

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

April 25, 2006

STATE CLAIM NUMBER: M118700

NAMES OF CLAIMANTS: Ron and Linda Jameson

MAILING ADDRESS: 1328 Gibbon Road
Central Point, OR 97502

PROPERTY IDENTIFICATION: Township 36S, Range 2W, Section 26
Tax lot 1500
Jackson County

OTHER CONTACT INFORMATION: Mathew Fawcett
916 West 10th Street
Medford, OR 97501

OTHER INTEREST IN PROPERTY: Sierra Pacific Mortgage
11000 Olson Drive #202
Rancho Cordova, CA 95670

DATE RECEIVED BY DAS: July 1, 2005

180-DAY DEADLINE: May 16, 2006¹

I. SUMMARY OF CLAIM

The claimants, Ron and Linda Jameson, seek compensation in the amount of \$393,500 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 4.28 acre property into three parcels and develop a dwelling on each parcel. The subject property is located at 1328 Gibbon Road, near Central Point, in Jackson County. (See claim.)

II. SUMMARY OF STAFF RECOMMENDATION

Based on the preliminary findings and conclusions set forth below, the Department of Land Conservation and Development (the department) has determined that the claim is valid. Department staff recommends that, in lieu of compensation, the requirements of the following

¹ This date reflects 180 days from the date the claim was submitted, as extended by the 139 days that all timelines under Measure 37 were suspended during the pendency of *MacPherson v. Dept. of Admin. Svcs.*, 340 Or 117 (2006).

state laws enforced by the Land Conservation and Development Commission (the Commission) or the department not apply to Ron and Linda Jameson's division of the 4.28-acre property into three parcels and to their development of a dwelling on each parcel: applicable provisions of Statewide Planning Goal 14 (Urbanization) and Oregon Administrative Rules (OAR) 660-004-0040 adopted after each of the claimants acquired the subject property. These land use regulations will not apply to the claimants only to the extent necessary to allow Linda Jameson to use the subject property for the use described in this report, and only to the extent that use was permitted when she acquired the property on May 11, 1998, and to allow Ron Jameson to use the subject property for the use described in this report, and only to the extent that use was permitted when he acquired the property on August 10, 2000. The department acknowledges that the relief to which the claimants are entitled under ORS 197.352 will not allow the claimants to use the subject property in the manner set forth in the claim. (See the complete recommendation in Section VI. of this report.)

III. COMMENTS ON THE CLAIM

Comments Received

On August 16, 2005, pursuant to Oregon Administrative Rules (OAR) 125-145-0080, the Oregon Department of Administrative Services (DAS) provided written notice to the owners of surrounding properties. According to DAS, one comment, evidence or information was received in response to the 10-day notice.

The comment is relevant as to whether the restriction of the claimants' use of the subject property reduces the fair market value of the property. The comment has been considered by the department in preparing this report. (See comment letters 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 July 1, 2005, for processing under OAR 125, division 145. The claim identifies several provisions of the Jackson County Comprehensive Plan and Zoning

Ordinance, adopted July 26, 1972, 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 Linda Jameson acquired the subject property from her parents, Fred and Geneva Beaver, on May 11, 1998, as reflected by a bargain and sale deed included with the claim. Claimant Ron Jameson acquired an interest in the subject property on August 10, 2000, also as reflected by a bargain and sale deed included with the claim. Fred and Geneva Beaver acquired the subject property on July 9, 1964, as reflected by a deed record included with the claim. The Jackson County Assessor’s Office confirms the claimants’ current ownership of the subject property.

Conclusions

The claimants, Linda and Ron Jameson, are “owners” of the subject property as that term is defined by ORS 197.352(11)(C). Linda Jameson is an owner as of May 11, 1998. Ron Jameson is an owner as of August 10, 2000. Linda Jameson’s parents, Fred and Geneva Beaver, are “family members” as defined by ORS 197.352(11)(A) and acquired the subject property on July 9, 1964.

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 4.28 property into three parcels for residential development, which the claim asserts is not allowed under the property’s current zoning.

The claim is based generally on Jackson County's current RR-5 zone, which requires a five-acre minimum lot or parcel size, and the applicable provisions of state law that require such zoning. The county's RR-5 zone is a rural residential zone as required by 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,² 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 Jackson County's RR-5 zone was in effect on October 4, 2000, and requires a minimum lot or parcel size of five acres, the minimum lot or parcel size for any new lot or parcel must equal or exceed five acres.

The claimants' family first acquired the subject property in 1964, prior to the adoption of the statewide planning goals and their implementing statutes and rules.

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' family acquired the subject property and do not allow the desired division of the property.

