



LEGISLATIVE REPORT 2004

SUBMITTED BY:

THE SMALL FOREST LANDOWNER OFFICE
OF
THE DEPARTMENT OF NATURAL
RESOURCES

A Report to the Legislature: **Small Forest Landowner Demographics in Washington State**

December 2004

Small Forest Landowner Office
Forest Practices Division
Department of Natural Resources

Acknowledgements

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Cover photo Details (Clockwise from top): a new fish passage structure installed through the Family Forest Fish Passage Program; a hardwood dominated riparian zone scheduled for conversion to a mixed conifer/hardwood stand through an Alternate Plan; SFLO riparian ecologist Larry Dominguez and SFLO program administrator Mary McDonald discussing large woody debris function in a stream; a riparian area along the Hoh River in the Olympic Peninsula conserved through the Forestry Riparian Easement Program.

All contributors are DNR staff. Copies of this report may be obtained from the Small Forest Landowner Office, P.O. Box 47012, Olympia, WA, 98504-7012, www.dnr.wa.gov/sflo.



WASHINGTON STATE DEPARTMENT OF
Natural Resources
Doug Sutherland - Commissioner of Public Lands

Summary

The Department of Natural Resources Small Forest Landowner Office Legislative Report is being submitted as required by legislation passed as part of the 1999 Salmon Recovery Act (RCW 76.13.110). This report answers questions asked by the state legislature regarding demographics on non-industrial private forests and woodlands and makes recommendations for incentives-based forest management policies that protect public resources on small forestlands¹.

In 2001 the Small Forest Landowner Office collected comprehensive statewide data on non-industrial private forest ownerships. Since 2001, the Office has not had the resources necessary to re-collect statewide data, therefore making an analysis of statewide ownership trends not possible at this time. However, in 2004 the Office collected parcel data from two counties, Thurston and Okanogan, and this data is presented in this report.

In the list of questions posed to the Small Forest Landowner Office (see page 2), the legislature inquired about the number of forest practices applications submitted by small forest landowners statewide. The Department of Natural Resources Forest Practice Application Review System (FPARS) collected information on small forest landowners for one year, October 2002 – October 2003. During this year, 28.97% of forest practice applications submitted in western Washington came from small forest landowners, accounting for 12.78% of the total proposed harvest acres. 46.73% of applications submitted in eastern Washington came from small forest landowners, accounting for 19.60% of the total proposed acres. Since October 2003, FPARS has not collected information necessary to distinguish between small forest landowners and large forest landowners. Beginning in January 2005, FPARS will be changed to include information on small forest landowners, thereby making future trends analysis possible.

Recommendations on ways the Forest Practice Board and the legislature can provide more effective incentives for small forest landowners include: supporting existing programs within the Small Forest Landowner Office and Forest Stewardship Program, providing long-term forest practice applications, and providing the resources necessary to continue to analyze spatial data on small forested parcels.

Introduction

The Small Forest Landowner Office (SFLO) was established to provide assistance to small forest landowners as they implement the Forests and Fish rules. The SFLO administers the Forestry Riparian Easement Program and the Family Forest Fish Passage Program and provides assistance to small forest landowners in the alternate planning process and with completing forest practices applications. The SFLO first reported on statewide small forest landowner demographics in its 2002 Legislative Report. A copy of

¹ The terms *non-industrial private forest landowner* and *small forest landowner* are used interchangeably in this report and are meant to characterize the same group of landowners (e.g. those who own less than 5,000 acres statewide).

the Report is attached and can also be found on the Small Forest Landowner Office website at: <http://www.dnr.wa.gov/sflo/legislation/>.

In the Salmon Recovery Act of 1999, the state legislature posed a series of questions to the SFLO that are to be reassessed every four years. RCW 76.13.110 subsections (5)(a) through (6)(c) direct the SFLO to collect demographic information on small forest landowners and provide periodic reports to the forest practice board and the legislature. The legislative mandate reads as follows:

(5) By December 1, 2002, the small forest landowner office shall provide a report to the board and the legislature containing:

(a) Estimates of the amounts of nonindustrial forests and woodlands in holdings of twenty acres or less, twenty-one to one hundred acres, one hundred to one thousand acres, and one thousand to five thousand acres, in western Washington and eastern Washington, and the number of persons having total nonindustrial forest and woodland holdings in those size ranges;

(b) Estimates of the number of parcels of nonindustrial forests and woodlands held in contiguous ownerships of twenty acres or less, and the percentages of those parcels containing improvements used: (i) As primary residences for half or more of most years; (ii) as vacation homes or other temporary residences for less than half of most years; and (iii) for other uses;

