

1 BEFORE THE LAND USE BOARD OF APPEALS

2 OF THE STATE OF OREGON

3
4 FRIENDS OF LINN COUNTY,
5 *Petitioner,*

6
7 vs.

8
9 LINN COUNTY,
10 *Respondent,*

11 and

12
13
14 F.C. SCHWINDT,
15 *Intervenor-Respondent.*

16
17 LUBA No. 2002-015

18
19 FINAL OPINION
20 AND ORDER

21
22 Appeal from Linn County.

23
24 Ian Simpson, Portland, filed the petition for review and argued on behalf of
25 petitioner.

26
27 No appearance by Linn County.

28
29 Andrew J. Bean, Albany, filed the response brief and argued on behalf of intervenor-
30 respondent. With him on the brief was Weatherford, Thompson, Ashenfelter and Cowgill,
31 P.C.

32
33 HOLSTUN, Board Chair; BASSHAM, Board Member; BRIGGS, Board Member,
34 participated in the decision.

35
36 REMANDED

06/05/2002

37
38 You are entitled to judicial review of this Order. Judicial review is governed by the
39 provisions of ORS 197.850.
40

NATURE OF THE DECISION

Petitioner appeals a county decision that adopts statewide planning goal exceptions and amends the comprehensive plan and zoning map designations for a 39.62-acre parcel.

FACTS

The subject parcel includes four tax lots: (1) tax lot 801 (28.62 acres), (2) tax lot 805 (3.00 acres), tax lot 806 (3.00 acres) and tax lot 807 (5.00 acres). Record 189. Tax lot 801 is improved with a well, a 30-foot by 48-foot barn, a 10-foot by 50-foot manufactured home and a septic system. Tax lot 805 is improved with a dwelling and a septic system. Tax lots 806 and 807 are improved with wells but are otherwise undeveloped.

The soils on the subject property are not well suited for farm or forest use. The soils have a United States Department of Agriculture Natural Resources Conservation Service (NRCS) rating of VIs and are rated “Poor (Forest Site Class – 4).” Record 23. Nevertheless the subject property was used for grazing in the past and trees were harvested on a portion of the property approximately 40 years ago. At one time approximately 27 acres of the property received property tax deferral based on forest use. Currently, only five acres of the property receive property tax deferral based on forest use. Prior to adoption of the challenged decision, the comprehensive plan designation for the subject property was Farm/Forest-Rural Residential Reserve and the zoning map designation was Farm/Forest.¹

¹The Linn County Comprehensive Plan includes the following explanation for the Rural Residential Reserve comprehensive plan designation:

“When a Rural Residential Reserve *Plan* designation is applied, the underlying zoning shall be Exclusive Farm Use or Farm/Forest. Before a Rural Residential zone can be applied, an exception to the applicable Statewide Goals must be approved or it must be shown that the area is committed to development.” Linn County Code 905.400(X) (emphasis in original).

The Linn County Zoning Ordinance (LCZO) includes the following statement of purpose for the county’s Farm/Forest zone:

“The purpose of the Farm/Forest (F/F) zoning district is:

1 An existing road passes through a rural residential subdivision that adjoins the subject
2 property on its east side. That road ends at, and provides access to, the subject property. The
3 petition for review further describes the subject property as follows:

4 “The subject property is somewhat sloping, with 30 to 40% slopes on the west
5 side of the property itself, and on the adjacent property to the west. The
6 subject property slopes in a southeast direction toward the North Santiam
7 River. The property to the north has 60% slopes down from the property line
8 separating the subject property from the north property. * * *

9 “* * * * *

10 “The surrounding properties to the north, west and south of the subject
11 property are zoned Farm/Forest. The property to the north is 76.91 acres. It is
12 vacant and is not used for resource use. The property to the west is 62 acres
13 and is used for grazing. The property to the south is much flatter, includes
14 two parcels totaling 45 acres, and is used for grazing. The property to the east
15 is an existing exception area that is zoned RR-2.5, also known as the Hidden
16 Valley Estates Subdivision. Most of the [lots] are from 2.5 to 5 acres in size.”
17 Petition for Review 4-6 (record citations omitted).

