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. M130095
(BALLOT MEASURE 37) OF	)	
Pendleton Country Club, CLAIMANT	)	

Claimant: Pendleton Country Club (the Claimant)

Property: Township 1N, Range 32E, Section 15, Tax lots 1200, 1300 and 1400 Umatilla County (the Property)

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

Claimant 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 Pendleton Country Club's (1) division of the undeveloped portion of the subject property (123 acres) into parcels at an urban density (with at least 300 home sites) and develop a dwelling on each parcel; (2) establishment of a common water system (not individual wells) serving the entire development including water storage, treatment, pumping and distribution, including fire hydrants for fire suppression; (3) establishment of a common waste water system (not individual septic systems) including treatment and collection facilities; (4) establishment of a storm water sewer/control system including collection, pump stations and retention facilities; and (5) development of commercial uses described in OAR 660-033-0130(20) and <u>not</u> allowed as an accessory use to a golf course: applicable provisions of Goals 3, 11 and 14, ORS 215 and OAR 660, divisions 11, 14, and 33. These land use regulations will not apply to the claimant only to the extent necessary to allow it to use the subject property for the use described in this report, and only to the extent that use was permitted when it acquired the property on November 23, 1955. Goal 11 will continue to apply to public entities providing services.

2. The action by the State of Oregon provides the state's authorization to the claimant to use the subject property for the use described in this report, subject to the standards in effect on November 23, 1955.

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 claimant first obtains 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 claimant 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 claimant to use the subject property, it may be necessary for the claimant 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 claimant 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 claimant.

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 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 125, division 145, and ORS 293.

FOR DLCD AND THE LAND CONSERVATION AND DEVELOPMENT COMMISSION:

Lane Shetterly, Director
DLCD
Dated this 28th day of November, 2006.

FOR the DEPARTMENT OF ADMINISTRATIVE SERVICES:

David Hartwig, Administrator
DAS, State Services Division
Dated this 28th day of November, 2006.

NOTICE OF RIGHT TO APPEAL OR OTHER JUDICIAL RELIEF

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

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)

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

November 28, 2006

STATE CLAIM NUMBER:	M130095
NAME OF CLAIMANT:	Pendleton Country Club
MAILING ADDRESS:	69772 Highway 395 South Pendleton, Oregon 97801
PROPERTY IDENTIFICATION:	Township 1N, Range 32E, Section 15 Tax lots 1200, 1300 and 1400 Umatilla County
OTHER CONTACT INFORMATION:	Douglas E. Hojem PO Box 218 Pendleton, Oregon 97801
DATE RECEIVED BY DAS:	September 22, 2006
180-DAY DEADLINE:	March 21, 2007

I. SUMMARY OF CLAIM

The claimant, Pendleton Country Club, seeks compensation in the amount of $2,362,600 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 claimant desires compensation or the right to: (1) divide the undeveloped portion of the subject property (123 acres) into parcels at an urban density (with at least 300 home sites) and develop a dwelling on each parcel; (2) establish a common water system (not individual wells) serving the entire development including water storage, treatment, pumping and distribution, including fire hydrants for fire suppression; (3) establish a common waste water system (not individual septic systems) including treatment and collection facilities; (4) establish storm water sewer/control system including collection, pump stations and retention facilities; and (5) develop commercial uses described in Oregon Administrative Rule (OAR) 660-033-0130(20) and <u>not</u> allowed as an accessory use to a golf course. The subject property is located at 69772 Highway 395 South, approximately six miles south of the City of Pendleton, in Umatilla 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. Department staff recommends that, in lieu of compensation, the requirements of the following state laws enforced

by the Land Conservation and Development Commission (the Commission) or the department not apply to Pendleton Country Club's (1) division of the undeveloped portion of the subject property (123 acres) into parcels at an urban density (with at least 300 home sites) and development of a dwelling on each parcel; (2) establishment of a common water system (not individual wells) serving the entire development including water storage, treatment, pumping and distribution, including fire hydrants for fire suppression; (3) establishment of a common waste water system (not individual septic systems) including treatment and collection facilities; (4) establishment of a storm water sewer/control system including collection, pump stations and retention facilities; and (5) development of commercial uses described in OAR 660-033-0130(20) and not allowed as an accessory use to a golf course: applicable provisions of Statewide Planning Goals 3 (Agricultural Lands), 11 (Public Facilities and Services) and 14 (Urbanization), ORS 215 and OAR 660, divisions 11, 14, and 33, enacted or adopted after the claimant acquired the subject property. These laws will not apply to the claimant only to the extent necessary to allow it to use the subject property for the use described in this report, and only to the extent that use was permitted when it acquired the property on November 23, 1955. Goal 11 will continue to apply to public entities providing services. (See the complete recommendation in Section VI of this report.)

