

# Board of Forestry Private Forestlands *Draft* Issue Paper

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## Summary of Current Private Forests Issues in Oregon, Current Overarching Board Policies Towards Private Forests, and Recommendations for Future Policy Development

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## I. Summary

The Oregon Department of Forestry provides resource protection and landowner assistance on Oregon's 10.7 million acres (35 percent of Oregon's forest land) under private forest ownership. Oregon's privately owned forests are diverse in size and character, including large industrial ownerships, family woodlands of many sizes, and treescapes in cities, suburbs and rural residential areas. To support such diverse ownerships, the Private Forest program provides landowner assistance in the areas of forest and stream health protection and enhancement, urban and community forestry, enforcement of forest management laws, research and monitoring, and incentive programs. These forests provide values for all Oregonians, including watershed protection, economic activity, fish and wildlife habitat, and recreation.

Since the Department of Forestry was founded in 1911, Oregon has seen a continuous evolution of the primary challenges to maintaining healthy, working forests on both private and public forestland. At the turn of the last century wildfire was the greatest threat to forest sustainability, and the Department's primary mission was—and is today—fire prevention and suppression. Soon thereafter the Department responded to the challenge of deforestation with robust reforestation laws and practices. Later in the 20<sup>th</sup> century, an increase in the public's environmental awareness and concern regarding natural resource protection precipitated the passage of Oregon's Forest Practices Act (FPA). . Today we are facing the next challenge to healthy, working forests and forest sustainability in Oregon, with the increasing trend in the conversion and fragmentation of forestlands.

In the face of development pressures, increasing numbers of Oregon's forest tracts are being converted to other uses, or face a heightened risk of such conversion. 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. Industrial and family forestlands close to expanding population centers are particularly threatened by these trends.

ODF faces a significant task to administer FPA statutes and rules and provide wildland, urban, and community forest education and assistance given current program resources and the issues facing private forestlands in Oregon. ODF field staff spends an increasingly disproportionate amount of time dealing with natural resource situations and conflicts in forests at-risk of conversion and fragmentation. Today, the Department must ensure it continues to deliver a mix of services that meets the diverse needs of landowners, communities, developers, regulators and stakeholders across a broad diversity of forests while promoting and conserving forest land and forest values.

In order to fully achieve the Forestry Program for Oregon vision of achieving sustainable forest management across all Oregon's forestlands, the Private Forests program needs to strategically address these challenges. The outcome of the Board's Private Forests Work Plan will ultimately guide how the Private Forests program will organize and respond to best achieve the Board's policy objectives for Oregon's private forestlands.

## II. Define the Issue

How will the Board clarify current Private Forests program policy governance—at the statutory level, Forestry Program for Oregon strategic planning level, or otherwise—to effectively address the current and emerging challenges on private forestlands in order to fully realize the Forestry Program for Oregon vision of sustainable forest management across all Oregon’s forestlands? What, if any, changes to program funding sources and/or mechanisms are needed in order to best ensure desired outcomes are achieved?

## III. Background

### *Current Challenges to Keeping Forestlands in Forestland*

Oregon is following a national trend away from industrial forest ownerships that manage their land to provide a continuous flow of wood to their own mills, towards timberlands that are either being managed as a separate profit center, or sold to Timber Investment and Management Organizations (TIMO’s) and Real Estate Investment Trusts (REIT’s). These organizational structures may be more responsive to market demand for land development or other purposes. This trend may increase parcelization, shifting land from industrial to non-industrial owners. While many of the new non-industrial owners 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 wood production. Furthermore, many family forestlands are now going through a 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 or other values.

Oregon’s private forests at risk of parcelization and/or conversion have significantly expanded in recent years as a result of land conversions to non-forestland uses, and as large blocks of working forestland are divided into smaller parcels. As development pressures, population growth, and real estate values continue to increase, forestland will continue to be at risk of conversion. It is estimated that over 300,000 acres of Oregon forest—about 5 percent of the state’s private forestland—exist inside urban growth boundaries or other development zones. Another 1.8 million acres of private forest exist within one mile of developable areas.

Forest fragmentation provides a new set of challenges, which include:

- Fragmentation and parcelization of forests, combined with the development of roads and residences, can degrade the “green infrastructure” of a forested watershed, including clean water, the diversity of fish and wildlife species, and their habitat.
- Conversion from forest to other land uses dramatically changes the way the surrounding landscape is managed, limiting the range of traditional forestry practices. In many areas, the notion of wood production forestlands—even in the context of sustainable forestry practices—is no longer acceptable to residents.
- When formerly productive timberlands are converted to other uses, surrounding economies and supporting industries are affected as forest products-related jobs and

infrastructure are no longer viable. With no workable return for their investment in forest management, some landowners sell the land for development or other non-forest land use, perpetuating the problem.