18 The applicant originally requested comprehensive plan and zoning map changes that
19 would have allowed five-acre minimum lot sizes. The Rural Residential comprehensive plan
20 designation and the Rural Residential-10 zoning map designation that the county ultimately
21 approved in the challenged decision allow 10-acre minimum lot sizes.

22 INTRODUCTION

23 Goals 3 (Agricultural Lands) and 4 (Forest Lands) broadly define agricultural and
24 forest lands and require that rural lands that fall within those definitions be planned and

“(A) to preserve land suitable for agricultural and forest uses;

“(B) to allow the establishment of uses consistent with the predominant use of land for agricultural and forest use;

“(C) to allow for public and private outdoor recreational uses; and

“(D) to provide for the protection of open space, fish and wildlife habitat, watersheds, scenic resources, air, water, and land resource quality and to permit the location of dwellings when applicable criteria are met.” LCZO 928.600.

1 zoned to protect those lands for farm and forest use.² There are four ways that rural lands
2 may be planned and zoned for rural residential use, rather than for farm or forest uses. First,
3 a built exception may be approved, where “[t]he land subject to the exception is physically
4 developed to the extent that it is no longer available for uses allowed by the applicable
5 goal[.]” ORS 197.732(1)(a); OAR 660-004-0025(1). Second, an irrevocably committed
6 exception may be approved, where “[t]he land subject to the exception is irrevocably
7 committed as described by Land Conservation and Development Commission rule to uses
8 not allowed by the applicable goal because existing adjacent uses and other relevant factors
9 make uses allowed by the applicable goal impracticable[.]” ORS 197.732(1)(b); OAR 660-
10 004-0028(1). Third, a reasons exception may be approved.³ Finally, where rural lands do

²Goal 3 defines “agricultural lands” as follows:

“**Agricultural Land** -- in western Oregon is land of predominantly Class I, II, III and IV soils and in eastern Oregon is land of predominantly Class I, II, III, IV, V and VI soils as identified in the Soil Capability Classification System of [NRCS], and other lands which are suitable for farm use taking into consideration soil fertility, suitability for grazing, climatic conditions, existing and future availability of water for farm irrigation purposes, existing land-use patterns, technological and energy inputs required, or accepted farming practices. Lands in other classes which are necessary to permit farm practices to be undertaken on adjacent or nearby lands, shall be included as agricultural land in any event.

“More detailed soil data to define agricultural land may be utilized by local governments if such data permits achievement of this goal.

“Agricultural land does not include land within acknowledged urban growth boundaries or land within acknowledged exceptions to Goals 3 or 4.”

Goal 4 defines “forest lands” as follows:

“Forest lands are those lands acknowledged as forest lands as of the date of adoption of this goal amendment. Where a plan is not acknowledged or a plan amendment involving forest lands is proposed, forest land shall include lands which are suitable for commercial forest uses including adjacent or nearby lands which are necessary to permit forest operations or practices and other forested lands that maintain soil, air, water and fish and wildlife resources.”

³Under OAR 660-004-0020(2), a reasons exception requires compliance with the following criteria:

“(a) ‘Reasons justify why the state policy embodied in the applicable goals should not apply’[:]”

1 not qualify as “agricultural lands” or “forest lands,” as those terms are defined by Goals 3
2 and 4, those lands may be zoned for rural residential or other rural nonresource uses without
3 approving an exception to Goals 3 and 4. In the present case, although the county relies
4 heavily on evidence that tends to show the subject property may not be “agricultural lands”
5 or “forest lands,” as Goals 3 and 4 define those concepts, it did not find that the subject
6 property is not “agricultural land” or “forest land,” within the meaning of Goals 3 and 4.
7 Rather, the county adopted an irrevocably committed exception and a reasons exception to
8 those goals. Petitioner challenges the irrevocably committed exception in its first assignment
9 of error and challenges the reasons exception in its second assignment of error.

