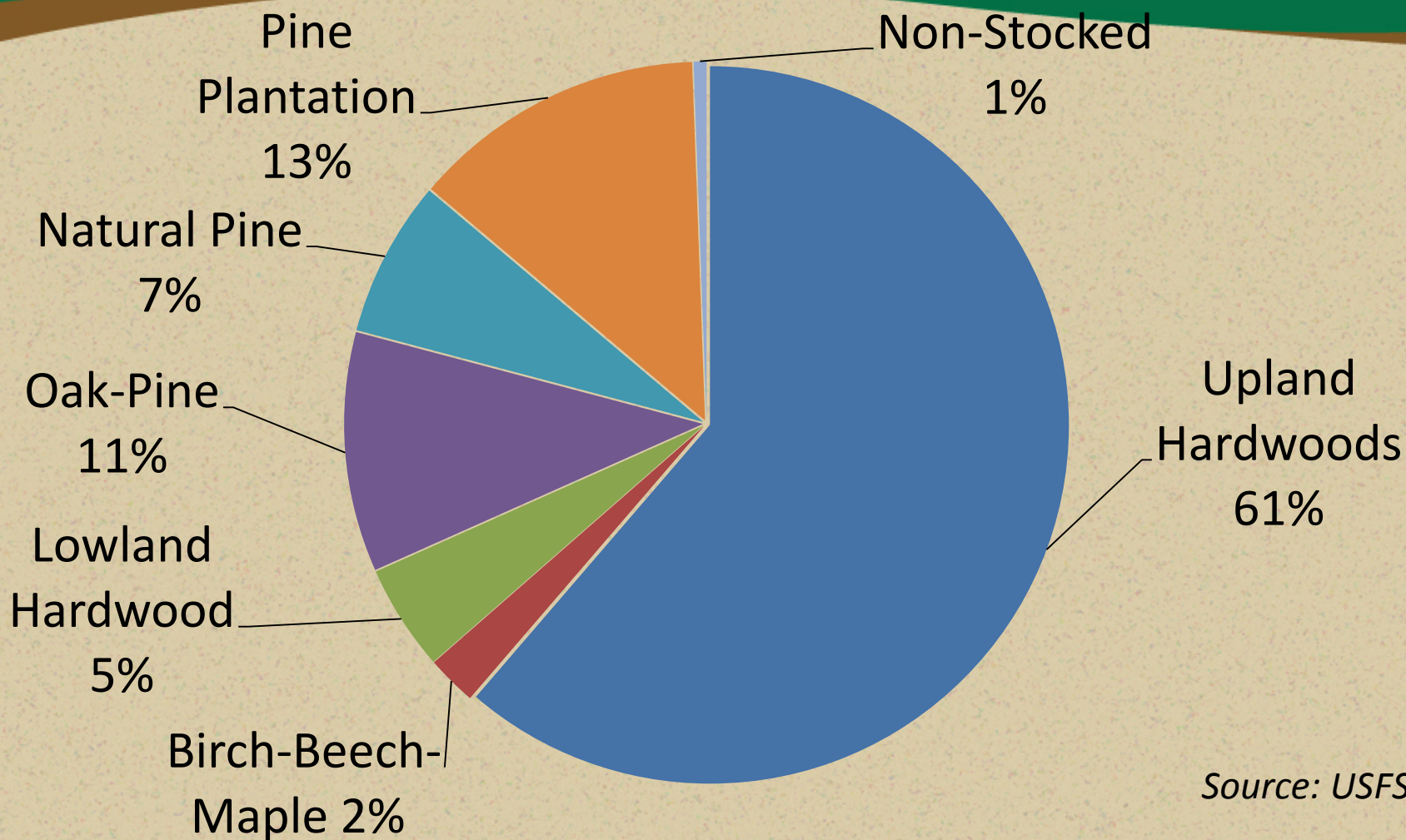


Forest Owners - 373,000+





Forest Type Groups, Virginia



Source: USFS-FIA



Virginia Forestland Provides

- Economic Benefit:
\$17 Billion/year
- Jobs – 103,000
- Lumber
- Paper
- Wood for Energy
- Recreation
- Wildlife habitat
- Clean water
- Cleaner air
- Improved quality of life



Forest Benefits

■ *Indirect economic benefits are derived from:*

- ◆ Protection of air & water quality
- ◆ Moderation of climate
- ◆ Provision of wildlife habitat



- ◆ These benefits valued at more than ***\$1.9 billion*** annually.



Forest Land Use Values

- Estimating the potential of the site to produce a forest crop
- Based on that potential, **not** based upon the current crop
- Determine the present value of future timber crops



Forest Value Modeling

- VDOF uses timber yield models for volume determination
- A forestry financial analysis tool is used to calculate value, based upon the chosen parameters.
- Projection is run three times based upon three soil quality types – Fair, Good, Excellent
- Values are suggestions for counties to use



Forest Value Modeling

■ Present Value of a Future Timber Product

Determining Factors:

- Forest type (pine vs. hardwood)
- Standing timber value (“stumpage price”)
- Reforestation costs
- Forest management/Harvest regimes
- Financial Parameters



Forest Type Ratios

- Determine percentage of acreage by forest type – pine or hardwood (based on Forest Inventory Analysis (FIA) Reports)





Standing Timber Value

- Average Stumpage Values for:
 - ◆ Pine & Hardwood Pulpwood
 - ◆ Pine & Hardwood Sawtimber
- Local knowledge of timber sales





Reforestation Cost

- Average reforestation cost based on existing landowner cost share programs.
 - ◆ Reforestation of Timberlands (RT)





Harvest Regimes

- Realistic management schedules

Pine
(35-year rotation)



Hardwood
(80-year rotation)





Financial Parameters

- Discount rate,
- Inflation,
- Taxes,
- Annual expenses



Anticipated Changes for 2018

■ Current Market Conditions

- ◆ Pine Sawtimber prices are still weak
- ◆ Pine Pulpwood – on quota all year
- ◆ Hardwood Sawtimber prices are better
- ◆ Biomass harvests have helped, but natural gas is a factor

QUESTIONS



Keeping our Forests
Working...and Growing