BEFORE THE DEPARTMENT OF ADMINISTRATIVE SERVICES,
THE DEPARTMENT OF LAND CONSERVATION AND DEVELOPMENT OF
THE STATE OF OREGON

IN THE MATTER OF THE CLAIM FOR	)	FINAL ORDER
COMPENSATION UNDER ORS 197.352	)	CLAIM NO. M124759
(BALLOT MEASURE 37) OF	)	
Charlene and Von Hunter, CLAIMANTS	)	

Claimants: Charlene and Von Hunter (the Claimants)

Property: Township 2S, Range 4E, Section 33D, Tax lots 301 and 500, Clackamas County (the Property)

Claim: The demand for compensation and any supporting information received from the Claimants by the State of Oregon (the Claim).

Claimants submitted the Claim to the State of Oregon under ORS 197.352. Under OAR 125-145-0010 *et seq.*, the Department of Administrative Services (DAS) referred the Claim to the Department of Land Conservation and Development (DLCD) as the regulating entity. This order is based on the record herein, including the Findings and Conclusions set forth in the Final Staff Report and Recommendation of DLCD (the DLCD Report) attached to and by this reference incorporated into this order.

ORDER

The Claim is approved as to laws administered by DLCD and the Land Conservation and Development Commission (LCDC) for the reasons set forth in the DLCD Report, and subject to the following terms:

1. In lieu of compensation under ORS 197.352, the State of Oregon will not apply the following laws to Charlene and Von Hunter's division of those portions of the subject property that the claimants acquired in 1968 and 1971 for residential development: applicable provisions of Goal 14 and OAR 660-004-0040. These land use regulations will not apply to the claimants only to the extent necessary to allow them to use the subject property for the use described in this report, and only to the extent that use was permitted when they acquired what is now the majority of tax lot 301 on December 31, 1968, and all of tax lot 500 on June 20, 1971.
2. The action by the State of Oregon provides the state's authorization to the claimants to use the subject property for the use described in this report, subject to the standards in effect when they acquired the majority of tax lot 301 on December 31, 1967, and all of tax lot 500 on June 20, 1971.

3. To the extent that any law, order, deed, agreement or other legally enforceable public or private requirement provides that the subject property may not be used without a permit, license or other form of authorization or consent, the order will not authorize the use of the property unless the claimants first obtain that permit, license or other form of authorization or consent.

Such requirements may include, but are not limited to: a building permit, a land use decision, a "permit" as defined in ORS 215.402 or 227.160, other permits or authorizations from local, state or federal agencies and restrictions on the use of the subject property imposed by private parties.

4. Any use of the subject property by the claimants under the terms of the order will remain subject to the following laws: (a) those laws not specified in (1) above; (b) any laws enacted or enforced by a public entity other than the Commission or the department; and (c) those laws not subject to ORS 197.352 including, without limitation, those laws exempted under ORS 197.352(3).

5. Without limiting the generality of the foregoing terms and conditions, in order for the claimants to use the subject property, it may be necessary for them to obtain a decision under ORS 197.352 from a city and/or county and/or metropolitan service district that enforces land use regulations applicable to the property. Nothing in this order relieves the claimants from the necessity of obtaining a decision under ORS 197.352 from a local public entity that has jurisdiction to enforce a land use regulation applicable to a use of the subject property by the claimants.

This Order is entered by the Director of the DLCD as a final order of DLCD and the Land Conservation and Development Commission under ORS 197.352, OAR 660-002-0010(8), and OAR 125, division 145, and by the Director of the DAS as a final order of DAS under ORS 197.352, OAR 125, division 145, and ORS 293.

FOR DLCD AND THE LAND CONSERVATION AND DEVELOPMENT COMMISSION:

Lane Shetterly, Director
DLCD
Dated this 26th day of September, 2006.

FOR the DEPARTMENT OF ADMINISTRATIVE SERVICES:

Lindsay A. Ball, Director
DAS
Dated this 26th day of September, 2006.

