



Working to Keep Oregon Oregon

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FAX

TO: Terri Hansen Payne
FROM: Carol Macbeth *CM*
FAX: 385.1764
PHONE: 384.1404
RE: 1000 Friends Veto Request SB 911
DATE: Nov. 28, 2006
NO. OF PAGES: 6
 (including cover)

Terri,
 Good speaking with you this afternoon.

For your information here is a copy of our Sept. 8, 2003 letter to Governor Kulongoski requesting his veto of SB-911.

On its website KTVZ Channel 21 reports that in a work session of the Deschutes County Commissioners yesterday, a lobbyist for the destination resort industry characterized SB-911 as: "*a compromise between state land-use officials, the resorts, and the watchdog group 1000 Friends of Oregon.*"

As this letter indicates, that statement mischaracterizes our position on SB-911, and by extension our position on the proposed changes to Deschutes County code.

We would appreciate your sending a transcript of yesterday's work session at your earliest convenience.

If you have any questions regarding our position on SB-911, or the related proposed changes to Deschutes County code, please do not hesitate to call.

Best regards,

Carol Macbeth
 Central Oregon Advocate
 1000 Friends of Oregon

Did You Know?

1000 Friends of Oregon has more than 5000 members – and at least one member in each of Oregon's 36 counties.

Oregon agriculture employs more than 100,000 Oregonians, and is a \$5.5 billion/year industry.

More than one-third of Oregon's agricultural revenues come from east of the Cascade Mountains.

Portland's population increased by 36% from 1990-2000; yet its urban growth boundary expanded only 2%. Its overall density is about average for American cities.

Over 800,000 Oregonians are too young, infirm, or poor to drive – they depend on us providing transportation choices.

While 1000 Friends of Oregon was the first, over 15 other states now have "1000 Friends" groups.

For more information, visit
www.friends.org

September 8, 2003

Governor Ted Kulongoski
Oregon State Capitol, Room 254
Salem, Oregon 97310

By Facsimile: (503) 378-4863

RE: Request to Veto Senate Bill 911

Dear Governor Kulongoski:

1000 Friends of Oregon respectfully requests that you veto Senate Bill 911, which makes several ill-advised changes to the laws governing destination resorts. The main provision of the bill increases the ratio of residential homes to overnight lodging units allowed at resorts in Central and Eastern Oregon. **The effects of this change will be to undermine the economic development potential of destination resorts and to allow significantly more residential development unrelated to tourism outside urban growth boundaries east of the Cascades.**

This bill is pure gravy for a handful of major Oregon developers and investors, but offers virtually no economic development benefits to the public. Moreover, the changes embodied in the bill come at the expense of farm and forest land. These changes also hurt the small and mid-sized Oregon cities that will lose the residential development that this bill siphons off into “resorts” that increasingly work like exurban commuter villages.

As you know, 1000 Friends worked very hard during the recently completed legislative session in support of legislation that promotes economic development in ways that are consistent with sound planning. We supported and spent numerous hours working on the substantive provisions of HB 2011 (shovel-ready industrial lands) and HB 2691 (mill site redevelopment), which will provide more opportunities for employment to residents of both urban and rural areas of our state.

SB 911, however, does not merit our support—or your signature. Far from promoting economic development, it actually runs contrary to the economic goals that justify destination resorts in the first place. Meanwhile, it increases the likelihood that destination resorts will evolve into little more than rural subdivisions, undermining the urban containment goals at the heart of Oregon’s land use planning program.

We strongly urge you to veto SB 911 for the following reasons:

1. There is no problem for this bill to solve.

The proponents of SB 911 have never been willing or able to explain why legislation to increase the ratio of homes to lodging units is needed. Highly successful destination resorts have been built under existing law, including Bandon Dunes, which does not have ANY residential development; a new resort is approaching construction in Deschutes County (Pronghorn Resort); yet another was recently approved by Crook County (Powell Butte Resort)¹; and others have been proposed. Developers are making money; golf courses and other recreational amenities, as well as overnight lodging, are being provided for the vacationing and touring public; and jobs are being created and sustained in the tourism service economy of Central Oregon. There is no crisis; indeed, as evidenced by the proposals for new resorts and the expansion of others, there is apparently not even a slowdown mirroring the general economic recession.