- The presence of development in forested areas changes everything about wildfire—creating a higher number of human-caused fires, placing homes at risk, making firefighting more complicated, and increasing firefighting costs.

These challenges 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 zones) and sold for home sites. These changes could affect a broad array of forest values and cause further conversion of working forests to urban or other land uses.

These changes are also impacting the ability of the Department to deliver efficient and effective services to private forest landowners: a recent survey of ODF Stewardship Foresters shows that up to 20 percent of field staff capacity is being invested on topics relating to these ‘interface’ forests. The survey also indicated that significant amounts of time are focused on educating landowners and neighbors, responding to complaints and concerns from neighboring landowners, and providing liaison and coordination with local jurisdictions on land use changes. As a result, these forestland ownership changes in Oregon are likely to continue to impact the capacity of the Department to provide services, and highlight the need to develop new and innovative landowner and institutional strategies to more effectively address these challenges.

*Strategies to Meet Expectations of Public Benefits from Private Lands*

Considering a four-part framework of general strategies to meet expectations of public benefits from private lands (Table 1), the Department has historically utilized strategy four—regulating/restricting landowners—to achieve such public benefits. In an environment where private forestlands are at greater risk of conversion and fragmentation, continuing to rely on additional regulations as the primary tool will be less effective in the future if the result is reduced timberland values.

Table 1: Four-part framework of general strategies to meet expectations of public benefits from private lands (adapted from OFRI 2008<sup>1</sup>)

1. Improve Timber Resource Economics	2. Improve Non-Timber Resource Economics
3. Compensate/Incentivize Landowners	4. Regulate/Restrict Landowners

<sup>1</sup>Oregon Forest Resources Institute. 2008. “The Future of Oregon’s Working Forests”. Oregon Forest Resources Institute. Portland, OR. 13 pp.

Given these challenges, administering current statutory and rule mandates, providing wildland, urban, and community forest education and assistance is increasingly difficult given current program resources. Diversifying our available tools by increasing the use of strategies one, two, and three (Table 1), could become more important if Oregon is to continue to derive expected public benefits from private forestlands.

### *Current Private Forests Program Governing Policies*

At the broadest level, the current policies governing landowner services provided by the Private Forests program are embodied in the following Oregon Revised Statutes:

**527.630 Policy; rules.** (1) Forests make a vital contribution to Oregon by providing jobs, products, tax base and other social and economic benefits, by helping to maintain forest tree species, soil, air and water resources and by providing a habitat for wildlife and aquatic life. Therefore, it is declared to be the public policy of the State of Oregon to encourage economically efficient forest practices that ensure the continuous growing and harvesting of forest tree species and the maintenance of forestland for such purposes as the leading use on privately owned land, consistent with sound management of soil, air, water, fish and wildlife resources and scenic resources within visually sensitive corridors as provided in ORS 527.755 and to ensure the continuous benefits of those resources for future generations of Oregonians.

(2) It is recognized that operations on forestland are already subject to other laws and to regulations of other agencies which deal primarily with consequences of such operations rather than the manner in which operations are conducted. It is further recognized that it is essential to avoid uncertainty and confusion in enforcement and implementation of such laws and regulations and in planning and carrying out operations on forestlands.

(3) To encourage forest practices implementing the policy of ORS 527.610 to 527.770 and 527.990 and 527.992, it is declared to be in the public interest to vest in the State Board of Forestry exclusive authority to develop and enforce statewide and regional rules pursuant to ORS 527.710 and to coordinate with other state agencies and local governments which are concerned with the forest environment.

(4) The board may adopt and enforce rules addressing scenic considerations only in accordance with ORS 527.755.

(5) The board shall adopt and enforce forest practice rules to reduce the risk of serious bodily injury or death from a rapidly moving landslide only in accordance with ORS 527.710 (10). As used in this subsection, "rapidly moving landslide" has the meaning given in ORS 195.250.

(6) The State of Oregon should provide a stable regulatory environment to encourage investment in private forestlands.

**ORS 526.425:** Recognizing that nonindustrial private forests make a vital contribution to Oregon by providing jobs, products, tax base and other social and economic benefits, it is hereby declared to be the public policy of the State of Oregon to encourage management of

nonindustrial private forestlands for tree production. Therefore, under the direction of the State Board of Forestry and to the extent funds are available, the State Forester shall:

- (1) Provide for coordinated technical and financial assistance to the nonindustrial private forest landowner;
- (2) Provide management planning for nonindustrial private forestlands;
- (3) Advise and encourage nonindustrial private forest landowners to carry out young growth management activities, such as converting underproductive forestlands, reforestation, release, precommercial thinning and salvaging insect or disease damaged trees;
- (4) Administer federal programs, such as the Agricultural Conservation Program or Forestry Incentives Program, that are designed to help encourage management of nonindustrial private forestlands;
- (5) Advise and encourage nonindustrial private forest landowners to form cooperatives or aggregates for the purpose of more efficiently carrying out their young growth management activities;
- (6) Periodically advise and recommend changes to the Legislative Assembly on laws conflicting with the intent of this statute; and
- (7) In compliance with ORS chapter 183, promulgate rules consistent with law for providing management planning for nonindustrial private forestlands.