(c) The watershed administrative units in which significant portions of the riparian areas or total land area are nonindustrial forests and woodlands;

(d) Estimates of the number of forest practices applications and notifications filed per year for forest road construction, silvicultural activities to enhance timber growth, timber harvest not associated with conversion to nonforest land uses, with estimates of the number of acres of nonindustrial forests and woodlands on which forest practices are conducted under those applications and notifications; and

(e) Recommendations on ways the board and the legislature could provide more effective incentives to encourage continued management of nonindustrial forests and woodlands for forestry uses in ways that better protect salmon, other fish and wildlife, water quality, and other environmental values.

(6) By December 1, 2004, and every four years thereafter, the small forest landowner office shall provide to the board and the legislature an update of the report described in subsection (5) of this section, containing more recent information and describing:

(a) Trends in the items estimated under subsection (5)(a) through (d) of this section;

(b) Whether, how, and to what extent the forest practices act and rules contributed to those trends; and

(c) Whether, how, and to what extent: (i) The board and legislature implemented recommendations made in the previous report; and (ii) implementation of or failure to implement those recommendations affected those trends.

2004 SFLO Legislative Report

1. *[Provide] estimates of the amounts of nonindustrial forests and woodlands in holdings of twenty acres or less, twenty-one to one hundred acres, one hundred to one thousand acres, and one thousand to five thousand acres, in western Washington and eastern Washington, and the number of persons having total nonindustrial forest and woodland holdings in those size ranges.*

Table 1. 2001 and 2004 non-industrial private forests and woodlands in forest-use tax classifications in Thurston County according to County Assessor's tax parcel data.

| Landholding Size class | # of parcels 2001 | # of parcels 2004 | Landholding Size class | Cumulative acres 2001 | Cumulative acres 2004 |
|------------------------|-------------------|-------------------|------------------------|-----------------------|-----------------------|
| 5-20 acres | 512 | 436 | 5-20 acres | 4,992 | 5,166 |
| 21-100 acres | 662 | 732 | 21-100 acres | 28,704 | 31,889 |
| 101-1,000 acres | 95 | 91 | 101-1,000 acres | 16,956 | 16,526 |
| 1,001-5,000 acres | 0 | 0 | 1,001-5,000 acres | 0 | 0 |
| Totals | 1,269 | 1,259 | Totals | 50,652 | 53,581 |

Table 2. 2001 and 2004 non-industrial private forests and woodlands in forest-use tax classifications in Okanogan County according to County Assessor's tax parcel data.

| Landholding Size class | # of parcels 2001 | # of parcels 2004 | Landholding Size class | Cumulative acres 2001 | Cumulative acres 2004 |
|------------------------|-------------------|-------------------|------------------------|-----------------------|-----------------------|
| 5-20 acres | 381 | 610 | 5-20 acres | 6,427 | 10,495 |
| 21-100 acres | 363 | 1,349 | 21-100 acres | 12,910 | 44,224 |
| 101-1,000 acres | 22 | 72 | 101-1,000 acres | 4,707 | 12,957 |
| 1,001-5,000 acres | 0 | 0 | 1,001-5,000 acres | 0 | 0 |
| Totals | 766 | 2,031 | Totals | 24,045 | 67,676 |

Given that the SFLO was only able to collect 2004 parcel data from two counties, statewide trends cannot yet be established for small forest ownerships. Given that the data listed above was only collected from two years, identifying a trend in ownerships in these two counties is also problematic. One more year of data collection will be necessary before a trend analysis is possible.

The dramatic increase in numbers and cumulative acres of small-forested parcels in Okanogan County in 2004 are due to a change in land-use designations for parcels managed as forestland by the County Tax Assessor. Changes of land-use codes of this type make comparing numbers from one year to numbers of a previous year problematic and unreliable. If County Tax Assessor's do not change land-use codes in the future, trends in small forest ownerships will be able to be reported in the 2008 SFLO Legislative Report.

2. ***[Provide] estimates of the number of parcels of non-industrial forests and woodlands held in contiguous ownerships of twenty acres or less, and the percentages of those parcels containing improvements used:***
 - (i) *As primary residences for half or more of most years;*
 - (ii) *as vacation homes or other temporary residences for less than half of most years; and*
 - (iii) **for other uses.**

As the term “contiguous” was not defined in the original legislation, it is assumed that this question seeks to identify the number of 20 acre-or-less parcels that meet the three criteria listed above.

