

Agenda Item No:	4
Title and # of Issue:	Forest Vitality – Issue #3 and Outreach to Urban Populations – Issue #4
Date of Presentation:	April 26, 2007
Contact Information:	Ted Lorensen Assistant State Forester 503-945-7206 tlorensen@odf.state.or.us

## **SUMMARY**

The purpose of this agenda item is to:

- Raise awareness of forest development and fragmentation challenges in Oregon.
- Review and consider how to improve tools (including the Community Forestry Policy Option Package) that can help address these challenges.
- Consider changes to the Board of Forestry’s Forest Vitality and Urban Outreach work plans to reflect possible new efforts in these areas.

## **CONTEXT**

Objective 3 of the Board of Forestry’s Forest Vitality Work Plan is “Keeping working forests working.” Under Objective 3, the Board and Department of Forestry were to promote retaining working forestland (1) that might otherwise change to another land use, and (2) that might change from a working forest ownership to owners not interested in active forest management, and/or (3) that could be managed in trust for the benefit of higher education.

The Board of Forestry’s Outreach to Urban Populations Work Plan recognized a need to strengthen the connections between urban Oregonians and forest issues, and to solicit their involvement in developing a statewide shared vision of forest management.

Ballot Measure 37 claims that have been filed create the possibility of a rapidly expanding scope of residential value emphasis forests. A “Big Look Committee” has been charged to review Oregon’s Land Use Program and make recommendations to the Legislature in 2009.

Nationally, the U.S. Forest Service and the National Association of State Foresters recognize that development and fragmentation are critical issues facing our forests today. Development and economic pressures on private lands are driving parcelization and/or conversion of forestland to other uses. Industrial forestland close to expanding population centers and working family forests are particularly threatened by these trends.

The ownership structure of privately-owned forests is changing from traditional family and industrial owners to a range of ownership categories that often have a different set of expectations and interests than the more traditional owners. At the same time, declining timberland values and an expanding population are increasing development pressures on Oregon's forests. The number of individual forestland owners and residential forestland owners is increasing, while landowner expertise is declining.

The Department is finding that more resources are being allocated to address conflicts where residential values conflict with forest management. Reforestation is more difficult to accomplish where land conversion or sales modify ownership behaviors and interests.

As part of this agenda item, factors and consequences related to these trends from the perspective of the Department and from the perspective of Matt Donegan of Forest Capital Partners, LLC, will be presented (Attachment 2 - *available at the Board meeting*). Innovative landowner and institutional strategies and programs that may address these trends will be considered.

## **BACKGROUND**

A challenge to maintaining working forests in Oregon comes from changes in the structure and characteristics of the forest ownership, and increased competition for forestland for residential uses.

Oregon is following a national trend away from industrial forest ownerships that manage their land to provide a continuous flow of logs to their own mills. One current trend is for companies to manage timberlands as a separate profit center, or to sell the land to Timber Investment and Management Organizations (TIMOs). These organizational structures may be more willing to sell blocks of land for development or other purposes. This can shift land from industrial to non-industrial owners. While many of the new non-industrial owners may have a broad array of values and objectives for ownership, they often lack the knowledge to implement their objectives and are generally less able to make long-term investments in timber production. Furthermore, many family forestlands are now going through the shift of ownership to the next generation of family members. Studies indicate that the new generation often view the land differently than the previous generation and are much more likely to consider selling rather than managing the land for income.

These problems are especially evident in central Oregon, where population growth and amenity values are high. Since 1990, about 60 percent of the industrial timberland in Deschutes and Jefferson counties has been sold or exchanged, and an additional 4,000 acres formerly owned by Crown Pacific Corp. have been optioned for development. Forestland has been divided into large lots (240 acres – the minimum ownership for placement of a dwelling in eastern Oregon forest zones) and sold for home sites. These changes could affect a broad array of forest values and cause further conversion of working forests to development.

Along with a shift from industrial to non-industrial ownership, residential and other development of non-industrial timberland is increasing. Preliminary information from an Oregon Department of Forestry study about land use change in eastern Oregon shows that twenty-six percent of non-

industrial private wildland forest in Deschutes County has been converted to more developed uses since 1975. The remaining wildland forest is often very close to urban or low-density rural developments.

These patterns of development and fragmentation appear to be occurring more broadly in Oregon. Other areas of the state where population growth rates and amenity values are high (i.e., southern and coastal Oregon) appear to be increasingly affected. Counties like Washington and Clackamas with already high levels of development and fragmentation may see further substantial changes with Ballot Measure 37 claims.

These changes are eroding the capacity of the Department to provide services, and highlight the need to develop new and innovative landowner and institutional strategies and programs. As a result, the Department has been exploring the opportunity ("Community Forestry Initiative") to provide increased service levels in forestlands where development and fragmentation has or is occurring, and where landowners need increased expertise to retain and manage forest values to the extent possible in these changing landscapes. A community forest initiative policy option package (7 positions) was included in the Governor's Recommended Budget, although a funding source has not been identified.

A review of Oregon's land use program, known as the "Big Look," was commissioned by the Legislature in 2005 with the passage of Senate Bill 82. The Oregon Task Force on Land Use Planning (the "Big Look Committee") was established by the Governor, Speaker of the House, and Senate President in January 2006 to carry out the review.

In January 2007, the Department along with some forest landowners, including Matt Donegan of Forest Capital, LLC, discussed forest land use issues with the Big Look Committee. At that meeting, Matt Donegan presented a perspective of a newly structured industrial ownership and also offered a policy framework for considering alternatives to support maintaining working forests that should be useful to the Board and Department in addressing these issues.

## **RECOMMENDATIONS**

The Department recommends the Board of Forestry:

- Continue to support the Department of Forestry's budget proposal for the Community Forestry Initiative.
- Direct the Department to work with partners to develop stable and appropriate sources of funding for the Community Forestry Initiative.
- Direct the Department to work with interests to develop new policies and landowner and institutional strategies and programs that add value for keeping forestlands working for Oregon.
- Review and consider policy changes that allow the Department to better address forest operations within residential emphasis forest areas.
- Help the Department continue this conversation with other groups or individuals (consider specifically including these challenges in the Board issue scan process).
- Continue to support work on Senate Bill 98 Working forests for Higher Education (Attachment 3).

### **NEXT STEPS**

- The Department will revise the Board's Forest Vitality and Outreach to Urban Populations Work Plans to reflect the recommendations adopted by the Board.
- The Department continue to work with the Legislature and interests to promote the Community Forestry Initiative and Senate Bill 98.

### **ATTACHMENTS**

- (1) Staff Presentation - Oregon's Changing Forest Landscape
- (2) Matt Donegan Presentation (*available at the Board meeting*)
- (3) March 30, 2007 Draft of Senate Bill 98