VIRGINIA ASSOCIATION OF ASSESSING OFFICERS (VAAO)

FORESTRY LAND USE
Overview and Update

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Virginia Forest Cover

62% Forest Cover
15.9 million acres
Forest Owners - 373,000+

- Individual/Family: 62%
- Public: 18%
- Corporate: 19%
- Forest Industry: 1%

Forest Owners - 373,000+
Forest Type Groups, Virginia

- Upland Hardwoods: 61%
- Non-Stocked: 1%
- Upland Hardwood: 11%
- Pine Plantation: 13%
- Natural Pine: 7%
- Oak-Pine: 5%
- Lowland Hardwood: 2%
- Birch-Beech-Maple: 2%

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
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.
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