



# Oregon

Theodore R. Kulongoski, Governor

## Department of Land Conservation and Development

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March 14, 2007

To: Interested Persons

From: Lane Shetterly, Director



*Re: Ballot Measure 37 (ORS 197.352) Claim Number M130073*

*Claimant: Crooked Pine Ranch, LLC*

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Enclosed, in regard to the above-referenced claim for compensation under Ballot Measure 37 (ORS 197.352), is the Final Staff Report and Recommendation of the Department of Land Conservation and Development, and the Final Order.

This Final Staff Report and Recommendation and the Final Order constitute the final decision on this claim. No further action will be taken on this matter.



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 )  
COMPENSATION UNDER ORS 197.352 )  
(BALLOT MEASURE 37) OF )  
Crooked Pine Ranch, LLC, )  
an Oregon Limited Liability Company and )  
Lei Durdan, CLAIMANTS )

FINAL ORDER  
CLAIM NO. M130073

Claimants: Crooked Pine Ranch, LLC, an Oregon Limited Liability Company and Lei Durdan (the Claimants)

Property: Township 14S, Range 10E, Section 00, Tax lots 301, 307 and 500 Deschutes County (the property)

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

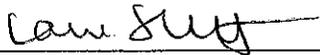
Claimants submitted the Claim to the State of Oregon under ORS 197.352. Under OAR 125-145-0010 *et seq.*, the Department of Administrative Services (DAS) referred the Claim to the Department of Land Conservation and Development (DLCD) as the regulating entity. This order is based on the record herein, 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

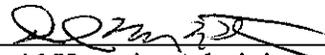
The Claim is denied as to laws administered by DLCD and the Land Conservation and Development Commission (LCDC) for the reasons set forth in the DLCD Report.

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 chapter 125, division 145, and by the Administrator for the State Services Division of the DAS as a final order of DAS under ORS 197.352, OAR chapter 125, division 145, and ORS chapter 293.

FOR DLCD AND THE LAND  
CONSERVATION AND  
DEVELOPMENT COMMISSION:

  
\_\_\_\_\_  
Lane Shetterly, Director  
DLCD  
Dated this 14<sup>th</sup> day of March, 2007.

FOR THE DEPARTMENT OF  
ADMINISTRATIVE SERVICES:

  
\_\_\_\_\_  
David Hartwig, Administrator  
DAS, State Services Division  
Dated this 14<sup>th</sup> day of March, 2007.

**NOTICE OF RIGHT TO APPEAL OR OTHER JUDICIAL RELIEF**

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

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)

**ORS 197.352 (BALLOT MEASURE 37) CLAIM FOR COMPENSATION**  
**OREGON DEPARTMENT OF LAND CONSERVATION AND DEVELOPMENT**  
**Final Staff Report and Recommendation**

March 14, 2007

**STATE CLAIM NUMBER:** M130073

**NAMES OF CLAIMANTS:** Crooked Pine Ranch, LLC, an Oregon  
Limited Liability Company  
Lei Durdan

**MAILING ADDRESS:** PO Box 98  
Sisters, Oregon 97759

**PROPERTY IDENTIFICATION:** Township 14S, Range 10E, Section 00  
Tax lots 301, 307 and 500  
Deschutes County

**OTHER CONTACT INFORMATION:** Robert S. Lovelien  
PO Box 1151  
Bend, Oregon 97709

**DATE RECEIVED BY DAS:** September 20, 2006

**180-DAY DEADLINE:** March 19, 2007

**I. SUMMARY OF CLAIM**

The claimants, Crooked Pine Ranch, LLC and Lei Durdan, seek compensation in the amount of \$25 million 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 190.37-acre subject property into five 10- and 20-acre parcels and to develop a dwelling on each parcel.<sup>1</sup> The subject property is located at 70950 and 70959 Indian Ford Road, near Sisters, in Deschutes 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 not valid as to Crooked Pine Ranch, LLC because its desired use of the subject property was prohibited under the laws in effect when it acquired the property in 1999.

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<sup>1</sup> The subject property includes three tax lots. Tax lot 301 consists of 145.37 acres; tax lot 307 consists of 5 acres; and tax lot 500 consists of 40 acres.

The department has further determined that this claim is not valid as to Lei Durdan because the claimants have not established that she owns an interest in the subject private real property. (See the complete recommendation in Section VI. of this report.)

### III. COMMENTS ON THE CLAIM

#### **Comments Received**

On January 4, 2007, pursuant to Oregon Administrative Rule (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 received in response to the 10-day notice.

The comment is relevant to when the claimants became present owners of the subject property. 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 September 20, 2006, for processing under OAR 125, division 145. The claim identifies ORS 215; OAR 660, division 33; and Deschutes County's zoning code 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**

Claimant Lei Durdan acquired an interest in a 40-acre portion of the subject property on August 16, 1968, and acquired the remaining 150.37-acre portion of the subject property on October 17, 1968, as reflected by warranty deeds included with the claim. On July 13, 1999, Lei Durdan, as trustee of the Lei Durdan Revocable Trust, conveyed her ownership interest in the subject real property to Crooked Pine Ranch, LLC, as reflected by a warranty deed included with the claim.<sup>2</sup>

The Deschutes County Assessor’s Office confirms Crooked Pine Ranch, LLC’s current ownership of the subject property. Claimant Lei Durdan no longer owns an interest in the subject real property.

### **Conclusions**

Claimant Crooked Pine Ranch, LLC is an “owner” of the subject property as that term is defined by ORS 197.352(11)(C), as of July 13, 1999.<sup>3</sup> Claimant Lei Durdan is not an “owner” of the subject property as that term is defined in ORS 197.352(11)(C).

