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DATE: September 10, 2007
TO: Humboldt County Planning Commission
FROM: Kirk A. Girard, Director of Community Development Services
SUBJECT: **Staff Report # 8 for September 20th Meeting**

RECOMMENDED COMMISSION ACTION:

It is recommended that the Commission take the following actions:

STAFF RECOMMENDATIONS:

1. Open the public hearing and receive the staff report.
2. Continue taking public input on Group 6 Sections: Agricultural Resources and Forest Resources
3. Provide Commission direction on suggested modifications.

SUMMARY

Planning Commission Review Process

At the Planning Commission's meeting on August 16, 2007, the Commission received a staff report on the proposed Agricultural and Timber Resources policies. The Commission received testimony from 28 people, including 9 written comments. A summary of the public comments is included as Attachment A. A summary of the Commissioner comments is included as Attachment B. Written comments on the preliminary draft document received as of September 12 are included as Attachment C.

The Planning Commission requested additional information concerning the data supporting future trends (regarding "conversions" of resource lands), the inclusion of a "no net loss" policy as an alternative and an explanation of the difference in the tax rate for TPZ and non TPZ lands. These items have been addressed below. The Commission also requested a glossary of definitions and using consistent terminology throughout the chapter. Staff is currently in the process of revising the document which will include a glossary to be circulated to the Commission during the next comprehensive review of the chapters.

Data Supporting Future Trends

Section 1.4 of the 2003 Forest Resource Technical Background Report (Background Report) discussed trends for possible conversion of timberlands. This information was subsequently updated in 2005 for the Forestry Review Committee regarding the increased issuance of Certificates of Compliances (Attachment D).

Examples of trends of possible fragmentations of large holdings that County staff referred to during the August 16th Planning Commission meeting includes:

1. Sale of over 6500 acres of timberlands owned by Eel River Sawmills to private real estate investors in 2004.
2. Applications for Certificate of Compliances (usually for recognition of patent parcels) received by the Department has tripled on timberlands in the last 5 years (recent applications by Barnum Timber company alone has included over 23,500 acres of lands zoned TPZ/AE (Barnum Timber holds a total of approximately 38,000 acres)).
3. Since 2000, over 67% of all Certificate of Compliance/Determination of Status applications received by the County has been on agricultural and timberlands, affecting over 53,000 acres.
4. The Pacific Lumber Company is currently in the process of selling up to 60,000 acres of their timberlands to a land development company.

5. PALCO bankruptcy filing. Discussion with the PALCO appraisers have predominately centered on the residential and full buildout capacity of these lands.

The Background Report cites the increase in the issuance of Certificates of Compliances (CC's) of patents and subsequent approval of Lot Line Adjustments (LLA's) on TPZ lands as a potential indicator for "conversion". What should be clarified; however, is that the issuance of a CC or approval of a LLA on resource lands does not necessarily indicate that the land has been taken out of timber production. From a planning perspective, it flags a possible trend in resource lands that bares closer evaluation. Usually Certificates of Compliances are issued prior to the sale of the property. Historically, this has not occurred in a great extent on industrially owned timberland. These lands have been managed cohesively with little to no residential development on them. Staff is recording an increase in the number of Certificates of Compliance applications that are being submitted on behalf of the industrial timber owners. The study results can be found in Attachment D.

As was indicated during the last Planning Commission meeting, staff will provide a map illustrating the industrial timberlands and the effect of entitlements on these lands with full buildout.

"No Net Loss" Policy

The Humboldt County Farm Bureau submitted comments regarding inclusion of a policy reference to the "No Net Loss" Resolution 92-35 adopted by the Board of Supervisors on March 24, 1992 in the General Plan (Attachment E). This issue was also brought up for discussion during the August 16th Planning Commission meeting. Resolution 92-35 in part provides:

'...the Humboldt County Board of Supervisors goes on record as supporting the concept of "no net loss of privately owned lands" coupled with the concept that the acquisition of any lands by State and Federal Government shall be offset by lands of equal dollar value sold back to the private sector by the government with "no net loss of revenue" to the government to be created by the transactions.' (Attachment F)

Staff is proposing to modify Policy AG-P16 to include language reflecting this Resolution to read:

AG-P16 Public Acquisition. Public acquisition of lands designated Agriculture Exclusive (AE) shall be from willing sellers only *and shall be on a no net loss basis.* ~~Support Lease back options for continued agricultural operations~~ *shall be required to offset loss to agricultural production.*

Comparison of the taxation rate for TPZ and non TPZ lands

According to staff with the Assessor's office, timber property is currently selling for approximately \$2300 - \$3000 per acre. If the property is zoned TPZ, the base share value would be approximately \$110 - \$120 per acre, depending on the quality of the timber. If it is not zoned TPZ, the tax liability would be 1% of the sales price minus the value of any structures.

