

What is the Future of Destination Resorts in Oregon?

Destination resorts are defined in statewide Planning [Goal 8](#) as “self-contained development[s] providing visitor-oriented accommodations and developed recreational facilities in a setting with high natural amenities.” They were originally justified as the only permitted form of intense rural non-resource development in order to “promote Oregon as a vacation destination and to encourage tourism.” An economic boost was anticipated both from the increase in property taxes due to site development and from tourist spending.

Resorts were considered to be a different category of development because people would visit, not stay. There would be no need for school buses, traffic would be minimal because visitors would stay and have all their needs met onsite, and the daily demands of full-time living would not move to the resort. This has remained true for some resorts. For example, Bandon Dunes has 300 overnight units and no individually owned units.

Resorts built more recently, however, have evolved from engines for rural economic development into something more resembling elite rural subdivisions. With this change has come a myriad of problems and costs to the counties these resorts are sited in and to the cities and towns nearby.

The Relationship Between Resorts and Land Use Planning

The first step in understanding this issue is to know how resorts fit into Oregon’s land use planning program. One of 19 statewide planning goals, the current version of [Goal 8](#) (“Recreational Needs”) was adopted in 1984 by the Land Conservation and Development Commission (LCDC). The Legislature enacted the Goal and other destination resort regulations into law by creating [ORS 197.435 – 197.467](#) in 1987. Because the language from the Goal was placed in the statute, it will now take an act of the legislature before the Goal can be changed. Together these regulations govern destination resorts.

Goal 8 creates a two-step process. The first phase consists of the county mapping all the land in the county where resorts could be sited. This mapping process occurs before any specific resort application can be filed, although it is usually prompted by interest from a resort developer who has identified a specific site. The map is accompanied by new county code language governing resorts.

It is during the mapping process, not an individual resort application, that a county determines on which lands a resort may be located. Only eight out of Oregon’s 36 counties have completed the resort mapping process so far.

The second phase, after the map and ordinance have been adopted, begins when a specific resort application is filed with the county. This is the stage at which the county must determine whether the resort meets other criteria in statute and the adopted local

ordinance.

Two Types of Resorts

Current law defines two types of resorts: “large” and “small.” ORS 197.435-197.467, sets forth requirements for large and small resorts and establishes minimum number of overnight and residential units for each, as well as providing guidance about restaurants and related commercial facilities. To date, all resorts have been large resorts under existing law.

Large destination resorts are the only form of intense rural development allowed on farm and forest land. State law also requires minimum investments for developed recreation facilities (currently about \$10 million for a large resort) in order to assure that the resort operates as a destination in its own right. Small resorts may have 25-75 units of overnight lodging are not allowed on resource land.

Large resorts may have individually owned units as well as overnight accommodations. At many of the newer resorts these units have become full-time residences. These houses are far from services and amenities, which requires resort homeowners to drive long distances to meet their daily living needs.

Resort Impacts: Not Just Higher Property Tax Revenues

Developers and supporters of destination resorts have long trumpeted the benefits that resorts bring to counties, including higher property tax revenues. However, that is only one side of the ledger. Any rural development, but particularly a large development like a resort, has impacts on the roads, water, storm and surface water, law enforcement and fire safety resources of the county it is located in. Impacts like these have costs that, if not mitigated, are borne by the taxpayers and residents of the county. These costs have led the city of Redmond into conflicts with Deschutes and Crook counties regarding the traffic impacts resorts approved by the counties are having on the city and prompted the city of Sisters to pass a resolution expressing concern for its future if another resort is sited near it.

It is telling that in 2008 the voters of Crook County, home to four approved resorts, overwhelmingly voted to place a moratorium on the siting of any new resorts in the county.

Thus far there has been only [one comprehensive study quantifying the net economic impact of resorts in Oregon](#). It concluded that the large destination resort model, as it has been developed more recently, imposes significant net costs to the taxpayers of the region it is located in.