There is, frankly, only greed and opportunism. People who are already making a lot of money see an opportunity in the present economic downturn and the eagerness of policymakers to “remove barriers” to economic expansion. They are striking while the iron is hot by ramming through SB 911.

2. DLCD has—quite literally—sold out on this bill.

Remarkably, the bill’s proponents were able to achieve passage without any scrutiny of their arguments and without any evidence of a need for the bill. Very early in the session, Department of Land Conservation and Development staff met privately with lobbyists for destination resort developers and committed their agency to support the changes that are now contained in SB 911. They did so without prior consultation with your natural resources advisors; worse, they did so not because they were convinced there is a land use problem for resorts, but because they were attempting to curry favor for their agency’s budget with conservative legislators.

3. The proponents refused to negotiate and imposed a blackout.

1000 Friends attempted to negotiate with the proponents of SB 911 for weeks this spring, and in fact we developed a complete alternative proposal that we sent to them in late May. This proposal included many of the provisions sought by the bill’s proponents and provided substantially more flexibility than current law. The proponents refused to consider our proposal.

In fact, in spite of our efforts to find common ground, some of the bill’s proponents wrote letters to you and others that misrepresented our statements and positions on destination resorts and on this legislation (which at the time was embodied in HB 3213). We have previously responded to those letters. We enclose them again for your reference, along with our response.

The proponents would not work with us; that was their prerogative. But, amazingly, when we tried to independently inform ourselves about market conditions in the resort industry—vacancy rates for overnight lodging, property management practices, etc.—we learned that a gag order

¹ This approval has been appealed by local residents based on issues unrelated to the provisions of SB 911.

had been imposed, directing that no one in Central Oregon’s tourism industry provide information to 1000 Friends (see attached May 13, 2003 email from the Oregon Lodging Association, which was apparently sent to us by mistake).

4. SB 911 contradicts the fundamental premise that justifies destination resorts.

Destination resorts were designed to provide expanded tourism and economic development opportunities by bringing visitors for extended vacations to rural areas of Oregon. Unlike second homes, overnight lodgings at destination resorts create jobs by attracting vacationers who spend money on lodging, dining, and recreation—not just groceries.

The destination resort elements of Goal 8 were developed by a Joint Subcommittee of the Land Conservation and Development Commission and the Economic Development Commission, which was charged by Governor Atiyeh with devising a policy for siting destination resorts. One of the clearest findings and recommendations of the Joint Subcommittee’s Report reads as follows: **“Destination resorts must provide primarily visitor oriented accommodations to assure that they are not built as or evolve into full time residential communities.”** *Report and Recommendations on Destination Resort Siting, Joint Subcommittee of the Economic Development Commission and the Land Conservation and Development Commission* (April 15, 1983).²

The reasons for this finding are twofold: first, that residential use does not provide the economic development that justifies the siting of destination resorts in rural areas, and second, that such development violates Oregon’s urban containment policies. As noted by the 1983 Joint Subcommittee:

“Destination resorts that evolve into full time communities, cities or retirement centers will not result in the desired economic benefits associated with tourism. . . . Also, such evolution would be inconsistent with Statewide Planning Goals which provide for residential development within urban growth boundaries and on built and committed lands in rural areas. No one has suggested to the subcommittee that there are inadequate lands in these areas to provide for year-round residential development needs.”³

It is very clear from both administrative and legislative history that the Commission and the Legislature did not intend to authorize rural residential subdivisions under the guise of destination resorts. The primary mechanism that has been used to ensure that resorts do not turn into subdivisions—and the primary provision at issue in SB 911—is the ratio between overnight accommodations and residential homes. This ratio also helps to ensure that resorts are oriented toward attracting visitors rather than full-time residents.