To illustrate how this would "pencil out", the Assessor's staff provided an example to Planning of a recent sale of 87 acres in an outlying area. The sale price was approximately \$510,000. The property contains 48 acres of TPZ with the remainder zoned Ag Exclusive (AE). The tax valuation for the portions of the property zoned TPZ was \$114 per acre while the area zoned AE was estimated at \$3,000 per acre. If the property did not have TPZ zoning, the tax valuation was estimated at \$4,700 per acre for the land value (subtracting out the value of the structures). Therefore the annual tax liability for the AE portion is approximately \$1,170 per year; the TPZ portion is \$55 per year for a total of \$1225. Without the TPZ zoning the annual tax liability would be approximately \$4,000 per year. TPZ tax is set up as a deferment tax and only gets collected when timber is harvested. This tax, known as a "yield tax" is collected on all harvested timber regardless of the underlying zoning.

ATTACHMENTS

- Attachment A: Summary of public comments at August 16th, 2007 meeting.
- Attachment B: Summary of Commissioner Comments at August 16th, 2007 meeting.
- Attachment C: Written comments received as of September 12th, 2007.
- Attachment D: Updated Section 1.4 of 2003 Forest Resource Technical Background Report
- Attachment E: Comments submitted by Farm Bureau on July 3, 2007
- Attachment F: "No Net Loss" Resolution 92-35

Attachment A:

**Summary of public comments
At August 16, 2007 meeting.**

**Verbal Public Comments
General Plan Update
Preliminary Hearing Draft
Planning Commission Hearing 8/16/07**

Index #	Synopsis of comments received during Planning Commission meeting
V145 W112	Richard Dorn: Humboldt Association of Realtors (HAR); 750+ members; handed out draft of a Right To Harvest ordinance. We recommend it be implemented. In the end, there are going to be maybe 5 different disclosures necessary. The County has a right to create its own disclosure for all property transfers that covers all these areas. We want to help the County develop that.
V146 W113	Dan Opalach: Green Diamond Timber Co.; submitted a letter, and read it. It's difficult to find the data that supports the conclusions. Timber production doesn't seem to be negatively impacted by residential uses. Looked to the number of harvest plans submitted. Natural Resources report concludes that Lot Line Adjustment and Certificates of Compliance don't affect timber productivity. There should be a map produced showing the residential use of Timber Production Zone (TPZ) lands. Forestry Review Committee (FRC) could also benefit from such a map. Consequences of policies are huge. FRC should be given a chance to finish their review of the Element. Property owners with Non Industrial Timber Management Plans (NTMP) will result in lower harvest yields – that's to be expected.
V147 W114	Connie Wolfson Bird; Wolfson Blueberry Farm; Described their family situation; wants to subdivide property to provide a place for a family member to help with running the farm. Now it's not allowed, but there ought to be a way. It's only 26 acres. Surrounded by smaller lots on 3 sides.
V148 W114	Laurie Wolfson & Elaine Wolfson; Wolfson Blueberry Farm; reiterated the above comments.
V149 W115	Charles Ciancio; NTMP owner, Registered Professional Forester; submitted a letter. Don't get hung up on parcel size. A lot of NTMP product isn't getting on the market because there are too many regulations. Does not support B; supports existing policies. Proper development does not reduce productivity. Development is a benefit on TPZ. Lack of RPF input up to now. Andrea Tuttle doesn't have hands on experience. Her comments didn't get peer review. More rules will reduce open space.
V150 W116	Shane Green; North Coast Regional Land Trust; submitted a letter. There is a good range of alternatives. Subdivision of TPZ lands and unpermitted residential development has impacts on biological resources; grading, water diversions impact health of the watersheds; pond construction fails, delivers sediment to streams. Cumulative impacts are considerable. If we can't enforce County requirements now, we need to strengthen that. There are thousands of acres of forest lands impacted by unpermitted development. Supports Goal FR-G2; orderly growth. Planned Rural Development (PRD) program, Transfer of Development Rights (TDR) program could work.
V151 W117	Tom Walz; Sierra Pacific Industries; 50,000 acres. Submitted comments. Their markup is recommended. Provides for long term management for timber production while maintaining values. Would be a win win. Existing policies are working well. Public acquisition resulted in the most loss of productivity.
V152 W111	Tina Christensen; attended all the FRC meetings. Listen to the timber companies. Representing HAR. Merger ordinance should be rescinded. April 6 letter submitted

