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Background Brief on ...

Agricultural and Forestlands

The combined economic output of Oregon's natural resource industries was over \$55 billion in 2012 – 37 percent of the state's annual domestic product. Oregon has a long history of protecting agricultural and forest lands for farming, forestry, and other natural resource use. In 1961, concerns over loss of farm and forestland led the legislature to authorize Exclusive Farm Use (EFU) zoning and special tax assessment for farm land. Later, in 1973, the legislature enacted broad land use legislation, further strengthening Oregon's protection of farm and forestlands. That legislation established the Land Conservation and Development Commission, required comprehensive statewide land use plans, and included statutory farm land protection as well as special farm and forest tax assessment provisions. (For more information on Oregon's land use planning system, see the Background Brief on Land Use.)

Oregon protects agricultural and forest lands under laws at Oregon Revised Statutes Chapters 197 and 215, and through Statewide Land Use Planning Goals 3 and 4. Counties are required to inventory farm and forest lands in their comprehensive plans and zone these lands for EFU or Forest Use, and must protect these lands from incompatible development by restricting conflicting land uses and land divisions.

All cities (and Metro on behalf of cities within its jurisdiction) are required to establish an "urban growth boundary" (UGB), which separates urban and urbanizable lands from rural lands not intended for urban development. UGBs help cities plan for near and long-term community development. Areas inside UGBs are generally zoned for urban housing and employment uses, while lands outside UGBs are designated for farm and forest uses, and for *rural* residential and *rural* commercial and industrial use.

Table 1. Acreage of Land Use in Oregon

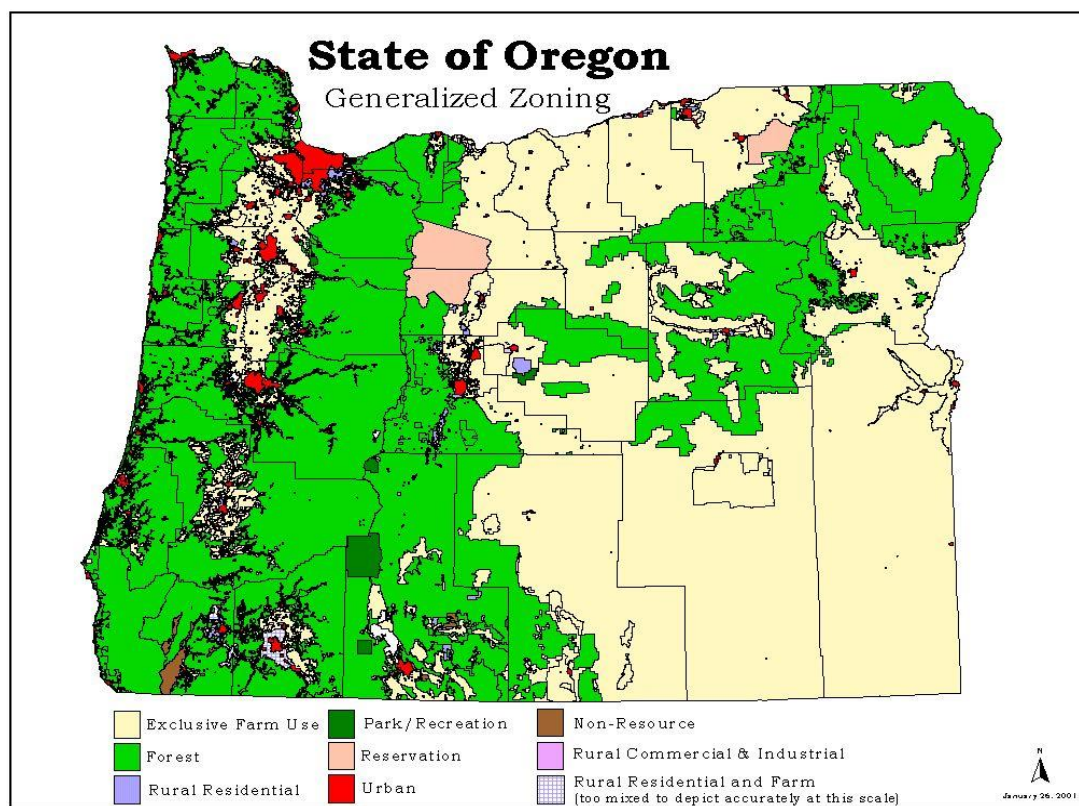
Land in Oregon	Acres	Percent
Total Private Land	27.7 million	45
Farm	15.5 million	(25)
Forest	8.2 million	(13)
Farm/Forest	2.3 million	(4)
Rural	890,116	(1)
Non-resource	105,000	(0)
Urban (UGB)	781,836	(1)
Total Public Land	34.1 million	55
Total Land	61.8 million	100

“Agricultural lands” are areas containing predominantly Class I, II, III, and IV soils, as classified by the U.S. Natural Resources Conservation Service. Class V and VI soils in eastern Oregon are also farm land. Also, other land that is suitable for farm use or adjacent or intermingled with productive farm land may be considered agricultural land.

Agricultural lands outside UGBs must be protected by EFU zones unless the land is designated as forest land or unless the local government has taken “an exception” to Goal 3 (see discussion below).

Forest lands are those lands suitable or necessary for commercial forest uses and forest operations, based on “cubic foot site class” ratings from the U.S. Natural Resources Conservation Service. Forest lands also include other lands that are “required to maintain soil, air, water and fish, and wildlife resources.” Forest lands must be protected through county forest zones unless the land is designated as agricultural land under Goal 3, or unless the local government has taken an exception to Goal 4 (see discussion below).

Some counties have adopted mixed farm-forest zones. In these areas, counties may apply either farm or forest requirements concerning allowable uses and land divisions. However, proposed dwellings must be reviewed based on the predominant use of the land in 1993.