² The Joint Subcommittee Report specifically identified certain uses “not considered destination resorts,” including planned communities and rural subdivisions or planned developments. The fundamental concern that the destination resort provisions might be misused to allow residential subdivisions is clearly recorded in the administrative history of the Goal 8 amendment and was again clearly articulated in the legislative history of 1993 Or. Laws Ch. 590 (HB 2932) by Greg Wolf of the Department of Land Conservation and Development when he specifically requested that changes in the destination resort provisions remain consistent with the original intent, which was not to allow the laws to become loopholes that would allow rural subdivisions. *Minutes, Subcommittee on Environment and Energy, House Committee on Natural Resources, March 8, 1993.*

³ According to Deschutes County’s population forecast, the county has a 14-year supply of rural lots.

In short, tourism-related development is rural Oregon’s payoff from destination resorts. Although residential units for sale accompany most large destination resorts in Oregon, destination resorts are intended for visitors—they are not intended to be residential communities or residential planned unit developments.

Yet SB 911 moves us in precisely this direction.

Specifically, SB 911 proposes to increase the ratio to 2.5 residential units for each unit of overnight lodging. A destination resort would thus be allowed to build 375 residential homes for every 150 lodging units—an increase of 25%—with no protection or assurances that such development will not be built as, or develop into, a rural residential subdivision.

SB 911 also includes other elements making it easier to count a unit as an overnight lodging unit, thus further increasing the number of residential homes that can be built. For example, the bill reduces the number of weeks that a unit must be available for rental to qualify as an “overnight lodging unit” from 45 weeks to 38. This, in turn, increases the number of homes and lots that may be sold.

Moreover, SB 911 makes these changes without any increase in the required investment for developed recreational facilities or any other provisions to ensure that the additional residential homes will be oriented to tourism. Recreational facilities are a key to attracting tourists to destination resorts, as well as a tool to distinguish between destination resorts and subdivisions, yet SB 911 increases the number of houses allowed by 25% without requiring a commensurate increase in the level of investment for developed recreational facilities.

Taken together, these amendments do not ensure that destination resorts will “provide primarily visitor oriented accommodations to assure that they are not built as or evolve into full time residential communities.” On the contrary, they move the law substantially away from the original intent of destination resorts—economic development based on tourism.

Conclusion

By this measure, or any other, SB 911 falls short. The bill is entirely unnecessary; its proponents have failed to make a case for it or to negotiate in good faith; and it will undermine both economic development and our land use goals.

Therefore, 1000 Friends of Oregon strongly urges you to veto Senate Bill 911.

Very truly yours,

Bob Stacey
Executive Director

Caroline MacLaren

Subject: FW: Vacancy rates

-----Original Message-----

From: Andrea Gray [mailto:andrea@friends.org]
Sent: Tuesday, May 13, 2003 10:23 AM
To: Carrie MacLaren
Subject: FW: Vacancy rates

What's this all about?

-----Original Message-----

From: leanne Littrell [mailto:Leanne@oregonlodging.com]
Sent: Tuesday, May 13, 2003 10:25 AM
To: 'Andrea Gray'
Cc: Scott@oregonlodging.com
Subject: RE: Vacancy rates

Denise, If you get any request from 100 Friends of Oregon, please do not send them anything without calling Scott or me....a political thing!
Thanks , Leanne

-----Original Message-----

From: Andrea Gray [mailto:andrea@friends.org]
Sent: Friday, May 02, 2003 3:40 PM
To: leanne@oregonlodging.com
Subject: Vacancy rates

Leanne,

I'm doing some legislative research and am interested in vacancy rates for Oregon hotels and/or destination rates for the past year. I'm looking for both statewide numbers and Central Oregon numbers.

Someone at the Oregon Tourism Commission suggested that you might have these numbers.

Thanks for your help!

Best,
Andrea Gray

Andrea Gray
Legal Admin. Assistant
1000 Friends of Oregon
534 SW Third Ave., Suite 300
Portland, OR 97204