NOTICE OF RIGHT TO APPEAL OR OTHER JUDICIAL RELIEF

You are entitled, or may be entitled, to judicial remedies including the following:

1. Judicial review under ORS 183.484: Judicial review under ORS 183.484 may be obtained by filing a petition for review within 60 days from the service of this order. A petition for judicial review under ORS 183.484 may be filed in the Circuit Court for Marion County or the Circuit Court in the county in which you reside.

2. A cause of action under ORS 197.352 (Measure 37 (2004)): If a land use regulation continues to apply to the subject property more than 180 days after the present owner of the property has made written demand for compensation under ORS 197.352, the present owner of

the property, or any interest therein, shall have a cause of action in the circuit court in which the real property is located.

(Copies of the documents that comprise the record are available for review at the Department's office at 635 Capitol Street NE, Suite 150, Salem, Oregon 97301-2540)

FOR INFORMATION ONLY

The Oregon Department of Justice has advised the Department of Land Conservation and Development that "[i]f the current owner of the real property conveys the property before the new use allowed by the public entity is established, then the entitlement to relief will be lost."

ORS 197.352 (BALLOT MEASURE 37) CLAIM FOR COMPENSATION

OREGON DEPARTMENT OF LAND CONSERVATION AND DEVELOPMENT
Final Staff Report and Recommendation

September 26, 2006

STATE CLAIM NUMBER:	M124759
NAMES OF CLAIMANTS:	Charlene and Von Hunter
MAILING ADDRESS:	23033 Southeast Howlett Road Eagle Creek, Oregon 97022
PROPERTY IDENTIFICATION:	Township 2S, Range 4E, Section 33D Tax lots 301 and 500 Clackamas County
DATE RECEIVED BY DAS:	April 4, 2006
180-DAY DEADLINE:	October 1, 2006

I. SUMMARY OF CLAIM

The claimants, Charlene and Von Hunter, seek compensation in the amount of $450,000 for the reduction in fair market value as a result of land use regulations that are alleged to restrict the use of certain private real property. The claimants desire compensation or the right to divide the 8.64-acre subject property into five parcels for residential development. The subject property consists of tax lots 301 and 500 and is located at 23033 SE Howlett Road and 33475 SE Land Road, near Eagle Creek, in Clackamas County. (See claim.)

II. SUMMARY OF STAFF RECOMMENDATION

Based on the findings and conclusions set forth below, the Department of Land Conservation and Development (the department) has determined that the claim is valid in part Department staff recommends that in lieu of compensation, the requirements of the following state laws enforced by the Land Conservation and Development Commission (the Commission) or the department not apply to Charlene and Von Hunter's division of those portions of the subject property that the claimants acquired in 1968 and 1971 for residential development: applicable provisions of Statewide Planning Goal 14 (Urbanization) and Oregon Administrative Rule (OAR) 660-004-0040. These land use regulations will not apply to the claimants only to the extent necessary to allow them to use the subject property for the use described in this report, and only to the extent that use was permitted when they acquired what is now the majority of tax lot 301 on December 31, 1968, and all of tax lot 500 on June 20, 1971.

The department has also determined that the claim is not valid with regard to that portion of tax lot 301 the claimants acquired in 1997 (reflected in deed 95-007445) because no laws enforced

by the Commission of the department restrict the use of that portion of the property relative to the uses permitted when the claimants' family acquired that portion of the property in 1995. (See the complete recommendation in Section VI of this report.)

III. COMMENTS ON THE CLAIM

Comments Received

On July 31, 2006, pursuant to OAR 125-145-0080, the Oregon Department of Administrative Services (DAS) provided written notice to the owners of surrounding properties. According to DAS, one written comment was received in response to the 10-day notice.

The comment is relevant to whether the claimants are owners, when the claimants became the present owners of the subject property, whether a state law restricts the claimants' use of the subject property, whether the restriction of the claimants' use of the subject property reduces the fair market value of the property and whether the laws that are the basis for the claim are exempt under ORS 197.352(3). The comment has been considered by the department in preparing this report. (See the comment letter in the department's claim file.)