	to the FRC; explains why they feel that way.
V153	Victoria Copeland; HAR; Forestland Residential Interface overlay. We're curious about it. Who would be subject to it? Is it the residential or timberland owner; what development standards would be applied; does it change over time? It should be flexible so it follows development outward. Spoke to the reasons for formation of the Buckeye Conservancy – it was a reaction to over regulation, not for protection of timberlands.
V154	Debbie Provolt; HAR; Supports 40 acre minimum parcel size in TPZ lands and 20 acre minimum in agricultural lands. Second units should be allowed by right. Does not support creation of an Open Space District or Board. It's a property rights issue; they should be protected.
V155 W109	Virginia Graziani; submitted written comments; we're seeing an opportunity to revitalize the agricultural industry in Humboldt County; local, organic products are becoming higher demand; grass fed beef. Need to protect our resource lands to allow for that. Spoke about the PRD program. Resource lands aren't appropriate for affordable housing; it's for producing agricultural products. Uses that inhibit agricultural resources needs to be tightened up. Need language for monitoring and enforcement of Williamson Act. I pay more taxes on my ½ acre than large Williamson Act land owners; and I'm willing to do that provided they are using their property for agricultural use.
V156	Mark Lovelace; Healthy Humboldt; Large timberland owners are a stakeholder, but there are others; State law has a high bar for maintaining timberland. TPZ lands are subsidized by the public. It's not for other non-timber uses. Forested estates should not be subsidized by the public. Subdivision does not work to protect timber productivity. If we make it easier to subdivide, that's what we're going to get. Timber productivity is compromised by competing with residential use. Merger ordinance could work if incentives were provided. It's the only tool the County has to protect timberlands from becoming fragmented. PRD program may work to a limited degree, but we think a TDR program would work better.
V157	John Laboyteaux; wheat is being grown locally for the first time in 80 years; Who would have believed in the success of goat cheese and organic products? My farm is 26 acres; it had a life estate; they were able to farm their part, and I farmed it, and it worked out well. Question of agricultural use on Williamson Act. Is gross product sufficient to pay taxes? – that should be the criteria for whether it is a viable agricultural use. 20 acre parcels are no longer farms if they have substantial residential use. Supports 50 acre minimum parcel size. Likes the options presented for strengthening our resource protection policies. Residential development is appropriated in infill areas. Supports stronger resource protection measures.
V158	Jorie Grundy; President of Cattlemen's Association. Supports discussion of the development pressure on agricultural lands. Supports policies for protection of agricultural lands.
V159	Katherine Ziemer; Farm Bureau. Will be submitting something in writing. Appreciates the agricultural protection policies.
V160	Butch Parton; Humboldt County Farm Bureau; Resolution 92-135 should be added to the general plan – no net loss of agricultural lands.
V161	Joe Russ; If it ain't broke, does it need to be drastically repaired? We spent a lot of time working on the Framework Plan. New regulations of TPZ lands are coming from the State. Our family works in both timber and agricultural lands. Supports Industrial Timber owner's recommendations; supports Alternative C or D. Study of sales of property; value of 600 acre lots were less than 160 acre lots. Buckeye

