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**Issue of development value is key to suit over land swap**

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By Alex Pulaski

How much is forestland worth?

According to Hood River County, its own land and acreage it obtained in a trade with Mt. Hood Meadows were each valued at \$325 an acre, plus timber.

But the basis of a lawsuit contesting the trade is that the county should have considered its lands as hundreds – even thousands – of times more valuable, given that Meadows intended to build a resort complex there at a cost of at least \$100 million.

Under Oregon law, such a land exchange must be for “equal value” and be “in the best interest of the county.”

The law says the values should be established by the county assessor and the county forester.

In fact, the county relied on exactly those sources in setting the \$325-an-acre figure. The county’s chief appraiser noted that the figure did not take into account “any possible proposed future development potential.”

And there’s the rub. The county and Meadows say considering development value of the county land would have been speculative.

“If you’re speculating and trying to attach some value to the property based on some future event it’s impossible to do,” said Dave Riley, general manager of Meadows. “If you’re talking about a resort, is it 10 units or 100 units? Ten tennis courts or two?”

The group that filed suit contends that ignoring development potential – given what top county officials and planners knew about Meadow’s plans for a destination resort – didn’t serve the count’s interests and cheated taxpayers.

“This could be a sweetheart deal for Meadows, getting the land at forestland values, plus \$1 million, as well as Hood River County’s likely commitment to assist with the upzoning for a resort, all without adequate public participation,” Robert T. Bancroft, an appraiser, wrote in a declaration supporting the residents’ lawsuit.

Pauline McGinty, a U.S. Forest Service senior review appraiser based in Corvallis, said the federal government ignores speculative values. Neither she nor the Forest Service are involved in the Hood River suit.

“If it’s already in the works, it’s a pretty safe conclusion that something’s going to happen next year, we can have the appraiser consider it,” McGinty said. “But if it’s just something that might happen someday then that’s speculation, and we will not consider it.”