**526.505 Policy.** Trees not only are important to the economic and environmental well-being of Oregon, but also represent a significant component of the quality of life for urban residents. As a matter of policy, it is important to promote and protect the human habitat values that accrue from a healthy urban forest. Therefore, it is declared to be the public policy of the State of Oregon to encourage cities to plant and properly care for trees within the cities' urban growth boundaries and develop management plans to protect and promote urban forests.

The *2003 Forestry Program for Oregon* (FPFO), the Board of Forestry's framework for strategic planning, sets forth the next layer of Board policy and direction for the Department in the context of three broad guiding principles:

1. Widely recognized international criteria and indicators serve as a useful framework for discovering, discussing, and assessing the sustainability of Oregon's forests.
2. Sustainability requires maintaining a diversity of forestland ownerships and management objectives across the landscape and through time.
3. Cooperative, non-regulatory methods are strongly preferred in achieving public benefits on private lands.

The FPFO has seven broad strategies that provide the framework for achieving forest sustainability in Oregon. This framework is looked to for establishing actions and for designing and implementing agency programs. This framework includes the FPFO mission, vision, values, and strategies that viewed together describe the future the board is striving to achieve. Additionally, FPFO actions form a pathway for achieving the Board's desired future: work both within and outside state government to implement these actions to make this desired future a reality. There are seven FPFO strategies (A thru G) and currently 55 FPFO actions associated

with those strategies, with the majority of those action either directly or indirectly relevant to Oregon's private forestlands (see Appendix A).

The seven FPFO strategies and associated 55 actions form a framework around which forest sustainability issues can be organized and discussed, and also identify statewide outcomes the Board wishes to achieve. The *Forestry Program for Oregon* articulates that Oregonians achieve consensus on a set of "indicators" as useful tools to measure progress towards the goal of sustainably managed forest resources. Indicators can inform the Board, other policy-makers, and the public about the environmental, economic, and social conditions of Oregon's public and private forests, and are a cost effective way to consistently collect important data needed to monitor changes in these conditions over time.

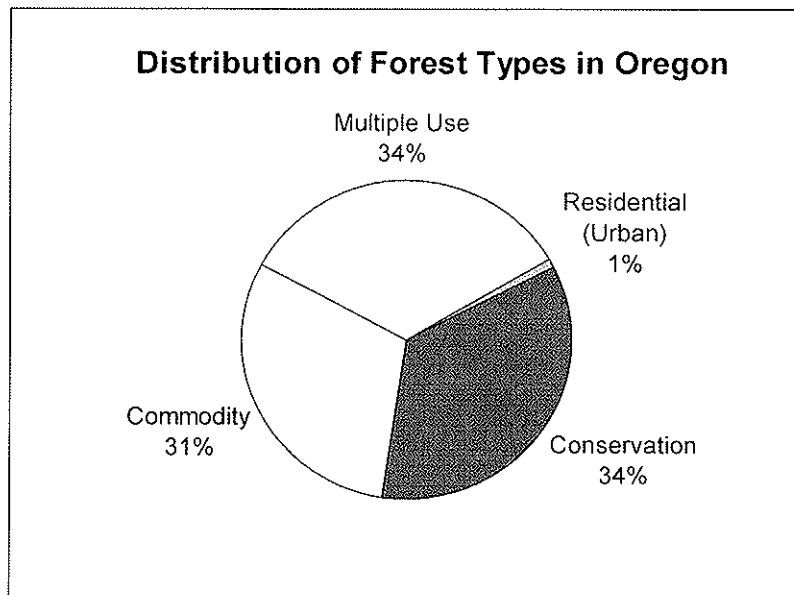
In January 2007 the Board endorsed a set of 19 such indicators, intended to be used for ongoing monitoring, policy development, and communications efforts towards forest sustainability in Oregon. Included as part of these indicators are the desired trends for each indicator, questions the data will be designed to answer, and statements by the Board of Forestry that further describe their vision. (see *2007-2009 Oregon Forests Report*) The department reported on nine of these indicators to the Board in 2008. (Appendices B—I) Initial data reports to the Board for the remaining 10 indicators and updates for all 19 indicators will be scheduled periodically as new information becomes available, and a statewide Oregon forest assessment report and symposium organized around the indicators is being planned for 2010.