Resorts in the New Economy

Resorts thrived, especially in Central Oregon, when real estate values were reliably rising and there was a significant pool of people who could afford to buy high-end homes or second houses as an investment or as a place to visit. With the drop in the real estate market and general financial uncertainty, those investors are disappearing.

A few years ago, it was assumed that a built resort would thrive. This is no longer a safe assumption. For example, Crook County is home to four resorts, and has the highest unemployment rate in the state at 19 percent; the owners of the Running Y and Eagle Crest resorts just announced a large number of layoffs at these resorts; and the Thornburgh resort in Deschutes County is currently in foreclosure, as are a number of private lots in the Brasada resort in Crook County.

These financial uncertainties place new pressure on county residents and leaders to anticipate, in their local codes, who will be responsible for providing essential services if a resort does declare bankruptcy. Economic uncertainties also warrant greater analysis of the actual economic impacts of resorts.

Time for Reform

As the costs and problems caused by resorts are beginning to become more clear, there is becoming more interest in the legislature in changing destination resort law. It is time for such a review: the law is over twenty years old and the world is a different place than it was in 1987. It would be even more encouraging if the conversation about resorts took into account more information and more possibilities for our future.

Siting Standards: Where can resorts be located?

See the referenced statutes for exact legal requirements.

Under Goal 8, counties comprehensively map all the land in the county and maps those lands where resorts may be sited under state law and county ordinance. The county may add in local requirements not covered by the state. ORS 197.455 requires that counties exclude the following areas from eligibility for siting a destination resort:

1. Land within 24 air miles of an urban growth boundary (UGB) with a population of 100,000 or more.
2. On a site with 50+ contiguous acres of unique/prime farmland.
3. Within 3 miles of a high value crop area, which is a concentration of commercial farms capable of producing crops/products with a minimum gross value of \$1,000 per acre per year. 197.435(2) (Note that hay may qualify under this standard.)
4. On predominantly Class 1 or 2 forest lands
5. In the Columbia River Gorge National Scenic Area.
6. In especially sensitive big game habitat mapped by ODFW in 1984 and in a comprehensive plan.
7. Other lands needed to protect threatened and endangered species habitat, streams, riparian vegetation, significant wetlands, important natural features and use of buffers, setbacks and other tools to minimize effects on surrounding lands and intensive farming.

Counties of course retain the authority to be more protective than the state minimum requirements, so long as the county provides a basis for their conclusions. For example, in 1992 Deschutes County chose to exclude all irrigated farmland and forest land within one mile of an urban growth boundary. The county also requires a traffic study to measure impacts on public roads and measures needed to mitigate for impacts. The county also requires that the source of water be identified as well as any areas that may be affected by the increased use of water. (DCC 18.113.050(11))

Other examples can be found in the ordinances from other counties.

Large and Small Destination Resorts

See the referenced statutes for exact legal requirements.

The characteristics of large and small destination resorts are set forth in statute, and are summarized below.

Large Destination Resort Standards (ORS 197.445)

1. The site must be 160+ acres of farm or forest land (unless within 2 mile of ocean, then 40+ acres).
2. At least 50% of the site must be permanent open space.
3. At least \$7 million (in 1993 dollars, or about \$10 million today) must be spent on onsite recreational and visitor-oriented accommodations excluding land, sewer, water facilities and roads.
4. Commercial uses of the types and levels necessary to meet visitors' needs. (Note, for example, that Deschutes County spells these out in more detail. DCC 18.113.030(C))
5. Visitor accommodations include meeting rooms, restaurants for 100 persons and 150 separate rentable units.
6. There must be at least 150 units of overnight lodging. At least 50 of the overnight units must be constructed before sale may be closed on individually owned lots. This requirement was affirmed in *Gould V. Deschutes County*, 54 Or LUBA 205 (2007).

Small Destination Resort Standards (ORS 197.445(7))

1. The resort site must be 20+ acres of non-resource land.
2. At least \$2 million (in 1993 dollars) must be spent on onsite recreational and visitor-oriented accommodations excluding land, sewer, water facilities and roads
3. At least 25 but not more than 75 units of overnight lodging; restaurant and meeting room with at least one seat for each unit of overnight lodging, and residential uses limited to "those necessary for the staff and management of the resort."
4. The county has determined that "the primary purpose of the resort is to provide lodging and other services oriented to a recreational resource which can only be reasonably enjoyed in a rural area."

