

proposed amount of 71 ha (175 ac) to 16 ha (40 ac) in this final rule. The procedures for submitting management plans for possible exclusion of specific areas were clearly described in the proposed rule.

Issue 4: Economic Issues

(27) *Comment:* The draft economic analysis understates the economic impact from the critical habitat designation because it failed to adequately consider effects from: (1) Greater amounts of technical assistance and administrative tasks than estimated; (2) greater numbers of informal and formal section 7 consultations than estimated because of a vast understatement of Federal involvement in private projects; (3) increased difficulty in obtaining state and/or county approval for development; (4) project modifications and delays for planned developments; (5) development of biological assessments; (6) reduced property values; and (7) increased mitigation costs. Generally, the baseline approach used in the draft economic analysis underestimates the impacts to all development activities, whether or not Federal involvement is presumed.

Our Response: Minor modifications were made in the final economic analysis of the proposed rule to reflect increased technical assistance in one unit and to the cost of technical assistance related to Clean Water Act activities. We believe the estimates of formal and informal consultations in the final economic analysis reflect numbers that can be reasonably anticipated. We do not anticipate any increased difficulty in obtaining State or county approvals for development. While uncertainties about the impacts of the critical habitat designation and the perception that the designation will impose land use restrictions could temporarily foster this result, this effect is likely to be temporary in nature as the uncertainties and perceptions dissipate or become clarified over time.

We do not believe that critical habitat designation will impose additional project modifications and delays for projects, including preparation of biological assessments. Additional requirements associated with critical habitat designation apply solely to Federal actions, and since this designation only involves occupied habitat, then the section 7 requirements would have to be met pursuant to consideration of "jeopardy standard" regardless of the presence of critical habitat. We do not believe that the designation of critical habitat, when occupied by the listed species, should have any real effect on property value,

because it only applies to those activities that involve a Federal action. However, we do recognize that there can be a perceived effect which could adversely affect property values. We will, through outreach and education, do all we can to correct this perception.

We believe mitigation costs associated with critical habitat designation were accurately estimated in the final economic analysis. The anticipated number of HCPs was increased from five to eight, and the cost of purchasing and managing mitigation lands due to the development of HCPs was estimated. The analysis used standard methods for analyzing the economic impacts. These methods have been used in past designations throughout the United States and have generally been found to be sufficient.

(28) *Comment:* The draft economic analysis is clearly prepared to show that minimal effects will be felt by the designation and should be rejected because it does not take an objective view of the matter under consideration. The information sources referenced do not include any discussions with private landowners.

Our Response: The analysis used standard methods for analyzing economic impacts. These methods have been used in past designations throughout the United States and have generally been found to be sufficient. Also, the final economic analysis of the proposed rule considers information gathered from interviews with individual property owners who submitted comments on the draft analysis.

(29) *Comment:* The level of predicted consultations appears to be based on the assumption that only commercial, as opposed to residential, development would trigger consultations, and the only anticipated Federal nexus for development was a party seeking an HCP.

Our Response: We apologize if the assumptions were not clear. We have clarified the assumptions in the final economic analysis.

(30) *Comment:* The draft economic analysis discounts entirely broader regional impacts, focusing only on the costs of consultation. The setting aside of land and delaying and increasing the costs of a variety of projects and activities will undoubtedly have a broader impact. In its draft economic analysis for the Kauai Cave wolf spider, the Service considered some of these broader economic impacts and determined that the impact of designating less than half the acreage proposed in Bexar County could be as high as \$1.9 million. This difference in

estimated costs is attributable to differences in methodology.

Our Response: We want to stress that the designation of critical habitat does not "set aside" land and does not create parks or preserves. We believe the economic analysis fairly estimated the costs of critical habitat designation in Bexar County (see our response to Comment 27). The final economic analysis of the proposed rule clarifies the methods used.

(31) *Comment:* Many landowners commented that their individual properties were of high economic value and the designation of critical habitat would substantially impact the future value and development potential of their properties. For this reason, the economic impact on individual property owners, in at least some instances, should outweigh the biological benefits of the designation of critical habitat.

Our Response: The regulatory requirements involving critical habitat apply only to those actions authorized, funded, or carried out by a Federal agency. We do recognize, however, that there can be a perceived effect which could influence property values, but believe any such effect is likely to be temporary in nature as the uncertainties and perceptions dissipate or become clarified over time. We will, through outreach and education, do all we can to correct this perception. We believe that the economic analysis appropriately considered the potential economic impacts of the proposed designation. Further, reductions in the amount of critical habitat in this final designation have resulted in a significant decrease in the amount of private land being designated.

(32) *Comment:* The draft economic analysis evaluates the effect of the total section 7 costs for individual units and then spreads those costs over the entire population of Bexar County. If these costs are attributed to the individual landowners in a single unit they would have a much greater impact. For instance, there are eight landowners in Unit 16, and the economic analysis is defective unless it measures the effects on those individual landowners.

Our Response: The analysis uses standard methods for analyzing the economic impacts of designating the areas included in our proposed rulemaking. These methods have been used in past designations throughout the United States and have generally been found to be sufficient. Time constraints prevented us from applying economic costs to individual property owners. We note also that the size of each unit designated is substantially reduced from what we proposed,