#### *Different Land Ownerships Playing Different Roles in Sustainable Forestry*

A fundamental policy preference of the *Forestry Program for Oregon* is expressed in the notion that different land ownerships play different roles in achieving the full suite of environmental, economic, and social needs met by the forested landscape. To promote sustainable forest management the FPFO articulates that we must first focus on sustaining the forestland base, and then take advantage of different management strategies for different forest types, ownerships, and locations. This policy is articulated in action C.2 under strategy C:

*The board recognizes that different owners have different objectives for land ownership with different emphases on conservation, commodity production, multiple use, and residential values. The board will promote a policy framework that recognizes that the management of these different ownerships can provide a suite of benefits which collectively will meet Oregon's environmental, economic, and social needs.*

Conservation forests are made up of parks, reserves, wilderness, and special areas that provide primarily for natural and cultural values. Commodity production forests are managed primarily for the efficient production of wood and fiber, and are often composed of even aged, single species forests. Multiple use forests are managed to meet multiple forest benefits, striving to optimize the joint production of wood products and diverse ecological benefits. These forests often support a greater number tree species and ages, and correspondingly a greater diversity of ecological components. Finally, residential value forests include urban and community forests, forested rural residential areas, and wildland/urban interface areas. Figure one shows the percentage of Oregon's forests that currently fall within the different forest types.



**Figure 1:** Distribution of forest types in Oregon, as categorized in the 2003 Forestry Program for Oregon action C.2, with the exception of the “residential” category that does not include the portion of forestland in the “wildland/urban interface areas”. (From the ODF report on sustainable forest management indicator E.b.—see Appendix F, p.5)

As stated above, the board’s policy on sustainable forest management is to first focus on sustaining the current forestland base, and then on taking advantage of the different forest values provided by the different types of forests. In essence, rather than look to a singular emphasis on a certain type of forest condition to achieve sustainability, current policy looks to a range of different forest conditions over space and time. The FPFO currently does not express a policy preference that quantifies a desired mix of forest types in Oregon that would achieve forest sustainability, other than recognizing that at a minimum the current mix of forest types “can provide a suite of benefits which collectively will meet Oregon’s environmental, economic, and social needs.”

In this context there are at least two broad categories of potential risk to sustainable forestry as defined in the FPFO: (1) the risk of forestlands moving out of forest-use altogether; and (2) the risk of one or more of the four different forest types being ‘converted’ to another forest type and therefore changing the mix of forest types, ownerships and/or locations that make up the overall forestland base. The board might choose in the future to articulate a more specific policy about the mix of forest types that would achieve forest sustainability in Oregon, with an opportunity to do so through the FPFO update/revision process culminating in 2011. For example, if there is a desire to see a greater level of multiple use forestland ownership sustained, a board policy objective could be crafted to address this<sup>2</sup>. Similarly, if there is a desire to see a greater level of

<sup>2</sup> This is one option towards addressing possible board concerns relative to the risks of ‘forest simplification’ - the process of forest stands being managed in ways that lead to a less diversity relative to ecological complexity. An example of this definition of forest simplification is the conversion of multi species, multi aged forests into even aged, single species plantations. Managing for a greater level of diversity could mean a primary focus placed on diversity of ages and species of trees, which also includes other organisms in the food web.

commodity production forestland ownership sustained, a board policy objective could be crafted to address this as well. Such a discussion would occur in the context of considering all seven FPFO strategies, and information provided by the 19 indicators of sustainable forest management for Oregon.

### *Policy Objectives to Meet Expectations of Public Benefits from Private Forests*

The four-part framework for meeting expectations of public benefits from private forests articulated in Table 1—Improve Timber Resource Economics; Improve Non-Timber Resource Economics; Compensate/Incentivize Landowners; Regulate/Restrict Landowners—can be a useful framework for considering board policy objectives specific to private forests. Objectives currently articulated in the FPFO (Appendix A) include a diversity that spans all four categories of this framework, and may or may not be aligned well with current department resources and workload priorities. Also, while the FPFO currently does not explicitly utilize this four-part framework, it does include value and policy preferences that can be viewed in the context of this framework. For example, significant emphasis is currently placed on a preference towards utilizing non-regulatory methods towards achieving the goal for forest sustainability (articulated in the principles, value statements and actions). Considered through the lens of the four-part framework, this is interpreted as direction to look at the “regulate/restrict landowners” only after considering the other three strategies first. Through the process of addressing the primary issue of the Board’s Private Forests Work plan in the development of this issue paper, the Board has as opportunity to review this and all of the actions in the current FPFO relative to private forests that make-up the current policy objectives. The Board’s task in this effort will be to update those objectives (currently referred to as “actions” in the FPFO) given current issues/challenges on private forests, and better articulate board priorities to guide program and efforts.

## **IV. Alternatives and Their Consequences**

To be completed. (See Appendix A for the current FPFO policy objectives (i.e. actions) specific to private forests.)

## **V. Recommendations and Reasoning**

To be completed.

## **VI. Closure**

To be completed.