The Resort Issues We Don't Yet Discuss

There are four topics that are left aside in most conversations about reform as too difficult or politically delicate to engage. There are no easy solutions to these issues; identifying the right questions is itself a challenge.

Just the Facts: After decades of experience with resorts, there is a remarkable shortage of objective data about their impacts. As noted above, the Central Oregon LandWatch study is the only one to assess the net fiscal impacts of resorts on area communities, and no one has looked at the impacts that are harder to quantify. Deschutes County is proud of the increase in property taxes from resort development, but has not prepared a public analysis of the costs resorts create, such as added traffic, added school bus demand, emergency services, etc. Rural elected officials assume that resorts help their economies and urban elected officials hesitate to question this mantra for fear of being seen as opposed to rural development opportunities. The political divide cuts off debate in a manner that may not help the future of rural communities.

Better policies would result if Oregon would commit itself to gathering relevant, objective data so the next generation of state and local decision makers will have facts available to them. It is not a kindness to promote resorts as an economic windfall to needy areas if they in fact are a net drain on county coffers. It would be very helpful to know under what circumstances resorts act as an economic driver and what conditions make this outcome less likely. Are there breakpoints in certain patterns that shift the resort from an economic benefit to a burden? We don't know the answers and counties, who decide whether to approve a resort application, are not in the position to create this information.

No analysis has been done on the price agricultural producers pay when resorts are sited nearby. All too often the cost to farmers and ranchers is diffuse enough not to carry much weight in local proceedings. In addition, there is a natural human bias against the old in favor of the new. In the new world of a shaky economy, unsettled oil prices and climate change, it may be that a stable and diverse agricultural economy will again be the backbone for some of rural Oregon. For example, Oregon counties maintain a high ranking for a variety of crops, according to the Oregon Department of Agriculture, and net farm income held steady in Oregon despite great fluctuations in market prices and increase in farmers' costs.

Jobs: Resorts' claim to economic prosperity is in property tax increases and the spending habits of resort visitors. With the exception of management positions, most jobs at resorts do not pay well. Housekeeping, cooks, grounds keepers, and the cadre of largely invisible hands that keep the resort looking well-maintained make minimum wage. Minimum wage does not generate a salary that covers the high cost of housing in areas like Central Oregon. Restaurant workers and those likely to receive tips are paid below minimum

wage on the assumption that tips will make up the difference. Local workers do not necessarily fill construction jobs, which tend to pay better but also disappear once construction is completed. Resort applications tend to provide rosy job scenarios, but virtually no analysis is done to determine whether these projections become reality.

Climate Change: The divide over climate change is political rather than scientific, so discussion of this issue is often effectively limited to declaring political allegiance. The science is indisputable, however: siting remote resorts on undeveloped land increases greenhouse gas emissions when compared to urban development. There is just no way around that. Offsets can be purchased, but offsets do not counter the fact that resorts in these locations are a step in the wrong direction. Resorts within Oregon's cities and towns makes more sense because there is an infrastructure in place to absorb more visitors and visitors get the benefits of walking around a community that welcomes them. What is the cost of development with a high carbon price tag and who will pay this cost?

None of the resort discussions in Oregon to date have raised this issue, which is troubling but not surprising. Can we expect a civil, fact-based discussion about this issue anytime soon?

Economy: No one knows what the future economy looks like, but it is likely to be more skeptical of extravagance. What is the market for resorts in this scenario? How many more resorts does Oregon need? Is every county entitled to a resort? Rural county leaders are under pressure, real or self-inflicted, to define the approval of a new resort as an economic development success, but no followup is done to determine the actual role the resort plays in the future economy of the county. Better accounting would help determine whether a resort approval is in fact a benefit or a detriment to the region.