10 **FIRST ASSIGNMENT OF ERROR**

11 Under ORS 197.732(6)(a), LUBA is “bound by any finding of fact for which there is
12 substantial evidence in the record of the local government proceedings resulting in approval
13 or denial of [an] exception.” A finding of fact is supported by substantial evidence, “when
14 the record, viewed as a whole, would permit a reasonable person to make that finding.”
15 *Dodd v. Hood River County*, 317 Or 172, 179, 855 P2d 608 (1993). Although LUBA is
16 bound by findings of fact, LUBA independently determines whether the findings that are
17 supported by substantial evidence are sufficient to demonstrate compliance with the ultimate

“(b) ‘Areas which do not require a new exception cannot reasonably accommodate the use’[:]

“(c) ‘The long term environmental, economic, social and energy consequences resulting from the use at the proposed site with measures designed to reduce adverse impacts are not significantly more adverse than would typically result from the same proposal being located in areas requiring a Goal exception [other than the proposed site]’[:]

“(d) ‘The proposed uses are compatible with other adjacent uses or will be so rendered through measures designed to reduce adverse impacts.’ * * *”

The above-quoted portion of OAR 660-004-0020(2) duplicates language in ORS 197.732(1)(c) and Part II(c) of Goal 2 (Land Use Planning). Our quotation of OAR 660-004-0020(2) omits lengthy rule language that elaborates on how local governments must go about complying with the quoted four criteria.

1 legal standard, *i.e.*, “that uses allowed by the applicable goal [are] impracticable.” 1000
2 *Friends of Oregon v. Columbia County*, 27 Or LUBA 474, 476 (1994).

3 Petitioner’s first assignment of error is made up of three subassignments of error.
4 Those three subassignments of error are divided into 11 subparts. Although we find it
5 unnecessary to match petitioner’s level of detail, we agree with its central arguments under
6 the first assignment of error. Specifically, we agree with petitioner that the county’s findings
7 are inadequate to demonstrate that conflicts with adjoining uses or other relevant factors
8 render farm or forest use of the subject property impracticable.⁴

⁴The Land Conservation and Development Commission’s rules governing committed exceptions are lengthy and detailed. Two of the more important rule provisions are OAR 660-004-0028(2) and (6), which provide, in part, as follows:

- “(2) Whether land is irrevocably committed depends on the relationship between the exception area and the lands adjacent to it. The findings for a committed exception therefore must address the following:
 - “(a) The characteristics of the exception area;
 - “(b) The characteristics of the adjacent lands;
 - “(c) The relationship between the exception area and the lands adjacent to it; and
 - “(d) The other relevant factors set forth in OAR 660-004-0028(6).”
- “(6) Findings of fact for a committed exception shall address the following factors:
 - “(a) Existing adjacent uses;
 - “(b) Existing public facilities and services (water and sewer lines, etc.);
 - “(c) Parcel size and ownership patterns of the exception area and adjacent lands:
** * * * *
 - “(d) Neighborhood and regional characteristics;
 - “(e) Natural or man-made features or other impediments separating the exception area from adjacent resource land. Such features or impediments include but are not limited to roads, watercourses, utility lines, easements, or rights-of-way that effectively impede practicable resource use of all or part of the exception area;

1 The applicant grazed long-horn cattle on the subject property in the past. However,
2 the applicant presented evidence below that the land is not well suited for grazing. In a
3 letter, the applicant’s attorney stated that the forage produced on the property was of such
4 poor quality, the applicant “was forced to provide food [that was grown off-site] to the cattle
5 almost year-round.” Record 73. Two other letters also take the position that the soils are not
6 suitable for farm use. One of those letters takes the position that cultivated agriculture would
7 be impossible on the shallow rocky soils.⁵ The other letter takes that position as well, and
8 also takes the position that the subject property is not suitable for grazing.⁶ The county

“(f) Physical development according to OAR 660-004-0025; and

“(g) Other relevant factors.”