IV. TIMELINESS OF CLAIM

Requirement

ORS 197.352(5) requires that a written demand for compensation be made:

1. For claims arising from land use regulations enacted prior to the effective date of Measure 37 (December 2, 2004), within two years of that effective date, or the date the public entity applies the land use regulation as an approval criteria to an application submitted by the owner, whichever is later; or

2. For claims arising from land use regulations enacted after the effective date of Measure 37 (December 2, 2004), within two years of the enactment of the land use regulation, or the date the owner of the property submits a land use application in which the land use regulation is an approval criteria, whichever is later.

Findings of Fact

This claim was submitted to DAS on April 4, 2006, for processing under OAR 125, division 145. The claim identifies local Exclusive Farm Use (EFU) zoning as the basis for the claim. Only laws that were enacted or adopted prior to December 2, 2004, are the basis for this claim.

Conclusions

The claim has been submitted within two years of the effective date of Measure 37 (December 2, 2004), based on land use regulations enacted or adopted prior to December 2, 2004, and is therefore timely filed.

V. ANALYSIS OF CLAIM

1. Ownership

ORS 197.352 provides for payment of compensation or relief from specific laws for "owners" as that term is defined in ORS 197.352. ORS 197.352(11)(C) defines "owner" as "the present owner of the property, or any interest therein."

Findings of Fact

The claimants, Charlene and Von Hunter, acquired most of what is now tax lot 301 on December 1, 1968, and acquired all of tax lot 500 on June 20, 1971, as reflected by sales contracts included with the claim and in information from the county records. The remainder of tax lot 301 (as described in deed 95-007445) was acquired by the claimants' son and daughter-in-law, Scott and Louise Hunter, on February 6, 1995, and by the claimants on January 21, 1997. The Clackamas County Planning Department confirms the claimants' current ownership of the subject property.[1]

Conclusions

The claimants, Charlene and Von Hunter, are "owners" of the subject property as that term is defined by ORS 197.352(11)(C), as of December 31, 1968, for the majority of tax lot 301 except for a portion, which the claimants acquired on January 21, 1997, and as of June 20, 1971, for tax lot 500. A portion of tax lot 301 was acquired by a "family member," as that term is defined in ORS 197.352(11)(A), on February 6, 1995.

2. The Laws That are the Basis for This Claim

In order to establish a valid claim, ORS 197.352(1) requires, in part, that a law must restrict the claimants' use of private real property in a manner that reduces the fair market value of the property relative to how the property could have been used at the time the claimants or a family member acquired the property.

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[1] A July 28, 2006, county report on the local claim states:

> It should be noted that the tax assessor's records are somewhat confusing in regard to the ownership history of tax lot 301. Initially, tax lot 301 was divided from tax lot 300 (not part of the claim and not owned by the claimant) and sold to the claimant's son and daughter-in-law, Scott and Louise Hunter. At that point, tax lot 301 was not a lot of record and was much smaller than it is at present. Tax lot 301 was then included with tax lots 400 and 500 (both owned by the claimant at that time) in a 1996 three-lot partition. The partition reduced the size of tax lot 500, increased the size of tax lot 301 by adding area from the other two tax lots and reconfigured tax lot 400 by adding area from tax lot 500 and giving area to tax lot 301. On the date of the partition, Scott and Louise Hunter owned tax lot 301, but there is no evidence in the record that the land added to tax lot 301 as a result of the partition was ever conveyed to Scott and Louise Hunter. The assessor's records, however, continued to identify Scott and Louise Hunter as the owners of the newly configured tax lot 301 until the recording of a 1997 deed, at which time the ownership records were changed to reflect the claimant as the owner. A note on the 1997 deed reads, "to correct vesting." The best evidence in the record substantiates a finding that the claimant has had a continuous ownership interest in the land added to tax lot 301 via the 1996 partition.

