Oregon
Theodore R. Kulongoski, Governor

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April 17, 2007

To: Interested Persons

From: Lane Shetterly, Director

Re: Ballot Measure 37 (ORS 197.352) Claim Number M130402

Claimants: Ronny O. Haga, Gloria R. Haga, and Five J Cranberry Farms Limited Partnership

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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 Ronny O. Haga, Gloria R. Haga, and Five J Cranberry Farms Limited Partnership, CLAIMANTS	)))))	FINAL ORDER CLAIM NO. M130402

Claimants: Ronny O. Haga, Gloria R. Haga, and Five J Cranberry Farms Limited Partnership (the Claimants)

Property: Township 29S, Range 4W, Section 4, Tax lot 500, Coos 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 17th day of April, 2007.

FOR THE DEPARTMENT OF ADMINISTRATIVE SERVICES:

David Hartwig, Administrator
DAS, State Services Division
Dated this 17th day of April, 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

April 17, 2007

STATE CLAIM NUMBER:	M130402
NAMES OF CLAIMANTS:	Ronny O. Haga Gloria R. Haga Five J Cranberry Farms Limited Partnership
MAILING ADDRESS:	88860 Windhurst Lane Bandon, Oregon 97411
PROPERTY IDENTIFICATION:	Township 29S, Range 4W, Section 4 Tax lot 500 Coos County
OTHER CONTACT INFORMATION:	Emmett McIntosh Address unknown
DATE RECEIVED BY DAS:	October 14, 2006
180-DAY DEADLINE:	April 22, 2007

I. SUMMARY OF CLAIM

The claimants, Ronny and Gloria Haga and Five J Cranberry Farms Limited Partnership, seek compensation in the amount of $6,689,708 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 82.22-acre subject property into 145 one-half-acre parcels with dwellings on some parcels and/or to use some parcels for commercial use. The subject property is located at 88860 Windhurst Lane, near Bandon, in Coos 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 the Five J Cranberry Farms Limited Partnership because its desired use of the subject property was prohibited under the laws in effect when it acquired the property in 1996; and is not valid as to Ronny and Gloria Haga because these claimants are not owners of the subject property. (See the complete recommendation in Section VI of this report.)

III. COMMENTS ON THE CLAIM

Comments Received

On March 6, 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, no written comments were received in response to the 10-day notice.

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 October 24, 2006, for processing under OAR 125, division 145. The claim identifies 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

Claimants Ronny and Gloria Haga originally acquired an ownership interest in the subject property on September 28, 1967, as reflected by a warranty deed included with the claim. These claimants each conveyed all of their individual interest in the property to claimant Five J Cranberry Farms Limited Partnership, an Oregon limited partnership, on December 18, 1996, as evidenced by warranty deeds included in the claim. Ronny and Gloria Haga are partners of the Five J Cranberry Farms Limited Partnership, but did not retain any ownership of the subject property when they conveyed the property to the partnership. The Coos County Assessor's Office confirms Five J Cranberry Farms Limited Partnership's current ownership of the subject property.

Conclusions

Five J Cranberry Farms Limited Partnership, an Oregon limited partnership, is an "owner" of the subject property as that term is defined by ORS 197.352(11)(C), as of December 18, 1996. Ronny and Gloria Haga are not "owners" of the subject property as that term is defined in ORS 197.352(11)(C).[1]

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 82.22-acre subject property into 145 one-half-acre parcels and to develop dwellings on some parcels, and/or to use some parcels for commercial uses, and that EFU zoning restricts these uses.

The claim is based on the applicable provisions of state law that require farm zoning and restrict uses on land zoned EFU. The subject property is zoned EFU by Coos County as required by Statewide Planning Goal 3 (Agricultural Lands), in accordance with ORS 215 and OAR 660, division 33, because the property is "farm land" as defined by Goal 3. 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 development of dwellings on existing or proposed parcels on that land.

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[1] 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, the individuals who transferred property to the Five J Cranberry Farms Limited Partnership are not considered "family members" under the definition of family member in ORS 197.352(11)(A).

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 Land Conservation and Development Commission (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.)

When Five J Cranberry Farms Limited Partnership acquired the property in 1996, it was subject to the zoning requirements, minimum lot size and dwelling standards currently in effect.

Conclusions

The current zoning requirements, minimum lot size and dwelling standards established by Goal 3 and provisions applicable to land zoned EFU in ORS 215 and OAR 660, division 33, were all enacted or adopted before Five J Cranberry Farms Limited Partnership acquired the subject property on December 18, 1996. These land use regulations do not allow the claimants' desired division and development of the subject property. Laws enacted or adopted since this claimant acquired the subject property in 1996 do not restrict its desired use of the property relative to when this claimant acquired it in 1996.

As explained in Section V.(1), claimants Ronny and Gloria Haga are not current owners of the subject property, as that term is defined in ORS 197.352(11)(C). Therefore, no laws enforced by the Commission or the department restrict these claimants' desired use of the subject property with the effect of reducing the property's fair market value.

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 $6,689,708 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 a comparative market analysis included with the claim.

Conclusions

As explained in Section V.(1) of this report, the claimants are Five J Cranberry Farms Limited Partnership, which acquired the subject property on December 18, 1996, and Ronny and Gloria

Haga. Ronny and Gloria Haga are not current owners of the subject property and therefore, are not entitled to compensation under ORS 197.352. No state laws enacted or adopted since Five J Cranberry Farms Limited Partnership acquired the subject property restrict the use of the property relative to the uses allowed in 1996. 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 since it acquired the property.

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 applicable provisions of Goal 3, ORS 215 and OSR 660, division 33, which Coos County has implemented through its current EFU zone. All of these land use regulations were enacted or adopted before Five J Cranberry Farms Limited Partnership acquired the property on December 18, 1996.

Conclusions

All of the state land use regulations that restrict Five J Cranberry Farms Limited Partnership'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 this claimant acquired the subject property.

As explained in Section V.(1), claimants Ronny and Gloria Haga are not current owners 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 197.32 is not relevant to these claimants.

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, this claim is not valid as to claimants Ronny and Gloria Haga because they are not current owners of the subject property; and laws enforced by the Commission or the department do not restrict Five J Cranberry Farms Limited Partnership's desired use of the subject property relative to what was permitted when it

acquired the property in 1996 and do not reduce the fair market value of the property. All state laws restricting the use of the subject property are exempt under ORS 197.352(3)(E).

Conclusions

Based on the record and the foregoing findings and conclusions, claimants Ronny and Gloria Haga are not entitled to relief under ORS 197.352(1) as a result of land use regulations enforced by the Commission or the department because they are not owners of the subject property; and claimant Five J Cranberry Farms Limited Partnership is not entitled to relief under ORS 197.352(1) because its desired use of the property was prohibited under the laws in effect when it acquired the property. 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 March 26, 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.