⁵The letter states:

“When [the applicant] asked me what I thought of this property as farm land, I was sure he was joking. If it were possible to till, which it isn’t, the soil would all end up at the bottom of the hill.

“I have been farming in the N. Willamette Valley since the late 1940s, and have gone through all of the changes in crops and farming methods, during that time. The possibility of this land ever being worth farming is beyond my imagination.

“This land is ideal for home sites. There is a view to the east, of the so. Santiam River Valley, to the summit of the Cascades. With Mts. Faith, Hope and Charity standing behind all of this. There are few views, of this beauty, that I have seen anywhere. It would be a shame to call this farm land, and deprive someone of having a home with a view like this.” Record 250.

⁶The letter states:

“I am familiar with this property owned by [the applicant]. I have been over most of it on foot, and consider it very poor for farm use. The soil is very thin, with solid rock on top in many places, and boulder and rocks scattered over most of the area. Being very thin the soil dries out very quickly, so is not suitable for crop or grazing. It would be impossible to till, and being so steeply sloped, the soil would erode badly.

“In my opinion this property would be best suited for building lots. There is a beautiful view to the east and would be great place for home sites.

“I have been farming in this area since 1947 and would not even attempt to use this land for farming.” Record 251.

1 relied in large part on this evidence in concluding that farm use of the subject property is
2 impracticable.

3 As previously noted, timber was harvested on the property a number of years ago.
4 Petitioner concedes that the soils on the subject property are not particularly good forest land,
5 but points out that the applicant's expert estimated the site index at 95, which petitioner
6 contends "is an index rating 15 points higher than the minimum (80) considered to be
7 suitable for commercial timber production as per the Soil Survey of Linn County[.]" Petition
8 for Review 14.⁷ The trees that are now on the property are few and of poor quality.

9 The applicant's expert testified that the subject property is not suitable for forest use.⁸
10 Apparently the lack of water for irrigation, the elevation of the property, and its southerly
11 pitch all hamper use of the thin rocky soils for farm or forest use.

12 Were it appropriate to focus exclusively or preponderantly on the characteristics of
13 the 39.62 acres that make up the approved exception area, we might well deny the first
14 assignment of error.⁹ However, while such a focus is appropriate in determining whether the

⁷Intervenor does not dispute this argument.

⁸The expert notes that the stumps that remain from the prior logging of the property show that prior to that logging the property was not "well stocked, or even moderately stocked[.]" Record 141. The expert notes that the property is subject to high winds. Based on his core sampling, the expert testified that the 50-year site index of the property was "95 (site class 4)." Record 142. He explained:

"This low productivity capacity, coupled with the harsh growing conditions indicates this site to be marginal timberland at best. The defective nature of the trees that are present leads to the conclusion that the site be considered non-productive timberland, incapable of producing viable stands of timber." Record 142.

The expert goes on to explain that the thin rocky soils "coupled with the site's predominant southerly aspect create a harsh, droughty environment ill-suited to seedling establishment and timber production." *Id.*

⁹This is not to say there are not problems with the evidence that the county relied on concerning the suitability of the subject property for farm or forest use. The county dismissed the past use of the property for grazing based on its finding that the past grazing use of the property depended almost entirely on feed that was produced off-site. The only evidence that intervenor cites to support that finding is a letter from the applicant's lawyer to the county. The other two letters spend almost as much time extolling the virtues of the subject property as a view property for residential development as they do discussing the property's limitations for farm use. The discussion of the property's limitations for farm use in those letters is brief and conclusory.

1 subject land is agricultural land or forest land subject to Goals 3 and 4, it is not permissible in
2 determining whether the subject property is committed to uses that are not allowed by those
3 goals. In *Jackson County Citizens League v. Jackson County*, 38 Or LUBA 489, 504-05
4 (2000), a case with many similarities to this one, we explained that such a focus on the
5 subject property in approving a committed exception is not appropriate:

6 “The county’s findings that a committed exception may be justified by the
7 poor quality of the soils on the subject property and the limited value of the
8 subject property for seasonal grazing present a closer question. However, the
9 significance of those findings is largely undercut, because the required focus
10 of an irrevocably committed exception is on the adjoining property rather than
11 the property that is the subject of the exception.