Findings of Fact

The claim indicates that the claimants desire to divide the 8.64-acre subject property into five parcels for residential development, and that EFU zoning prohibits the desired use.[2]

The claim is based generally on the provisions of state law that provide for rural residential zoning. The claimants' property is zoned RRFF-5 by Clackamas County, consistent with Goal 14, which generally requires that land outside of urban growth boundaries be used for rural uses.

Goal 14 was effective on January 25, 1975, and requires that local comprehensive plans identify and separate urbanizable land from rural land in order to provide for an orderly and efficient transition from rural to urban land use. In 2000, as a result of a 1986 Oregon Supreme Court decision,[3] the Commission amended Goal 14 and adopted OAR 660-004-0040 (Application of Goal 14 to Rural Residential Areas), which was effective on October 4, 2000.

The rule states that if a county rural residential zone in effect on October 4, 2000, specifies a minimum lot size of two acres or more, the area of any new lot or parcel shall equal or exceed the minimum lot size that is already in effect (OAR 660-004-0040(7)(c)). Some relief from this provision is available for lots or parcels having more than one permanent habitable dwelling pursuant to OAR 660-004-0040(7)(h). The rule also provides that a county's minimum lot size requirement in a rural residential zone shall not be amended to allow a smaller minimum lot size without approval of an exception to Goal 14 (OAR 660-004-0040(6)). Because Clackamas County's rural residential zone was in effect on October 4, 2000, and requires a minimum lot size of five acres, the minimum lot size for any new lot or parcel must equal or exceed five acres.

The claimants acquired the majority of the subject property in 1968 and 1971, prior to the adoption of the statewide planning goals and their implementing statutes and rules. At that time, the property was not zoned by the county. The claimants' family acquired a portion of tax lot 301 in 1995 at which time the property was zoned RRFF-5 by the county, in compliance with Goal 14.

Conclusions

The minimum lot size requirements for rural residential lots or parcels established by Goal 14 and OAR 660-004-0040 were adopted after the claimants acquired the majority of the subject property in 1968 and 1971 and do not allow the desired division of the property. However, when the claimants' family acquired a portion of tax lot 301 in 1995, the current zoning requirements and minimum lot size established by Clackamas County's RRFF-5 zoning applied to the property. These land use regulations do not allow the desired division of the subject property. Laws enacted or adopted since the claimants' family acquired a portion of tax lot 301 in 1995 do

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[2] The claimants assert that EFU zoning prohibits their desired division of the subject property. However, the property is not zoned for EFU, and no EFU regulations appear to apply to or restrict the claimants' use of the subject property. This report is based on state regulations that the department finds restrict the claimants' use of the subject property, based on the claimants' asserted desired use.

[3] *1000 Friends of Oregon v. LCDC (Curry County)*, 301 Or 447 (1986).

not restrict the claimants' desired use of the property relative to when the claimants' family acquired that portion of the property in 1995.

This report addresses only those state laws that are identified in the claim, or that the department is certain apply to the subject property based on the use that the claimants have identified. There may be other laws that currently apply to the claimants' use of the subject property, and that may continue to apply to the claimants' use of the subject property, that have not been identified in the claim. In some cases, it will not be possible to know which laws apply to a use of the subject property until there is a specific proposal for that use. When the claimants seek a building or development permit to carry out a specific use, it may become evident that other state laws apply to that use.

3. Effect of Regulations on Fair Market Value

In order to establish a valid claim, ORS 197.352(1) requires that the land use regulation(s) (described in Section V.(2) of this report) must have "the effect of reducing the fair market value of the property, or any interest therein."

Findings of Fact

The claim includes an estimate of $450,000 as the reduction in the subject property's fair market value due to the regulations that restrict the claimants' desired use of the property. This amount is based the claimants' assessment of the subject property's value.