### **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.

### **Findings of Fact**

The claim indicates that the claimants desire to divide the 190.37-acre subject property into five 10- and 20-acre parcels and to develop a dwelling on each parcel, and that the use is not allowed under current land use regulations.

The claim is based generally on the applicable provisions of state law that require Exclusive Farm Use (EFU) zoning and restrict uses on EFU-zoned land. The subject property is zoned EFU by Deschutes County as required by Goal 3, in accordance with ORS 215 and OAR 660,

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<sup>2</sup> Crooked Pine Ranch, LLC is a domestic limited liability company registered with the Oregon Secretary of State.

<sup>3</sup> Under ORS 197.352(11)(A), legal entities can be “family members” of individuals who are owners of property under ORS 197.352(11)(C). However, legal entities cannot have family members under the statute. Therefore, individuals who transferred property to the LLC are not considered family members under the definition of family member in ORS 197.352(11)(A).

division 33, because the property is “agricultural land” as defined by Goal 3.<sup>4</sup> Goal 3 became effective on January 25, 1975, and required that agricultural lands as defined by Goal 3 be zoned EFU pursuant to ORS 215.

Current land use regulations, particularly ORS 215.263, 215.284 and 215.780 and OAR 660, division 33, enacted or adopted pursuant to Goal 3, prohibit the division of EFU-zoned land into parcels less than 80 acres and establish standards for the development of dwellings on existing or proposed parcels on that land.

ORS 215.780 establishes an 80-acre minimum size for the creation of new lots or parcels in EFU zones and became effective on November 4, 1993 (Chapter 792, Oregon Laws 1993). ORS 215.263 (2005 edition) establishes standards for the creation of new parcels for non-farm uses and dwellings allowed in an EFU zone.

OAR 660-033-0135 (applicable to farm dwellings) became effective on March 1, 1994, and interprets the statutory standard for a primary dwelling in an EFU zone under ORS 215.283(1)(f). OAR 660-033-0130(4) (applicable to non-farm dwellings) became effective on August 7, 1993, and was amended to comply with ORS 215.284(4) on March 1, 1994. The Commission subsequently adopted amendments to comply with House Bill 3326 (Chapter 704, Oregon Laws 2001, effective on January 1, 2002), which were effective on May 22, 2002. (See administrative rule history for OAR 660-033-0100, -0130 and -0135.)

Claimant Crooked Pine Ranch, LLC acquired the subject property on July 13, 1999, after the state land use regulations identified above were enacted or adopted.

### **Conclusions**

The current zoning requirements, minimum lot size and dwelling standards established by Goal 3, ORS 215 and OAR 660, division 33, were all enacted or adopted before Crooked Pine Ranch, LLC acquired the subject property on July 13, 1999. These land use regulations do not allow the claimants’ desired division or development of the subject property. Laws enacted or adopted since Crooked Pine Ranch, LLC acquired the subject property in 1999 do not restrict its desired use of the property relative to when it acquired the property in 1999.

As explained in Section V.(1), Lei Durdan is not an “owner” of the subject real property as that term is defined in ORS 197.352(11)(C). Therefore, no laws enforced by the Land Conservation and Development Commission (the Commission) or the department restrict her use of private real property in a manner that reduces the fair market value of the property.

### **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.”

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<sup>4</sup> The subject property is “agricultural land” because it contains Natural Resources Conservation Service Class I–VI soils.

### **Findings of Fact**

The claim includes an estimate of \$25 million 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 on an appraisal included with the claim.

### **Conclusions**

As explained in Section V.(1) of this report, the claimants are Crooked Pine Ranch, LLC who acquired the subject property on July 13, 1999, and Lei Durdan. Lei Durdan is not an "owner" of the subject real property as that term is defined in ORS 197.352(11)(C). Therefore, no laws restrict her use of the subject property in a manner that reduces the fair market value of the property. No state laws enacted or adopted since Crooked Pine Ranch, LLC acquired the subject property restrict the use of the property relative to the uses allowed in 1999. Therefore, the fair market value 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 does not identify any state land use regulations enacted or adopted since Crooked Pine Ranch, LLC acquired the subject property that restrict the use of the property relative to what would have been allowed when it acquired the property on July 13, 1999. As set forth in Section V.(2) of this report, the state land use regulations restricting Crooked Pine Ranch, LLC's desired use of the subject property were in effect when it acquired the property in 1999.

### **Conclusions**

All of the state land use regulations that restrict Crooked Pine Ranch, LLC's desired use of the subject property were in effect when it acquired the property. Therefore, these state land use regulations are exempt under ORS 197.352(3)(E), which exempts laws in effect when Crooked Pine Ranch, LLC acquired the subject property.

As explained in Section V.(1) of this report, Lei Durdan is not an "owner" of the subject property as that term is defined in ORS 197.352(11)(C). Therefore, the issue of whether any laws are exempt from ORS 197.352 is not relevant as to Lei Durdan.

## **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 Crooked Pine Ranch, LLC's desired use of the subject property relative to what was permitted when it acquired the property in 1999 and do not reduce the fair market value of the property. The department further finds that the claim is not valid as to Lei Durdan because she is not an owner of the subject property. All state laws restricting the use of the subject property are exempt under ORS 197.352(3)(E).

**Conclusions**

Based on the record before the department, the claimants, Crooked Pine Ranch, LLC and Lei Durdan, have not established that they are entitled to relief under ORS 197.352(1) as a result of land use regulations enforced by the Commission or the department. Therefore, the department recommends that this claim be denied.

**VII. COMMENTS ON THE DRAFT STAFF REPORT**

The department issued its draft staff report on this claim on February 22, 2007. 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.