

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)
Cecil and Barbara Layman, CLAIMANTS)

FINAL ORDER
CLAIM NO. M124937

Claimants: Cecil and Barbara Layman (the Claimants)

Property: Township 23S, Range 9E, Section 13, Tax lot 204
Klamath County (the property)

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

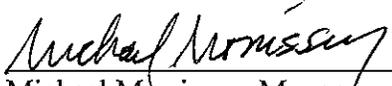
Claimants submitted the Claim to the State of Oregon under ORS 197.352. Under OAR 125-145-0010 *et seq.*, the Department of Administrative Services (DAS) referred the Claim to the Department of Land Conservation and Development (DLCD) as the regulating entity. This order is based on the record herein,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

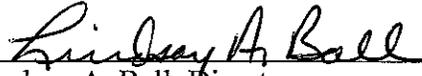
The Claim is denied as to laws administered by DLCD and the Land Conservation and Development Commission (LCDC) for the reasons set forth in the DLCD Report.

This Order is entered by the Manager of the Measure 37 Division of 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 Director 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


Michael Morrissey, Manager
DLCD, Measure 37 Services Division
Dated this 5th day of October, 2006.

FOR THE DEPARTMENT OF
ADMINISTRATIVE SERVICES:


Lindsay A. Ball, Director
DAS, State Services Division
Dated this 5th day of October, 2006.

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)

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. M124937
(BALLOT MEASURE 37) OF)
Cecil and Barbara Layman, CLAIMANTS)

Claimants: Cecil and Barbara Layman (the Claimants)

Property: Township 23S, Range 9E, Section 13, Tax lots 201 and 1600
Klamath 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 Cecil and Barbara Layman's division of tax lots 201 and 1600, consisting of approximately 113 acres, into five-acre parcels: applicable provisions of Goal 4, ORS 215 and OAR 660, division 6. These land use regulations will not apply to the claimants only to the extent necessary to allow them to use tax lots 201 and 1600 for the use described in this report, and only to the extent that use was permitted when they acquired these tax lots on November 29, 1965.
2. The action by the State of Oregon provides the state's authorization to the claimants to use tax lots 201 and 1600 for the use described in this report, subject to the standards in effect on November 29, 1965.
3. To the extent that any law, order, deed, agreement or other legally enforceable public or private requirement provides that tax lots 201 and 1600 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 tax lots 201 and 1600 imposed by private parties.

4. Any use of tax lots 201 and 1600 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).

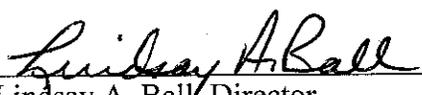
5. Without limiting the generality of the foregoing terms and conditions, in order for the claimants to use tax lots 201 and 1600, it may be necessary for them to obtain a decision under ORS 197.352 from a city and/or county and/or metropolitan service district that enforces land use regulations applicable 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 tax lots 201 and 1600 by the claimants.

This Order is entered by the Manager for the Measure 37 Services Division 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


Michael Morrissey, Manager
DLCD, Measure 37 Division
Dated this 5th day of October, 2006.

FOR the DEPARTMENT OF
ADMINISTRATIVE SERVICES:


Lindsay A. Ball, Director
DAS
Dated this 5th day of October, 2006.

NOTICE OF RIGHT TO APPEAL OR OTHER JUDICIAL RELIEF

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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

October 5, 2006

STATE CLAIM NUMBER: M124937

NAMES OF CLAIMANTS: Cecil and Barbara Layman

MAILING ADDRESS: PO Box 735
La Pine, Oregon 97739

PROPERTY IDENTIFICATION: Township 23S, Range 9E, Section 13
Tax lots 201, 204 and 1600
Klamath County

DATE RECEIVED BY DAS: April 14, 2006

180-DAY DEADLINE: October 11, 2006

I. SUMMARY OF CLAIM

The claimants, Cecil and Barbara Layman, seek compensation in the amount of \$3,854,700 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 subject property, totaling 117.8 acres,¹ into five-acre parcels.^{2,3} The subject property is located at 149751 Paul Drive, near La Pine, in Klamath 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

¹ The subject property includes three tax lots. Tax lot 201 consists of 4.5 acres; tax lot 204 consists of 4.5 acres; and tax lot 1600 consists of 108.8 acres.

