



MEMORANDUM

To County Commissioners

From Eric Johnson – Zoning Administrator

Date July 23, 2010

Subject Property Valuations and Zoning Regulations

Staff has been requested to address the question whether a change in zoning regulations negatively affects proper values.

From speaking with various individuals, variable responses were received. In responses from local individuals (assessors, appraisers and realtors), most indicated that it would be extremely difficult to attribute the net increase or decrease, based on new or heighten restrictions in regards to zoning. Each case would have varying degrees of limitations, issues and highest and best use scenarios.

Staff did research the topic on the Web, and did come across considerable information from the State of Oregon, which has had plenty of debate on this very issue. Oregon is a good comparative in that the State has a wide range of zoning regulations (counties with varying degrees of restrictions) and also have areas/individual counties that enforce exclusive farm and forest zoning (overlay districts). The report was commissioned by Oregon State University, Extension Service, and was released in June 2007.

From the Executive Summary, the following points were emphasized:

- *Land Values (adjusted for inflation) have generally risen since the introduction of Oregon's land-use planning System in 1973, both for rural lands zoned for farm and forest use and for developable lands both inside and outside of urban growth boundaries (UGBs).*

- *Since 1973, when Oregon's land use planning system was adopted, the rate of change in land values in Oregon has been about the same as for similar land in Washington.*
- *The data indicate that over the past 40 years, lands with the most stringent development limits (e.g. those with exclusive farm or forest use zoning) have increased in value at about the same rate as lands without restrictions.*
- *There is no evidence of slower rates of increase overall for the Oregon lands studied compared to lands in the Washington counties studied.*

Additionally, the following points are emphasized:

- *The data and statistics gathered from the study DO NOT Support the belief that Oregon's land-use system has systematically reduced the value of restricted properties. The results are consistent, however, with the design of Oregon's land-use planning system and with economic principles. Oregon's land-use planning system is not intended to limit the amount of development that occurs, but rather it is intended to influence the location of development in ways that are consistent with various land-use planning goals. Among those goals is an interest in concentrating the location of development within urban growth boundaries rather than allowing dispersed and fragmented developments. Sprawl or scattered development can raise costs for public services and infrastructure and produce adverse effects when incompatible land uses (e.g., farming and residential) are mixed.*
- *These findings are consistent with results from other economic studies. Studies from many other parts of the country, and some within Oregon, have found evidence of positive, negative, and neutral effects from land use regulations, reflecting the fact that there are often substantial positive amenity and scarcity effects that can offset some or all of the negative restriction effects associated with land-use regulations.*