	Conservancy is interested in reduction of rules.
V162	Miriam Cook; Freshwater; The clearcutting of forests upstream has increased flooding in the area. A 10 year storm now results from a 1 ½ inch storm event. Increased frequency of floods. Causes safety problems. Pools are filled up. There are fewer fish in the creek. We've asked a lot of agencies for help, but nothing seems to have changed.
V163	Lisa Brown. Background chapters indicate conversion of thousands of acres of resource lands, and we need to change this. Supports Option A – no net loss. Existing Framework Plan could also function effectively with some revisions. Will be providing written comments.
V164 W118	Jennifer Kalt; CNPS; Grew up in Bay Area. They would have laughed if you said, 20 years ago, that 20 years from now, you're going to have air pollution and traffic problems. Was surprised to learn there is no open space zoning designation like other communities; would like to see one. Our agricultural and timber resource protection policies serve that purpose. Approval of septic systems near the ocean may result in fecal coliform contamination. Existing State laws are not being enforced. Survey from Humboldt State University; farmers need to expand; residential uses are in conflict with resource production; don't make it easier to do agriculture.
V165	Joyce King; we need to diversify the FRC. We need to start thinking about the diverse use of forests. There are a variety of uses of forests, such as carbon sequestration, climate control, air quality, a variety of products from non-timber forest products that are increasing in demand. Interested in watershed based planning. Forests are the headwaters of our rivers. If they're healthy, they'll deliver water for a long time during the year, and now some of our rivers dry up during the summer. Cumulative impacts aren't considered by the permitting process. Even if each person, household, businesses is individually held to a certain standard, when there are too many of them, the watersheds collapse. And because we adapt so well and because change is so slow... we need long term effectiveness monitoring for all the mitigations we are proposing. Listed non-timber uses of forest lands.
V166	Hans Pershall; Mr. Ciancio, representatives fro industrial timber know what they're doing, and they support less regulation. I support that too. Unpermitted development won't be affected by new policies. If we can't enforce the existing policies, how are use permit requirements for second units with the new general plan going to be enforced? Second units should be allowed by right. Revised drafts are all broken on the County's website.
V167	Chuck Harvey; respects private property rights, but markets work best with certain rules in place, i.e. child labor laws. Change is accelerating. Rules need to be set for economic gains. Markets are games with rules. Supports Plan A. We need to conserve energy. We need urbane cities and more rural countrysides.
V168 W119	Kay Backer; HELP; Second units are allowed in McKinleyville, but why not for Blueberry farmowners? Read goal of and described members of HELP group. Diverse group. Staff attempted to influence the FRC with their own agenda. Andrea Tuttle hired to assist with Forest Resources chapter, but she's not a Registered Professional Forester. Why does the County tolerate the lack of professional work from staff? They were supposed to bring back the exact wording of the FRC and they didn't. County staff is interfering with the process. They should be allowed to bring forward their own comments, but they should be put alongside those of the FRC More regulations won't help with timber productivity.
V169	Christy Wrigley; Elk River has been impacted by timber production. Supports

	conserving natural resource; supports Option A. Questioned the objectivity of the Planning Commission chairman because of his connection to the Pacific Lumber Company.
V170 W120	Julie Williams; North Coast Home Builders; they have a diverse group as well. Bob Morris helped her with their comments. Submitted written comments. 5 concerns and solutions: 1 - Substandard TPZ parcels. They were created by the County. Solution is to allow for rezone to appropriate size and use, such as the Forestry Recreation zone. 2 - Withdrawal of timberland. Withdrawn of timberland is caused by governmental acquisition; despite policies not supporting public land acquisition, they allow it. Solution is to apply standards modeled from the Headwaters deal. 3 – parcelization and fragmentation. The size of parcels has been fluctuating over time. Solution: change the zone to fit the parcel size, not the other way around. 4 Disagree with use permit requirement for residences on TPZ zoned parcels. Supports Alternative D, no further regulations
V171	Gary Rynearson; FRC member; Registered Professional Forester. The FRC passed a bunch of motions. The last one was to continue deliberations. Want to do a line by line review of the chapter. Will take several meetings. Timber tax is a State tax, which is the value of the discounted flow of the...(I can't keep up with him) It was supposed to be revenue neutral to the County. Our discussions at the FRC haven't been about subdivision, it's been about conversion. It's a tough question. State law provides for 2.99 acre conversion for a residence.

Attachment B:

**Summary of Commissioner comments
at August 16, 2007 meeting.**