12 “In *DLCD v. Curry County*, 151 Or App 7, 12, 947 P2d 1123 (1997), the
13 Court of Appeals held that ‘LUBA erred in holding that the characteristics of
14 [a] proposed exception area and its unsuitability for resource use are wholly
15 irrelevant.’ However, the court qualified that holding as follows:

16 ‘[A]n irrevocable commitment exception to Goals 3 and 4 must
17 take into account the activities on and availability for resource
18 use of surrounding areas as well as the area for which the
19 exception is proposed. For a county to give *exclusive* or
20 “preponderant” weight to the characteristics of the exception
21 area alone, in performing its analysis, would be contrary to the
22 fundamental test for an irrevocable commitment exception,
23 which requires surrounding areas and their relationship to the
24 exception area to be the basis for determining whether the
25 exception is allowable.’ *Id.* at 11-12 (emphasis added;
26 citations omitted).

27 “Affirming the challenged exception in this case would require that we give
28 ‘exclusive or preponderant weight’ to the characteristics of the exception area

However, there are also problems with evidence petitioner relies on. Petitioner does not identify any evidence that disputes the applicant’s lawyer’s contention that the property does not produce sufficient forage to constitute land that is suitable for grazing. Petitioner suggests that the reason for the poor condition of the trees on the property is because it was not replanted and managed properly after the timber was harvested forty years ago. While that might be true, the applicant’s expert attributes the current poor state of the scattered timber on the property to other factors. In a case where there is conflicting believable evidence, we defer to the county’s choice of which evidence to believe. See *Douglas v. Multnomah County*, 18 Or LUBA 607, 617 (1990) (where reasonable persons could draw different conclusions from the same evidence, LUBA may not substitute its judgment for that of the local government’s choice of which evidence to believe).

1 itself, because the county’s findings do not identify impacts from adjoining
2 properties that would support the challenged exception.

3 “The county’s findings concerning the impracticability of using the subject
4 property for seasonal grazing are somewhat conflicting. The county found,
5 based largely on the testimony of the manager of the grazing operation to the
6 north (the former owner of the subject property) that the thin, dry, rocky soils
7 on the subject property have very little value for seasonal grazing. However,
8 the county also found that notwithstanding the marginal nature of the subject
9 property for seasonal grazing, the property nevertheless has been put to that
10 use in the past. * * *”

11 In *Jackson County Citizens League*, we went on to remand the challenged decision
12 because in granting the exception the county relied exclusively or preponderantly on the poor
13 quality of the soils on the subject property in that case for grazing.

14 In the present case, the county does identify certain conflicts that might result from
15 aerial application of herbicides, pesticides and fertilizer to more intensively manage the
16 property for forest use. The county identifies additional conflicts that might result from a
17 future need to move trucks and heavy equipment onto the property in conjunction with farm
18 or forest use, necessitating travel through the adjoining rural residential subdivision to the
19 east.

20 As petitioner correctly notes, these impacts are hypothetical. While we do not agree
21 with petitioner that the cited impacts could not support a committed exception, simply
22 because they are hypothetical, we agree with petitioner that the challenged decision does not
23 establish that the cited potential impacts are more than the kind of occasional inconvenience
24 that the Court of Appeals has explained that rural residents must be willing to accept and live
25 with:

26 “* * * People who build houses in an agricultural area must expect some
27 discomforts to accompany the perceived advantages of a rural location. If
28 problems of this sort by themselves justified a finding of commitment, it
29 would be impossible to establish lasting boundaries between agricultural and
30 residential areas anywhere, yet establishing those boundaries is basic to the
31 land use planning process.” *1000 Friends of Oregon v. LCDC*, 69 Or App
32 717, 728, 688 P2d 103 (1984).

1 The challenged decision does not identify anything about the surrounding area or the
2 relationship of that area to the subject property that justifies a committed exception. As a
3 result, the first assignment of error is sustained.