III. COMMENTS ON THE CLAIM

Comments Received

On October 18, 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, 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 September 22, 2006, for processing under OAR 125, division 145. The claim identifies Goals 3, 11 and 14; ORS 197 and 215; OAR 660, divisions 11, 14, and 33; and any other applicable laws enacted after 1955 as the basis for the claim. Only laws that were enacted or adopted prior to December 2, 2004, are the basis for this claim.

On October 3, 2005, the claimant submitted to DAS a claim for processing under OAR 125, division 145, and on August 11, 2006, received an approval of the claim from the department to not apply Goal 3, ORS 215 and OAR 660, division 33, to the claimant's division of the subject property into parcels ranging in size from five thousand square feet to one acre *or more*, development of a dwelling on each parcel and expansion of the existing golf course facilities.[1] The current claim, which was filed on September 22, 2006, is considered a supplement to the claim already approved for the subject property and includes a more specific description of the claimant's desired use of the subject property relative to Goals 11 and 14.

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 claimant, Pendleton Country Club, acquired the subject property on November 23, 1955, as reflected by the sales agreement included with the claim. Umatilla County confirms the claimant's current ownership of the subject property.

Conclusions

The claimant, Pendleton Country Club, is an "owner" of the subject property as that term is defined by ORS 197.352(11)(C), as of November 23, 1955.

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 claimant's 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 claimant or a family member acquired the property.

Findings of Fact

The claim indicates that the claimant desires to: (1) divide the undeveloped portion of the subject property (123 acres) into parcels at an urban density (with at least 300 home sites) and develop a dwelling on each parcel; (2) establish a common water system (not individual wells)

[1] DAS/DLCD Final Order and Report for Claim No. 122603.

serving the entire development including water storage, treatment, pumping and distribution, including fire hydrants for fire suppression; (3) establish a common waste water system (not individual septic systems) including treatment and collection facilities; (4) establish storm water sewer/control system including collection, pump stations and retention facilities; and (5) develop commercial uses described in OAR 660-033-0130(20) and not allowed as an accessory use to a golf course. It indicates that Goals 3, 11 and 14; ORS 197 and 215; OAR 660, divisions 11, 14, and 33; and other applicable laws enacted after 1955 restrict the desired use.[2]

The claim is based generally on the applicable provisions of state law that require Exclusive Farm Use (EFU) zoning and restrict uses on EFU-zoned land. The claimant's property is zoned EFU by Umatilla County, as required by Goal 3 in accordance with ORS 215 and OAR 660, division 33, because the claimant's property is "agricultural land," as defined by Goal 3.[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.

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

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

ORS 215.296 establishes standards for approval of uses listed under ORS 215.283(2), including golf courses (ORS 215.283(2)(f)). OAR 660-033-0130 includes a definition for "golf course" and also regulates golf courses on lands zoned EFU. On lands identified as "high-value farm land" under OAR 660-033-0020(8)(a), only an existing golf course may be expanded consistent with OAR 660-033-0130(5) and (20), but shall not be expanded to contain more than 36 total holes (OAR 660-033-0120 and 660-033-0130(18)). On land that is not high value, a golf course

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[2] The claim identifies statutes in ORS 197 as applicable to the claim, but does not establish how the statutes either apply to the claimant's desired use of the subject property or restrict its use in a manner that reduces its fair market value. ORS 197 establishes procedures for coordination of comprehensive planning but as a general matter, does not restrict the use of particular property. On their face, these regulations do not apply to or restrict the use of the subject property with the effect of reducing the property's fair market value. This report addresses only those regulations that the department finds are applicable to and restrict the claimant's use of the subject property, based on the claimant's asserted desired use.

[3] The claimant's property is "agricultural land" because it contains Natural Resources Conservation Service Class I–VI soils.

is allowed consistent with OAR 660-033-0130(5) and (20). OAR 660-033-0130(20)(d)(A) to (C) include standards that limit accessory uses provided as part of a golf course to a facility or improvement that is incidental to the operation of the golf course and that provide goods or services customarily provided to golfers at the golf course.

The claim identifies Goal 14 and OAR 660, division 14, as restricting the claimant's desired use of the subject property. These laws would likely apply to the division of the claimant's property into parcels at an urban density (and accompanying residential development) and to the development of the property for commercial uses that are not accessory uses to the golf course, to the extent that these uses are "urban" in nature. Goal 14 generally requires that land outside urban growth boundaries be used for rural uses. Goal 14 became effective on January 25, 1975.

The claimant also identifies Goal 11, relating to public facilities and services, and OAR 660, division 11, administrative rules relating to public facilities and services, as restricting its desired use. Goal 11, which also became effective on January 25, 1975, generally prohibits urban levels of public facilities and services on lands that are outside an urban growth boundary. Goal 11 has two elements. The first element of the goal restricts an owner's use of land outside of an urban growth boundary by prohibiting the owner from utilizing urban levels of public facilities and services. The second element restricts service providers from extending urban facilities to serve property outside an urban growth boundary. The former can restrict a claimant's use of property. The latter is a restriction on the service provider. Nothing in this report is intended to affect any restriction on a service created by Goal 11 or OAR 660, division 11.