Conclusions

As explained in Section V.(1) of this report, the claimants are Charlene and Von Hunter who acquired the majority of the subject property on December 31, 1968, and June 20, 1971. Under ORS 197.352, the claimants are due compensation for land use regulations that restrict the use of the subject property and have the effect of reducing its fair market value. Based on the findings and conclusions in Section V.(2) of this report, laws adopted since the claimants acquired the majority of the subject property restrict the claimants' desired use of the property. The claimants estimate that the effect of the regulations on the fair market value of the subject property is a reduction of $450,000.

Without an appraisal or other documentation, it is not possible to substantiate the specific dollar amount by which the land use regulations have reduced the fair market value of the subject property. Nevertheless, based on the evidence in the record for this claim, the department determines that the fair market value of the subject property has been reduced to some extent as a result of land use regulations enforced by the Commission or the department since the claimants acquired the majority of the property.

Regarding the portion of tax lot 301 (described in deed 95-007445), no state laws enacted or adopted since the claimants' family acquired this portion of the property restrict the use of this portion relative to uses allowed in 1995. Therefore, the fair market value of that portion of the subject property has not been reduced as a result of land use regulations enforced by the Commission or the department.

4. Exemptions Under ORS 197.352(3)

ORS 197.352 does not apply to certain land use regulations. In addition, under ORS 197.352(3), certain types of laws are exempt from ORS 197.352.

Findings of Fact

The claim is based on state land use regulations that restrict the use of the subject property, including Goal 14 and OAR 660-004-0040, which Clackamas County has implemented through its RRFF-5 zone. Both of these land use regulations were adopted after the claimants acquired the majority of the subject property in 1968 and 1971. Regarding that portion of tax lot 301 described in deed 95-007445, the state land use regulations were in effect when the claimants' family acquired that portion of the property in 1995.

Conclusions

Without a specific development proposal for the subject property, it is not possible for the department to determine all the laws that may apply to a particular use of the property, or whether those laws may fall under one or more of the exemptions under ORS 197.352. It appears that the goal and rule restrictions on residential division of the claimants' property are not exempt under ORS 197.352(3)(E) only to the extent they were adopted after the claimants acquired the majority of the property. Provisions of Goal 14 in effect when the claimants' family acquired a portion of tax lot 301 in 1995 are exempt under ORS 197.352(3)(E) and will continue to apply to the property.

There may be other laws that continue to apply to the claimants' use of the subject property that have not been identified in the claim. In some cases, it will not be possible to know which laws apply to a use of the subject property until there is a specific proposal for that use. When the claimants seek a building or development permit to carry out a specific use, it may become evident that other state laws apply to that use. In some cases, some of these laws may be exempt under ORS 197.352(3)(A) to (D).

This report addresses only those state laws that are identified in the claim, or that the department is certain apply to the subject property based on the use that the claimants have identified. Similarly, this report only addresses the exemptions provided for under ORS 197.352(3) that are clearly applicable, given the information provided to the department in the claim. The claimants should be aware that the less information they have provided to the department in their claim, the greater the possibility that there may be additional laws that will later be determined to continue to apply to their use of the subject property.

VI. FORM OF RELIEF

ORS 197.352(1) provides for payment of compensation to an owner of private real property if the Commission or the department has enforced one or more laws that restrict the use of the property in a manner that reduces its fair market value. In lieu of compensation, the department may choose to not apply the law in order to allow the present owner to carry out a use of the property permitted at the time the present owner acquired the property. The Commission, by rule, has directed that if the department determines a claim is valid, the director of the

department must provide only non-monetary relief unless and until funds are appropriated by the legislature to pay claims.

Findings of Fact

Based on the findings and conclusions set forth in this report, laws enforced by the Commission or the department do not restrict the claimants' desired use of a portion of tax lot 301, described in deed 95-007445, relative to what was permitted when the claimants' family acquired it in 1995 and do not reduce the fair market value of the property. All state laws restricting the use of that portion of the subject property are exempt under ORS 197.352(3)(E).