4 **SECOND ASSIGNMENT OF ERROR**

5 As previously noted, the challenged decision also relies on a reasons exception to
6 allow rural residential development of the subject property. The four generally applicable
7 criteria that must be satisfied to approve a reasons exception were set forth earlier in this
8 opinion and are not repeated here. *See* n 3. The first of the four generally applicable criteria
9 requires that “[r]easons justify why the state policy embodied in the applicable goals should
10 not apply.” OAR 660-004-0020(2)(a). OAR 660-004-0022(2) further provides that a desire
11 to authorize rural residential development on resource land, in certain limited circumstances
12 and with certain qualifications, may be a permissible reason for an exception under OAR
13 660-004-0020(2)(a):

14 “Rural Residential Development: For rural residential development the
15 reasons cannot be based on market demand for housing, except as provided
16 for in this section of this rule, assumed continuation of past urban and rural
17 population distributions, or housing types and cost characteristics. A county
18 must show why, based on the *economic analysis in the plan*, there are reasons
19 for the type and density of housing planned which require this particular
20 location on resource lands. *A jurisdiction could justify an exception to allow*
21 *residential development on resource land outside an urban growth boundary*
22 *by determining that the rural location of the proposed residential development*
23 *is necessary to satisfy the market demand for housing generated by existing or*
24 *planned rural industrial, commercial, or other economic activity in the area.”*
25 (Emphases added.)

26 The challenged decision appears to rely on the emphasized language above to
27 conclude that an unquantified market demand for housing that is generated by the Mallard
28 Creek Golf Club, which employs 26 people, may be relied on as a reason to approve the
29 disputed reasons exception under OAR 660-004-0020(2)(a) and OAR 660-004-0022(2).
30 Apparently the Mallard Creek Golf Club is located on rural land outside the City of Lebanon.
31 The county also cites possible residential housing demand generated by a number of other

1 businesses, some or all of which appear to be located with the City of Lebanon, as supporting
2 its finding that the disputed reasons exception can be approved notwithstanding the
3 prohibition in the first sentence of OAR 660-004-0022(2) against approving a reasons
4 exception to allow rural residential development to meet a market demand for housing.
5 Record 17, 255-56.

6 The challenged decision seriously misreads the specific provision for reasons
7 exceptions for rural housing in OAR 660-004-0022(2).¹⁰ The challenged decision reads the
8 word “necessary” out of the above-emphasized portion of OAR 660-004-0022(2) and is not
9 based on an “economic analysis in the [comprehensive] plan.” *DLCD v. Umatilla County*, 39
10 Or LUBA 715, 729 (2001). The challenged decision also fails to recognize that OAR 660-
11 004-0022(2) must be interpreted and applied in context with all of the four criteria in OAR
12 660-004-0020(2). Viewed in that context, even if one or more of the employees of the rural
13 golf course would like to buy one of the 10-acre parcels that would be possible under the
14 disputed decision, that does not mean the challenged reasons exception is “necessary” to
15 satisfy a “market demand for housing generated by existing or planned rural industrial,
16 commercial, or other economic activity in the area.”

17 It is not clear what “market demand” the county believes the challenged exception is
18 adopted to satisfy. In the part of the county decision that addresses the second of the four
19 criteria in OAR 660-004-0020(2), which requires that the county show that “[a]reas that do
20 not require a new exception cannot reasonably accommodate the use,” the county takes the
21 position that vacant residentially zoned lands in the nearby City of Lebanon are “not
22 compatible with urban residential development.” Record 20. That finding suggests that the
23 county believes the “market demand” that the disputed reasons exception is adopted to
24 respond to is a “market demand” for 10-acre residential lots. We frankly have some

¹⁰That misreading of OAR 660-004-0022(2) appears to explain the county’s misapplication of related criteria at OAR 660-004-0020(2)(a) and (b).

1 difficulty seeing how the county would go about showing that any market demand for
2 housing for golf course employees and employees at the other identified businesses could be
3 satisfied only on 10-acre lots. The challenged decision clearly does not show that such is the
4 case.

