

Exhibit T – Mult. Co. Potential Farm Income


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Memorandum

To: Lindsey Nesbitt, Senior Planner
 Multnomah County Department of Community Services

Date: March 3, 2015

Subject: Farm Capability Numbers

The purpose of this memorandum is to outline the methodologies and data sources used to compile farm capability figures for Multnomah County, consistent with Oregon Administrative Rule (OAR) OAR 660-033-0135(2)(a).

Attachments include

1. OAR 660-033-0135(2)(a)-(c) and OAR 660-033-0130(1).
2. Estimated Potential Gross Sales Per Acre For Each Land Class Results Table
3. Excel document with above numbers, calculations and supporting documentation.

Methodology:

OAR 660-033-0135(2)(c) prescribes the data sources and to substantial extent the methodologies for producing farm capability numbers to be used for the siting of a dwelling on farmland under OAR 660-033-0130(1). OAR 660-033-0135(2)(a) and (b) govern the application of said numbers once compiled.

Below is a step by step walk-through of OAR 660-033-0315(2)(c) with references to the excel spreadsheet compiled for Multnomah County.

Step 1.

Code: 660-33-135(2)(c) *"In order to review a farm dwelling pursuant to subsection (2)(a) of this section, a county may prepare, subject to review by the director, a table of the estimated potential gross sales per acre for each assessor land class (irrigated and nonirrigated) required in subsection (2)(b) of this section. The director shall provide assistance and guidance to a county in the preparation of this table. The table shall be prepared as follows:"*

Notes:

- a. Preparation of the figures is optional.
- b. DLCD director shall provide assistance with and guidance to the County
- c. There will be separate figures for irrigated values and non-irrigated values.
- d. The full text of OAR 660-033-0135(2)(a)-(c) and OAR 660-033-0130(1) are found in the attached excel spreadsheet at the worksheet titled, "OAR660-066-0010".

Step 2 (Indicator Crop Selection).

Code: "660-33-135(2)(c)(A) *Determine up to three indicator crop types with the highest harvested acreage for irrigated and for nonirrigated lands in the county using the most recent OSU Extension Service Commodity Data Sheets, Report No. 790, "Oregon County and State Agricultural Estimates," or other USDA/Extension Service documentation;"*

Notes:

- a. The most recent OSU Extension Commodity Data Sheets, Report 790 figures are found in the excel document worksheets titled "details 2008-2012" and "sales



2008-2012". Print-outs of the same commodity sheets are also attached separately. See also worksheet "Bibliography" for additional citations.

At the time the data was compiled, the most recent reports are provided through the year 2012.

- b. "Other USDA/Extension Service documentation" utilized was from the OSU Extension Service OAIN interactive data download website: <http://oain.oregonstate.edu/> and <http://oain.oregonstate.edu/EconInfo/sr790-2013.pdf>
- c. The County may select between 1 and 3 indicator crops, for each category being irrigated and non-irrigated. The indicator crops selected must be that which is reported to have the highest harvested acreage. The last / most recent five years (that were reported) were selected in order to comply with OAR660-33-135(2)(c)(B), addressed in detail below.

Three crop types are recommended as indicators for the irrigated crop category. The three crop types are Grains, Grass and Legume Seed, and Small Fruit and Berry. These are the three with the highest reported acreage. As a side note, it is very likely, based on the gross dollar amounts associated with vegetable and truck crop and specialty crops, that these two types should be indicator crops, however since the rule states the OSU Extension Service Commodity Sheet 790 must be used, and said sheets show these two crops to not have the highest reported acreage, they cannot be used as indicator crops.

The crop type recommended for non-irrigated crop category is Hay and Forage, being the highest reported acreage in a discernable non-irrigated category.

See "details 2008-2012", cells A5 - AD12. Specifically values in the "acre" columns for each year respectively.

Step 3 (Combined Weighted Average).

Code: "660-33-135(2)(c)(B) Determine the combined weighted average of the gross sales per acre for the three indicator crop types for irrigated and for nonirrigated lands, as follows:

- (i) Determine the gross sales per acre for each indicator crop type for the previous five years (i.e., divide each crop type's gross annual sales by the harvested acres for each crop type);
- (ii) Determine the average gross sales per acre for each crop type for three years, discarding the highest and lowest sales per acre amounts during the five year period;
- (iii) Determine the percentage each indicator crop's harvested acreage is of the total combined harvested acres for the three indicator crop types;
- (iv) Multiply the combined sales per acre for each crop type identified under subparagraph (ii) of this paragraph by its percentage of harvested acres to determine a weighted sales per acre amount for each indicator crop; and
- (v) Add the weighted sales per acre amounts for each indicator crop type identified in subparagraph (iv) of this paragraph. The result provides the combined weighted gross sales per acre."