² There is no indication in the claim that the claimants desire to develop the subject property. However, the claim indicates that the claimants desire to sell the newly created parcels for future development. In effect, the claimants request that the department declare what will happen to the rights granted to them if they convey the property. A determination of what may or may not happen based on this report and the accompanying order is beyond the scope of this report. If the claimants or others have legal questions concerning the effect of the order, they should seek legal counsel.

³ The claimants submitted a comment to the draft staff report, dated September 29, 2006, requesting to change their intended use of the property from 5-acre lots to 2-acre lots. The department cannot accept substantive amendments to previously filed claims. The department will treat this comment letter as a new claim, and will evaluate the new claim based on the claimants' desire to divide the subject property into 2-acre lots.

by the Land Conservation and Development Commission (the Commission) or the department not apply to Cecil and Barbara Layman's division of tax lots 201 and 1600, consisting of approximately 113 acres, into five-acre parcels: applicable provisions of Statewide Planning Goal 4 (Forest Lands), ORS 215 and Oregon Administrative Rules (OAR) 660, division 6. These laws will not apply to the claimants only to the extent necessary to allow them to use tax lots 201 and 1600 for the use described in this report, and only to the extent that use was permitted when they acquired these tax lots in 1965.

The department has further determined that this claim is not valid as to tax lot 204 because the claimants do not own tax lot 204. (See the complete recommendation in Section VI. of this report.)

III. COMMENTS ON THE CLAIM

Comments Received

On August 9, 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, three written comments were received in response to the 10-day notice.

The comments do not address whether the claim meets the criteria for relief under ORS 197.352. Comments concerning the effects a use of the subject property may have on surrounding areas are generally not something that the department is able to consider in determining whether to waive a state law. If funds do become available to pay compensation, then such effects may become relevant in determining which claims to pay compensation for instead of waive a state law. (See the 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 April 14, 2006, for processing under OAR 125, division 145. The claim identifies Klamath County's forestry zone 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, Cecil and Barbara Layman, acquired the subject property on November 29, 1965, as reflected by a contract included with the claim. On August 16, 2006, the claimants conveyed tax lot 204 to a third party, as reflected by a "Modify Sale and Deed History" screen printout provided by the Klamath County Assessor's Office. The Klamath County Assessor's Office confirms Cecil and Barbara Layman's current ownership of tax lots 201 and 1600 and confirms that they are no longer owners of tax lot 204.

Conclusions

The claimants, Cecil and Barbara Layman, are "owners" of tax lots 201 and 1600, as that term is defined by ORS 197.352(11)(C), as of November 29, 1965. The claimants are not owners of tax lot 204, as that term is defined by 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 subject property into five-acre parcels, and that the current zoning prohibits the desired use.

The claim is based generally on the applicable provisions of state law that require forest zoning and restrict uses on forest-zoned land. The claimants' property is zoned Forestry (F) by Klamath County, as required by Goal 4, in accordance with ORS 215 and OAR 660, division 6, because the claimants' property is "forest land" under Goal 4. Goal 4 became effective on January 25, 1975, and requires that forest land be zoned for forest use (see statutory and rule history under OAR 660-015-0000(4)). The forest land administrative rules (OAR 660, division 6) became effective on September 1, 1982, and ORS 215.705 to 215.755 and 215.780 became effective on November 4, 1993 (Chapter 792, Oregon Laws 1993). OAR 660-006-0026 and 660-006-0027 were amended on March 1, 1994, to implement those statutes.

Together, ORS 215.705 to 215.755 and 215.780 and OAR 660, division 6, enacted or adopted pursuant to Goal 4, prohibit the division of forest land into parcels less than 80 acres.

The claimants acquired the subject property on November 29, 1965, prior to the adoption of the statewide planning goals and their implementing statutes and regulations. On August 16, 2006, the claimants conveyed tax lot 204 and no longer have any ownership interest in this tax lot.

Conclusions

The current zoning requirements and minimum lot size established by Goal 4 and provisions applicable to land zoned for forest use in ORS 215 and OAR 660, division 6, were all enacted or adopted after the claimants acquired the subject property in 1965 and do not allow the desired division of the property. These laws restrict the use of tax lots 201 and 1600 relative to the uses allowed when the claimants acquired these tax lots.

As explained in Section V.(1), the claimants are not owners of tax lot 204, as that term is defined in ORS 197.352(11)(C). Therefore, no laws enforced by the Commission or the department restrict their use of tax lot 204 with the effect of reducing its fair market value.