Based on the findings and conclusions set forth in this report, laws enforced by the Commission or the department restrict the claimants' desired use of the remainder of the subject property. The claim asserts that existing state land use regulations enforced by the Commission or the department have the effect of reducing the fair market value of the subject property by $450,000. However, because the claim does not provide an appraisal or other relevant evidence demonstrating that the land use regulations described in Section V.(2) reduce the fair market value of the subject property, a specific amount of compensation cannot be determined. In order to determine a specific amount of compensation due for this claim, it would also be necessary to verify whether or the extent to which the claimants' desired use of the property was allowed under the standards in effect when they acquired the property. Nevertheless, based on the record for this claim, the department has determined that the laws on which the claim is based have reduced the fair market value of the majority of the subject property to some extent.

No funds have been appropriated at this time for the payment of claims. In lieu of payment of compensation, ORS 197.352 authorizes the department to modify, remove or not apply all or parts of certain land use regulations to allow Charlene and Von Hunter to use the majority of tax lot 301 and all of tax lot 500 for a use permitted at the time they acquired what is now the majority of tax lot 301 on December 31, 1968, and all of tax lot 500 on June 20, 1971.

Conclusions

Based on the record and the foregoing findings and conclusions, the claimants have not established that they are entitled to relief under ORS 197.352 for that portion of tax lot 301, described in deed 95-007445, as a result of land use regulations enforced by the Commission or the department because no laws enforced by the Commission or the department restrict their use of that portion of the property relative to what was permitted when their family acquired that portion of in 1995. Therefore, the department recommends that this claim be denied as to that portion of tax lot 301. The department otherwise recommends that the claim be approved, subject to the following terms:

1. In lieu of compensation under ORS 197.352, the State of Oregon will not apply the following laws to Charlene and Von Hunter's division of those portions of the subject property that the claimants acquired in 1968 and 1971 for residential development: applicable provisions of Goal 14 and OAR 660-004-0040. These land use regulations will not apply to the claimants only to the extent necessary to allow them to use the subject property for the use described in this report, and only to the extent that use was permitted when they acquired what is now the majority of tax lot 301 on December 31, 1968, and all of tax lot 500 on June 20, 1971.

2. The action by the State of Oregon provides the state's authorization to the claimants to use the subject property for the use described in this report, subject to the standards in effect when they acquired the majority of tax lot 301 on December 31, 1967, and all of tax lot 500 on June 20, 1971.

3. To the extent that any law, order, deed, agreement or other legally enforceable public or private requirement provides that the subject property may not be used without a permit, license or other form of authorization or consent, the order will not authorize the use of the property unless the claimants first obtain that permit, license or other form of authorization or consent. Such requirements may include, but are not limited to: a building permit, a land use decision, a "permit" as defined in ORS 215.402 or 227.160, other permits or authorizations from local, state or federal agencies and restrictions on the use of the subject property imposed by private parties.

4. Any use of the subject property by the claimants under the terms of the order will remain subject to the following laws: (a) those laws not specified in (1) above; (b) any laws enacted or enforced by a public entity other than the Commission or the department; and (c) those laws not subject to ORS 197.352 including, without limitation, those laws exempted under ORS 197.352(3).

5. Without limiting the generality of the foregoing terms and conditions, in order for the claimants to use the subject property, it may be necessary for them to obtain a decision under ORS 197.352 from a city and/or county and/or metropolitan service district that enforces land use regulations applicable to the property. Nothing in this order relieves the claimants from the necessity of obtaining a decision under ORS 197.352 from a local public entity that has jurisdiction to enforce a land use regulation applicable to a use of the subject property by the claimants.

VII. COMMENTS ON THE DRAFT STAFF REPORT

The department issued its draft staff report on this claim on September 8, 2006. OAR 125-145-0100(3), provided an opportunity for the claimants or the claimants' authorized agent and any third parties who submitted comments under OAR 125-145-0080 to submit written comments, evidence and information in response to the draft staff report and recommendation. Comments received have been taken into account by the department in the issuance of this final report.