5 A reasons exception for rural housing is not “necessary” under the last sentence of
6 OAR 660-004-0022(2), if the county fails to demonstrate that land inside the nearby Lebanon
7 urban growth boundary (UGB), or on nearby exception lands, could not accommodate any
8 identified market demand for housing, as required by OAR 660-004-0020(2)(b). *See* n 3.
9 While the last sentence of OAR 660-004-0022(2) does not expressly say so, we understand
10 that sentence to provide that rural residential development is “necessary” to satisfy the
11 “market demand for housing generated by existing or planned rural industrial, commercial,
12 or other economic activity in the area,” thus potentially providing a reason for approving an
13 exception to the statewide planning goals under the first criterion of OAR 660-004-0020(2),
14 where the requirement of OAR 660-004-0020(2)(b) that “[a]reas which do not require a new
15 exception cannot reasonably accommodate the use” is met. For example, a market demand
16 for rural residential housing may be a legally cognizable reason for an exception under OAR
17 660-004-0022(2) and OAR 660-004-0020(2)(a), where the “rural industrial, commercial, or
18 other economic activity” that gives rise to that market demand is located more than a
19 reasonable commuting distance from housing opportunities in urban areas or exception areas.
20 Where a local government fails to demonstrate that any identified market demand for
21 housing cannot be met on urban or urbanizable areas within a nearby UGB or on nearby
22 exception lands, it fails to demonstrate that it is “necessary” to approve a reasons exception
23 to provide for such housing on rural resource lands.

24 The challenged decision makes no real attempt to explain why developable
25 residentially planned and zoned lands within the Lebanon UGB are insufficient to provide
26 housing for employees of the nearby golf course or the other cited businesses that are located

1 within or near the Lebanon urbanizable area or why the UGB could not be expanded to meet
2 any unmet need for residential land that is generated by these businesses. A generalized
3 preference any individual employees might have for living outside the UGB is not a legally
4 cognizable basis for a reasons exception to allow additional land to be planned and zoned for
5 rural residential use.¹¹

6 The evidence submitted by the applicant, and relied on by the county, also shows
7 there is the potential for as many as 152 additional rural residences on lots and parcels of
8 various sizes for which exceptions have already been approved. A number of those lots are
9 located in the rural subdivision that adjoins the subject property to the east. This evidence
10 tends to show that a potentially large number of developable rural lots and parcels of various
11 sizes might be available for rural housing development.¹² While the applicant contacted
12 three owners of lands for which an exception has already been approved, there is no
13 explanation for why the remaining exception lands are insufficient to satisfy any legally
14 cognizable unmet market demand for rural residential land.

15 For the reasons explained above, the county failed to demonstrate that the golf course
16 and other businesses create either a market demand for rural residential housing on 10-acre
17 lots or a market demand for rural residential housing on lots of any particular size. In
18 particular, the county failed to demonstrate why existing exception lands or lands within the
19 UGB cannot satisfy any such market demand. In view of these failures, the county failed to
20 demonstrate compliance with OAR 660-004-0020(2)(a) and (b).¹³

¹¹Indeed the first sentence of OAR 660-004-0022(2) specifically prohibits use of such a generalized market demand for rural housing as a reason for an exception to allow resource land to be planned and zoned for rural residential use.

¹²Again, the county has not demonstrated that the rural residential market demand that it believes exists can only be satisfied by rural 10-acre lots.

¹³Petitioner advances a final argument under its third subassignment of error under the second assignment of error. We agree with petitioner that the county's finding that the subject property is not well suited for use as resource land is not a sufficient reason for finding that reasons justify the disputed exception, as OAR 660-004-

- 1 The second assignment of error is sustained.
- 2 The county's decision is remanded.

0020(2)(a) requires. However, we also agree with intervenor that the finding was not intended as an independent basis for the county's finding that reasons justify the disputed exception. In view of our resolution of the other arguments that petitioner advances under the second assignment of error, we do not believe it is necessary to say more about the third subassignment of error.