Conclusions

The current zoning requirements, minimum lot size and dwelling and use standards established by applicable provisions of Goals 3, 11 and 14, ORS 215 and OAR 660, divisions 11, 14, and 33, were all enacted or adopted after the claimant acquired the subject property in 1955 and do not allow the desired division or residential development of the property. They also restrict or limit the development of commercial uses that are not incidental to the operation of the golf course and do not provide goods and services customarily provided to golfers at a golf course. These laws restrict the use of the subject property relative to the uses allowed when the claimant acquired the property.

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 claimant has identified. There may be other laws that currently apply to the claimant's use of the subject property, and that may continue to apply to the claimant's 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 subject property until there is a specific proposal for that use. When the claimant seeks 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 $2,362,600 as the reduction in the subject property's fair market value due to the regulations that restrict the claimant's desired use of the property. This amount is based on the value of the subject property, if converted for residential use, with a value of $20,000 per acre ($2,460,000 total) less the value of the property as EFU ground ($97,400).

Conclusions

As explained in Section V.(1) of this report, the claimant is the Pendleton Country Club, which acquired the subject property on November 23, 1955. Under ORS 197.352, the claimant is due compensation for land use regulations that restrict the use of the subject property and have the effect of reducing its fair market value. Based on the findings and conclusions in Section V.(2) of this report, laws enacted or adopted since the claimant acquired the subject property restrict the claimant's desired use of the property. The claimant estimates that the effect of the land use regulations on the fair market value of the subject property is a reduction of $2,362,600.

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 the subject property. Nevertheless, based on the evidence in the record for this claim, the department determines 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.

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 Goals 3, 11 and 14, ORS 215 and OAR 660, divisions 11, 14, and 33, which Umatilla County has implemented through its comprehensive plan and current EFU zone. All of these land use regulations were enacted or adopted after the claimant acquired the subject property.

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 the property, 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 division and development of the claimant's property were in effect when the claimant acquired it in 1955. As a result, these laws are not exempt under ORS 197.352(3)(E).

Laws in effect when the claimant acquired the subject property are exempt under ORS 197.352(3)(E) and will continue to apply to the claimant's use of the property. There may be other laws that continue to apply to the claimant's use of the subject 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 subject property until there is a specific proposal for that use. When the claimant seeks 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).

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 claimant has 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 claimant should be aware that the less information it has 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 its use of the subject property.

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 laws that restrict the use of the subject 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 subject property permitted at the time the present owner acquired the property. The Commission, by rule, has directed that if the department determines a claim is valid, the Director of the department must provide only non-monetary relief unless and until funds are appropriated by the legislature to pay claims.

Findings of Fact

Based on the findings and conclusions set forth in this report, laws enforced by the Commission or the department restrict the claimant's desired use of the subject property. The claim asserts that the existing state land use regulations enforced by the Commission or the department reduce the fair market value of the subject property by $2,362,600. 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 claimant's desired use of the property was allowed under the standards in effect when it acquired the property. 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 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 the claimant to use the subject property for a use permitted at the time it acquired the property on November 23, 1955.

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 Pendleton Country Club's (1) division of the undeveloped portion of the subject property (123 acres) into parcels at an urban density (with at least 300 home sites) and develop a dwelling on each parcel; (2) establishment of a common water system (not individual wells) serving the entire development including water storage, treatment, pumping and distribution, including fire hydrants for fire suppression; (3) establishment of a common waste water system (not individual septic systems) including treatment and collection facilities; (4) establishment of a storm water sewer/control system including collection, pump stations and retention facilities; and (5) development of commercial uses described in OAR 660-033-0130(20) and not allowed as an accessory use to a golf course: applicable provisions of Goals 3, 11 and 14, ORS 215 and OAR 660, divisions 11, 14, and 33. These land use regulations will not apply to the claimant only to the extent necessary to allow it to use the subject property for the use described in this report, and only to the extent that use was permitted when it acquired the property on November 23, 1955. Goal 11 will continue to apply to public entities providing services.

2. The action by the State of Oregon provides the state's authorization to the claimant to use the subject property for the use described in this report, subject to the standards in effect on November 23, 1955.

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 claimant first obtains 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 claimant 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 claimant to use the subject property, it may be necessary for the claimant 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 claimant 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 claimant.

VII. COMMENTS ON THE DRAFT STAFF REPORT

The department issued its draft staff report on this claim on November 8, 2006. OAR 125-145-0100(3), provided an opportunity for the claimant or the claimant's 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. No comments were received.