Residency

Each county in Washington collects land use data in unique ways. Only King and Clark counties collect data on residency. Information on residency for these two counties was reported in the 2002 SFLO Legislative Report (see page 8 of the report). However, the SFLO has not had the resources to re-collect data from King and Clark county for the 2004 SFLO Legislative Report.

Other Uses

As of the printing date of the 2002 SFLO Legislative Report, each county in Washington (with the exception of King and Clark) only records general land uses in its assessor’s data such as: forest use, agricultural, residential, etc. Improvements on parcels are indicated by their assessed values, but the types of improvements are not specified. Therefore, identifying the “other uses” of small forestlands is not possible at this time.

3. ***[Identify] the watershed administrative units in which significant portions of the riparian areas or total land area are nonindustrial forests and woodlands;***

Watershed Administrative Units

Since 2001, the SFLO has not had the resources to re-collect additional data to address this question. For information from the 2002 SFLO Legislative Report, please see page 8 of the 2002 Report.

4. ***[Provide] estimates of the number of forest practices applications and notifications filed per year for forest road construction, silvicultural activities to enhance timber growth, timber harvest not associated with conversion to nonforest land uses, with estimates of the number of acres of nonindustrial forests and woodlands on which forest practices are conducted under those applications and notification.***

Information on small forest landowner forest management activities is available in the Forest Practice Application Review System (FPARS) for the calendar year October 28, 2002 to October 31, 2003. Since October 2003, FPARS has not collected information necessary to distinguish between small forest landowners and large forest landowners. Beginning in January 2005, FPARS will be changed to include information on small

forest landowners, thereby making future trends analysis possible. The forest practices include road construction, thinning and timber harvest not associated with a conversion to nonforest uses. Tables 3a and 3b below provide estimates of total forest practices applications to applications received solely from small forest landowners for these activities and the acreage these activities cover.

Tables 3a & 3b.

of Applications

| Area | Total Forest Practice Applications | Small Forest Landowner Applications | % of Total Small Forest Landowner Applications |
|----------|------------------------------------|-------------------------------------|--|
| Westside | 3,214 | 931 | 28.97% |
| Eastside | 1,224 | 572 | 46.73% |

of Acres

| Area | Total Proposed Harvest Acres | Small Forest Landowner Proposed Harvest Acres | % of Total Small Forest Landowner Proposed Harvest Acres |
|----------|------------------------------|---|--|
| Westside | 413,482 | 52,820 | 12.78% |
| Eastside | 408,151 | 80,011 | 19.60% |

- 5. [Provide] recommendations on ways the board and the legislature could provide more effective incentives to encourage continued management of nonindustrial forests and woodlands for forestry uses in ways that better protect salmon, other fish and wildlife, water quality, and other environmental values.*

The following recommendations were developed by the SFLO in cooperation with the Small Forest Landowner Advisory Committee. The Advisory Committee was established with RCW 76.13.110. The committee is made up of seven members. Four of the members are small forest landowners, which have been recommended by the Washington Farm Forestry Association and appointed by the Commissioner of Public Lands. Also included are representatives from the Washington State Departments of Ecology and Fish and Wildlife and a tribal representative.

Forestry Riparian Easement Program

Currently there is a backlog of 75 unfunded applications to the easement program with an average of five additional applications being submitted each month. The SFLO recommends the legislature increase funding for the program to address the backlog of applications. The agency has submitted a decision package budget request for the '05 – '07 biennium.

Alternate Plans

Small forest landowners have expressed the need for long-term forest practices permits. The SFLO recommends the Forest Practices Board promulgate rules that allow small forest landowners to utilize the alternate planning process to obtain long-term (e.g. 10-15 year) permits, and continue the development of small forest landowner management templates.

Family Forest Fish Passage Program

In 2003 the State Legislature passed House Bill 1095 which created a cost-share program to provide financial assistance to small forest landowners to correct fish barriers. Given the strong interest shown by small forest landowners in this new program and the significant number of applications submitted to the program, the SFLO recommends the legislature fully fund this program. The agency has submitted a decision package budget request for the '05 – '07 biennium.

Spatial Analysis of Washington's Small Forestlands

A comprehensive GIS analysis of small forestlands is necessary to answer the legislatively mandated questions listed in this report. This process involves collecting GIS tax parcel records from each county tax assessor's office, merging the data into a common database and analyzing the data. The SFLO estimates that conducting this analysis every four years will cost approximately \$150,000 per round of analysis. The SFLO recommends that the Legislature provide the funding necessary to conduct this analysis. Given the utility of the information produced by this database for informing natural resource management policies, the SFLO believes that other state natural resource agencies would also benefit from the data.