Notes:

- a. Gross sales per acre for each indicator crop are identified in the "gross per acre" fields (Cells F5-F8; L5-L8; R5-R8; X5-X8; and AD5 - AD8) on worksheet, "details 2008-2012" for each of the last five years.

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- b. The same were carried forward in a more compact manner on worksheet, "Summary_2008-2012" cells E3 through I9, for all five years. The irrigated crops are in rows 4-6 and the nonirrigated crop is in row 9. (OAR660-33-135(2)(c)(B)(i))
 - c. Averages of gross sales per acre excluding the highest (highlighted in orange) and the lowest, (highlighted in light blue) were calculated in cells K3-K9. (OAR660-33-135(2)(c)(B)(ii))
 - d. The percentage each crop's harvested acreage is of the total combined is found in cells N3-N9. (OAR660-33-135(2)(c)(B)(iii))
 - e. The weighted sales per acre amount is found at Cells P3-P9. (OAR660-33-135(2)(c)(B)(iv))
 - f. The Combined weighted gross sales per acre is found at Q7 for irrigated crops and Q9 for nonirrigated crops. (OAR660-33-135(2)(c)(B)(v))

Step 4 (Average Land Rent Value).

Code: "660-33-135(2)(c)(C)" *Determine the average land rent value for irrigated and nonirrigated land classes in the county's exclusive farm use zones according to the annual "income approach" report prepared by the county assessor pursuant to ORS 308A.092;"*

Notes:

- a. Multnomah County Planning provided a copy of the 2014 Farm Rates prepared by Multnomah County Department of Assessment and Taxation, consistent with ORS 308A.092. The same is included as an image under worksheet, "Rents". The figures for the same were transferred into a table within the "Rents" worksheet in cells C5 - I12.
- b. The average land rent value for irrigated land classes is found at cell K12 and nonirrigated is found at cell J9.

Step 5 (Adjusted Combined Weighted Sales Per Acre / Potential Gross Sales Per Acre By Land Class).

Code: "660-33-135(2)(c)(D)" *Determine the percentage of the average land rent value for each specific land rent for each land classification determined in paragraph (C) of this subsection.*

Adjust the combined weighted sales per acre amount identified in subparagraph (B)(v) of this subsection using the percentage of average land rent (i.e., multiply the weighted average determined in subparagraph (B)(v) of this subsection by the percent of average land rent value from paragraph (C) of this subsection).

The result provides the estimated potential gross sales per acre for each assessor land class that will be provided to each county to be used as explained under paragraph (2)(b)(C) of this section."

Notes:

- a. Percent of average land rent value for each specific land rent for each land classification values are found at worksheet "Rents", cells L3 - L12. The same are carried forward to cells D21 - D28 on worksheet "Summary_2008-2012"



- b. The adjusted combined weighted sales per acre amount identified in (B)(v) are found at worksheet "Summary_2008-2012" cells Q7 for irrigated and Q9 for nonirrigated. The same are carried forward and applied to Cells E21 - E28.
- c. The multiplication of the two values above generates the Estimated Potential Gross Sales Per Acre for Each Land Class in Cells F21 - F28 on worksheet "Summary_2008-2012" These are the values to be utilized in the evaluation of qualification for Dwelling on farm zoned land under OAR 660-33-130(1) also referred to as the Farm Capability Dwelling.

Step 5 Results Table

Description	Class	Percent of average	Combined weighted gross sales per acre	Estimated Potential Gross Sales Per Acre For Each Land Class
Dry	I	184%	\$ 432	\$ 795.16
Dry	II	132%	\$ 432	\$ 570.88
Dry	III	108%	\$ 432	\$ 468.94
Dry	IV	47%	\$ 432	\$ 203.89
Dry	V	28%	\$ 432	\$ 122.33
Irrigated	I	133%	\$ 2,276	\$ 3,019.08
Irrigated	II	86%	\$ 2,276	\$ 1,955.21
Irrigated	III	81%	\$ 2,276	\$ 1,854.58

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