
Rural Oregon gained

A Register-Guard Editorial

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A durable myth about land use planning in Oregon is that the system of statewide zoning adopted in 1973 came at the expense of rural landowners. This myth helped propel Measure 37 to approval in 2004. Voters agreed that landowners whose property lost value because of land use restrictions should be compensated, or the restrictions should be waived.

But property owners who shouldered the burden of land use planning also gained substantial benefits. These benefits are cataloged in an eye-opening report by the American Land Institute, a Portland-based organization headed by Henry Richmond, founder of the land use watchdog group 1000 Friends of Oregon. The benefits should be taken into account when calculating compensation under Measure 37, or when judging the fairness of land use planning in Oregon.

Oregon was the first state to extend zoning into rural areas and apply development restrictions to farm and forest lands. Statewide land use planning came in response to the steady loss of farm and forest lands - particularly in the Willamette Valley, which lost nearly 1 million acres of farm land between 1950 and 1974. That erosion needed to be arrested if Oregon hoped to have agriculture and timber industries in the future.

Gov. Tom McCall, the Legislature, the Oregon Farm Bureau and the Oregon Forest Industries Council supported the landmark 1973 legislation that zoned 15.6 million acres for farm use and 7.9 million acres for forest use. The restrictions have had the desired effect: Between 1974 and 2002, farm acreage in the Willamette Valley actually increased slightly, and agriculture and forestry remain vital components of the state's economy.

Also in 1973, the Legislature approved Senate Bill 101 to provide property tax breaks for the newly zoned farm and forest lands. The change was required as a matter of fairness - land that could no longer be developed for residential or commercial purposes should no longer be taxed on the basis of that potential. It was a deliberate attempt to compensate landowners for the burden of zoning. Then-Sen. Vic Atiyeh, who carried SB 101 and later became governor, called the bill "goodies for being in a farm zone."

The goodies fill a big basket. The American Land Institute calculates that the cumulative value of tax reductions on rural land between 1974 and 2004 is nearly \$4.9 billion. Those taxes were largely shifted to properties in urban areas. Richmond calls it the largest single public investment in Oregon history - Interstate 5 cost less than half as much.

The benefits of the tax reductions are shared by a relatively small number of rural land owners, while the costs are borne by large numbers of people in urban areas. In Lane County, for instance, the institute calculated that the farm and forest tax reductions amounted to about \$6 million in 2004 - \$716 for each person living in a forest zone, and \$372 for each resident of a farm zone. The amount shifted to each non-farm and non-forest resident totaled \$23.

This is not a subsidy. By using the twin tools of zoning and property taxes, Oregonians have gained open spaces, strong farm and forest industries, and the efficiencies in public services that come through compact development. Owners of rural land lost development rights, but in return they received lower property taxes that made it easier to farm and raise timber profitably. As a consequence, between 1974 and 2002 farm land values in the Willamette Valley rose by 480 percent, faster than the rate of inflation. At the same time, farmers and foresters were protected against the development of adjacent lands that would result in limits on agricultural or timber practices.

All Oregonians, rural and urban, have gained as a result of this grand bargain. But now the bargain is in danger of breaking down as owners of rural land demand compensation or waivers of zoning rules under Measure 37. Local governments can't afford to compensate landowners, so waivers are the usual response to Measure 37 claims. Perhaps the response would be different if compensation took into account the property tax benefits that have accompanied zoning. At the very least, the American Land Institute's report should put to rest the idea that rural property owners received nothing in exchange for being made subject to land use restrictions.