Provide Sufficient Staff within the SFLO to Fully Implement Programs

Reduced staffing levels within the SFLO has resulted in a slower turn around of Forestry Riparian Easement contracts and limited ability to provide technical assistance on alternate plans. The SFLO recommends the Legislature provide sufficient staffing levels in order to adequately implement all programs. The agency has submitted a decision package budget request for the '05 – '07 biennium.

6. *By December 1, 2004, and every four years thereafter, the small forest landowner office shall provide to the board and the legislature an update of the report described in subsection (5) of this section, containing more recent information and describing:*

(a) Trends in the items estimated under subsection (5)(a) through (d) of this section;

To date, statewide data on small forest ownerships has only been collected from one year, 2001. This data establishes a baseline against which future data can be compared, thereby allowing an analysis of ownership trends. However, the SFLO has not had the resources to collect additional statewide data since 2001 with the exception of two counties (Thurston and Okanogan), therefore making it impossible to conduct any type of statewide trend analysis for the 2004 SFLO Legislative Report.

(b) Whether, how, and to what extent the forest practices act and rules contributed to those trends; and

Changes in land ownership are typically affected by many external factors, including: rising real estate prices, fluctuating timber values, estate transfer due to an older and dying landowner community placing an inheritance burden on the next generation, as well as regulatory requirements including the forest practices act and rules. The ability to

identify the cause of the forest practices act and rules to directly affect the trends in small forest ownership patterns has not been possible to date.

(c) Whether, how, and to what extent: (i) The board and legislature implemented recommendations made in the previous report; and (ii) implementation of or failure to implement those recommendations affected those trends.

The following information provides an update on recommendations made in the 2002 SFLO Legislative Report, and whether the recommendations were implemented. Trends regarding the implementation or the failure to implement these recommendations cannot be quantified at this time with the information available.

Programmatic Habitat Conservation Plan for Family Forests

2002 Recommendations

SFLO recommended to continue to provide technical assistance for the development of a voluntary habitat conservation plan for Lewis County small forest landowners. The Lewis County plan would serve as a model for other counties.

2004 Update

Since August 2003 the SFLO ceased providing technical assistance to a private effort to develop a programmatic habitat conservation plan for family forests. No board or legislative action is recommended.

Forestry Riparian Easement Program

2002 Recommendations

In its 2002 Report to the legislature, the SFLO requested additional funding to clear a backlog of landowner applications. The Office also recommended methods to shorten the timeframe between when an application is received and the date a landowner is compensated.

2004 Update

Since 2002, approximately \$2 million per year has been provided to purchase easements. Although the legislature has continued to fund this program, funding is inadequate to address the volume of easements being submitted on an annual basis. Relative to streamlining the easement process, the SFLO has reduced agency processing time by focusing only on those easements that can be funded within the limits of each legislative appropriation. This has reduced the average agency processing time of an easement by approximately seven weeks.

Alternate Plans

2002 Recommendations

In its 2002 Report to the legislature, the SFLO recommended that the alternate planning process serve as the mechanism through which landowners can submit for a longer-term (10-15 year) forest practices permit. The Office also recommended development of management templates for specific scenarios that commonly occur on small forestlands. Management templates will simplify the plan writing process for landowners and expedite both interdisciplinary team reviews and the approval process of alternate plans.

The Office also recommended development of a monitoring process that includes cumulative effects analysis at the watershed or sub-basin scale.

2004 Update

In October 2004 the Forest Practices Board approved the first alternate plan template for overstocked conifer stands in western Washington. The SFLO is continuing to develop a monitoring process for analyzing cumulative effects of alternate plans.

Spatial Analysis of Washington's Small Forestlands

2002 Recommendation

In the 2002 Legislative Report the SFLO recommended support for maintaining a GIS-based database of small-forested parcels that will provide the necessary information to address the legislatively mandated questions.

2004 Update

Although this database was supported in 2001, no additional funding or support has been provided by the legislature during subsequent years. However, the SFLO has been able to collect limited parcel data for several counties using federal grant funds aimed at identifying fish barriers on small forestlands.

Grant funds manager

2002 Recommendation

In the 2002 Legislative Report the SFLO recommended that a Grant Funds Manager be hired to identify and solicit grants from state, federal and non-government sources.

2004 Update

In October 2004 a grant writer was hired into the Office. To date, the SFLO has been successful in facilitating the acquisition of over \$500,000 of state and federal funds to fund fish barrier corrections and educational programs for small forest landowners.