Permitted Uses and Conditional Uses in Farm and Forest Zones

Land use laws allow a variety of farm or forest related uses on farm and forest land, and also allow *conditional uses* not related to farming or forestry. “*Permitted uses*” are reviewed by local planning officials but discretionary approval criteria or *conditions* are not usually applied. “*Conditional uses*” are not appropriate in all farm or forest areas but may be appropriate in specific locations. Local governments may apply *special conditions* in approving conditional uses, to reduce impacts on nearby farm or forest uses.

Farm use is defined by law as “the employment of land for agricultural or horticultural uses to obtain a profit,” including growing crops, raising specified animals, the processing and marketing of related farm products, and certain other uses. In 1963, the first statutory EFU zone allowed only six non-farm uses; today over 50 non-farm uses are allowed in EFU zones, including a wide variety of residential, commercial, utility, transportation, natural resource, and public and semi-public uses. See [OAR 660-033-0120 Table 1](#).

Allowed *forest uses* in forest zones include over 40 forest-related and non-forest-related uses, including a variety of natural resource, residential, commercial, utility, transportation, recreation, and public and semi-public uses. Permitted uses include those authorized under the Forest Practices Act. About half of the allowed uses in EFU and forest zones are identical, while others are tailored to the zone type. See [OAR 660-006-0025 and 0027](#).

Land Divisions in Farm and Forest Zones

Oregon land use law sets *minimum parcel sizes* and related standards applicable to land divisions in farm and forest zones. In EFU zones, the minimum size for new parcels is 160 acres on rangeland and 80 acres on other farmland. If a county can justify a lower minimum lot size that will protect commercial farming, it may be approvable by the Land Conservation and Development Commission. Several counties have applied these lower

minimums. New non-farm parcels may be created for certain allowed non-farm uses.

The statutory minimum parcel size for new forest parcels is 80 acres. New non-forest parcels may be created for many of the allowed non-forest uses, except for new dwellings (see discussion below).

Dwellings on Farm and Forest Lands

In EFU zones, seven categories of dwelling types are allowed by law: primary farm dwellings, accessory farm dwellings, relative farm-help dwellings, non-farm dwellings, lot-of-record dwellings, replacement dwellings, and temporary hardship dwellings. *Non-farm dwellings* may be sited only on soils that are generally unsuitable for agriculture. In order to allow a “farm dwelling,” local governments must determine that the parcel is at least 160 acres or that it has been producing at least \$40,000 in *gross revenues* from agriculture (\$80,000 on high-value farm land).

Marginal, Secondary, and High-Value Farmlands

In 1983, the Legislative Assembly approved the Marginal Lands Act, allowing reduced regulation of certain “marginal” farm lands in return for greater protection to more productive lands. Lane and Washington Counties were the only two counties to adopt the marginal lands program before the statute was repealed in 1991 and those are the only two counties allowed to continue to operate under that program.

During the late 1980s and early 1990s, there were unsuccessful attempts to establish a category of “secondary resource lands.” In 1993, allowance was made for dwellings on less-productive agricultural land, but in return, standards allowing dwellings and land divisions on high-value farmland were made more rigorous. High-value farm lands are defined as Class I and II (prime) soils, certain Class III and IV soils in the Willamette Valley, and lands growing certain types of perennials outside of the Willamette Valley.

In forest zones, five categories of dwellings are allowed: large-tract dwellings, lot-of-record dwellings, forest template dwellings, replacement dwellings, and temporary hardship dwellings. *Forest template dwellings* are allowed in areas with existing development and parcelization in the vicinity. In western Oregon, *large-tract dwellings* are allowed on ownerships of at least 160 contiguous or 200 non-contiguous acres. In eastern Oregon, they are allowed on ownerships of 240 or more contiguous acres or 320 or more non-contiguous acres.

Conversion of Farm and Forest Land to Other Uses

Farm and forest land is occasionally converted to other uses. For example, when UGBs are expanded, agricultural and forest lands are often included in the expanded boundaries and designated for urban uses. Counties may remove farm or forest protection requirements by adopting a *goal exception*. Exceptions (to Goal 3 or Goal 4) are appropriate for land already developed with non-farm or non-forest uses, or when adjacent conflicting uses make it impracticable to continue farming or forestry. There may be other reasons to allow a use not otherwise allowed on farm or forest land.

Finally, landowners or counties may show that specific parcels currently zoned for agricultural or forest use do not actually meet the definition of agricultural or forest land, and should therefore be rezoned to allow other uses.

Special Tax Assessment for Farm and Forest Properties

Property in Oregon is typically taxed based on real market value. In recognition of the adverse effects that high property taxes can have on forestry and farming, and in recognition of the restrictions placed on these lands to meet state farm and forest land protection requirements, the legislature established special assessment tax programs to reduce property tax burdens for farm and forest lands that meet certain criteria.

EFU land primarily used to make a profit in farming, and that has been used exclusively for farm use in the previous year, is automatically

eligible for a special (reduced) farm use tax assessment. Lands that are not in an EFU zone but are used as farmland may also qualify for special tax assessment if the land has been used for farm use for the previous two years and the land generated farm income in three of the previous five years (see Table 2). Special

Table 2. Income Requirements for Farm Use Special Assessment in Non-EFU Zones

Acres	Minimum Gross Farm Income
6.5 or less	\$650 total
greater than 6.5 and less than 30	\$100 per acre
30 or more	\$3,000 total

assessment value is determined using a farm “income method,” depending on the location of the property and its production ability.

Certain forest lands may qualify for special (reduced) tax assessment if the property meets the Oregon Forest Practices Act “stocking and species standards.” Land need not be in a forest zone to qualify.

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