3. Effect of Regulations on Fair Market Value

In order to establish a valid claim, ORS 197.352(1) requires that any land use regulation 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 \$393,500 as the reduction in the subject's property's fair market value due to regulations that prevent the desired division and development of three additional dwellings. This amount is based on the claimants' examination of "recent sales of property in the vicinity."

² *1000 Friends of Oregon v. LCDC (Curry County)*, 301 Or 447 (1986).

Conclusions

As explained in Section V.(1) of this report, the claimants are Ron and Linda Jameson whose family members acquired the subject property in 1964. Under ORS 197.352, the claimants are due compensation for land use regulations that restrict the use of the property in a manner that reduces its fair market value. Based on the findings and conclusions in Section V.(2) of this report, laws enacted or adopted since the claimants' family acquired the subject property restrict the desired division and development of the property. The claimants estimate the reduction in value due to the restrictions to be \$393,500.

Without an appraisal or other documentation, it is not possible to substantiate the specific dollar amount the claimants' demand for compensation. Nevertheless, based on the submitted information, the department determines that it is more likely than not 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' family 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 Goal 14 and OAR 660-004-0040, which Jackson County has implemented through its current RR-5 zone. All of these land use regulations were enacted or adopted after the claimants' family acquired the subject property.

Conclusions

It appears that none of the general statutory, goal and rule restrictions on residential division and development of the subject property were in effect when the claimants' family acquired the property on July 9, 1964. As a result, these laws are not exempt under ORS 197.352(3)(E).

Laws in effect when the claimants' family acquired the subject property are exempt under ORS 197.352(3)(E) and do not provide a basis for compensation. In addition, other land use laws enacted or adopted for a purpose set forth in ORS 197.352(3)(A) to (D) are also exempt and would not provide a basis for compensation.

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 current 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 restrict the claimants' ability to divide the 4.28 property into three parcels for residential development. The claim asserts that the laws enforced by the Commission or the department reduce the fair market value of the subject property by \$393,500. However, because the claim does not provide an appraisal or other specific documentation for how the specified restrictions reduce the fair market value of the subject property, a specific amount of compensation cannot be determined. Nevertheless, based on the record for this claim, the department acknowledges that the laws on which the claim is based likely have reduced the fair market value 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 Ron and Linda Jameson to use the subject property for a use permitted at the time they each acquired the property. Claimant Linda Jameson acquired the subject property on May 11, 1998, and claimant Ron Jameson acquired the subject property on August 10, 2000. At the time the claimants acquired an interest in the subject property, it was zoned RR-5 by the county, which required a five-acre minimum lot or parcel size, and subject to the applicable requirements of Goal 14 then in effect.

In addition to the applicable provisions of Goal 14 in effect on May 11, 1998 (for Linda Jameson) and August 10, 2000 (for Ron Jameson), and other laws in effect when the claimants acquired the subject property, there may be other laws that apply to the claimants' use of the 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 and, depending on when they were enacted or adopted, may continue to apply to the claimants' property. In addition, some of these laws may be exempt under ORS 197.352(3)(A) to (D) and will continue to apply to the subject property on that basis.

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 uses 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.

Conclusions

Based on the record, the department 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 Ron and Linda Jameson's division of the 4.28-acre property into three parcels for residential development: applicable provisions of Goal 14 and OAR 660-004-0040, adopted after May 11, 1998 (for Linda Jameson) and August 10, 2000 (for Ron Jameson). 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 each acquired the property on May 11, 1998 (for Linda Jameson) and August 10, 2000 (for Ron Jameson). The department acknowledges that the relief to which the claimants are entitled under ORS 197.352 will not allow the claimants to use the subject property in the manner set forth in the claim.
2. The action by the State of Oregon provides the state's authorization to the claimants to use the property subject to the standards in effect on May 11, 1998 (for Linda Jameson) and August 10, 2000 (for Ron Jameson). At that time, the property was subject to applicable provisions of Goal 14 then in effect.
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 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. NOTICE OF OPPORTUNITY TO COMMENT

This staff report is not a final decision by the department and does not authorize any use of the property that is the subject of this report. OAR 125-145-0100 provides 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. Such response must be filed no more than 10 calendar days after the date this report is mailed to the claimants and any third parties. Responses to this draft staff report and recommendation will be considered only as comments related to the claim described in this report. All responses must be delivered to the Oregon Department of Administrative Services (DAS), Measure 37 Unit, Risk Management-State Services Division, 1225 Ferry Street SE, U160, Salem, Oregon 97301-4292 and will be deemed timely filed if either postmarked on the tenth day, or actually delivered to DAS by the close of business on the tenth day. Note: Please reference the claim number, claimant name and clearly mark your comments as "Draft Staff Report comments." Comments must be submitted in writing only. Those comments submitted electronically or by facsimile will not be accepted.