This report addresses only those state laws that are identified in the claim, or that the department is certain apply to tax lots 201 and 1600, based on the uses that the claimants have identified. There may be other laws that currently apply to the claimants' use of these tax lots, and that may continue to apply to the claimants' use of the tax lots, 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 tax lots 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 \$3,854,700 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 market analysis submitted with the claim.

Conclusions

As explained in Section V.(1) of this report, the claimants are Cecil and Barbara Layman who acquired the subject property on November 29, 1965. On August 16, 2006, the claimants conveyed tax lot 204 to a third party and are no longer owners of the tax lot. Accordingly, the claimants are not entitled to compensation under ORS 197.352 for tax lot 204. Under ORS 197.352, the claimants are due compensation for land use regulations that restrict the use of tax lots 201 and 1600 and have the effect of reducing their fair market value. Based on the findings and conclusions in Section V.(2) of this report, laws enacted or adopted since the claimants acquired tax lots 201 and 1600 restrict the claimants' desired use of these tax lots. The claimants estimate that the effect of the regulations on the fair market value of the subject property is a reduction of \$3,854,700.

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 tax lots 201 and 1600. Nevertheless, based on the evidence in the record for this claim, the department determines that the fair market value of tax lots 201 and 1600 has been reduced to some extent 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 tax lots 201 and 1600, including applicable provisions of Goal 4, ORS 215 and OAR 660, division 6, which Klamath County has implemented through its current F zone. All of these land use regulations were enacted or adopted after the claimants acquired tax lots 201 and 1600.

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 tax lots 201 and 1600, or whether those laws may fall under one or more of the exemptions under ORS 197.352. It appears that none of the general statutory, goal and rule restrictions on residential division of the subject property were in effect when the claimants acquired tax lots 201 and 1600 in 1965. As a result, these laws are not exempt under ORS 197.352(3)(E).

Laws in effect when Cecil and Barbara Layman acquired tax lots 201 and 1600 are exempt under ORS 197.352(3)(E) and will also continue to apply to the claimants' use of the tax lots. There may be other laws that continue to apply to the claimants' use of tax lots 201 and 1600 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 tax lots 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).

As explained in Section V.(1) of this report, Cecil and Barbara Layman are not owners of tax lot 204, 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 to tax lot 204.

This report addresses only those state laws that are identified in the claim, or that the department is certain apply to tax lots 201 and 1600 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 the claim, the greater the possibility that there may be additional laws that will later be determined to continue to apply to their use of tax lots 201 and 1600.

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, the department has determined that the claimants are not entitled to relief for tax lot 204 because the claimants are not owners of this tax lot. The department has further determined that laws enforced by the Commission or the department restrict Cecil and Barbara Layman's desired use of tax lots 201 and 1600. 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 \$3,854,700. 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 tax lots 201 and 1600 was allowed under the standards in effect when they acquired the tax lots. 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 tax lots 201 and 1600 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 Cecil and Barbara Layman to use tax lots 201 and 1600 for a use permitted at the time they acquired these tax lots on November 29, 1965.

Conclusions

Based on the record, the department finds that the claimants are not entitled to relief under ORS 197.352 for tax lot 204 because they are not owners of this tax lot. Therefore, the department recommends that the claim for tax lot 204 be denied.

Based on the record, the department further recommends that the claim for tax lots 201 and 1600 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 Cecil and Barbara Layman's division of tax lots 201 and 1600, consisting of approximately 113 acres, into five-acre parcels: applicable provisions of Goal 4, ORS 215 and OAR 660, division 6. These land use regulations will not apply to the claimants only to the extent necessary to allow them to use tax lots 201 and 1600 for the use described in this report, and only to the extent that use was permitted when they acquired these tax lots on November 29, 1965.
2. The action by the State of Oregon provides the state's authorization to the claimants to use tax lots 201 and 1600 for the use described in this report, subject to the standards in effect on November 29, 1965.
3. To the extent that any law, order, deed, agreement or other legally enforceable public or private requirement provides that tax lots 201 and 1600 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 tax lots 201 and 1600 imposed by private parties.
4. Any use of tax lots 201 and 1600 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 tax lots 201 and 1600, 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 tax lots 201 and 1600 by the claimants.

VII. COMMENTS ON THE DRAFT STAFF REPORT

The department issued its draft staff report on this claim on September 21, 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.