



534 SW Third Avenue, Suite 300, Portland, OR 97204 • (503) 497-1000 • fax (503) 223-0073 • www.friends.org

Southern Oregon Office • P.O. Box 2442 • Grants Pass, OR 97528 • phone/fax (541) 474-1155

Willamette Valley Office • 388 State Street, Suite 604 • Salem, OR 97301 • (503) 371-7261 • fax (503) 371-7596

Lane County Office • 120 West Broadway • Eugene, OR 97401 • (541) 431-7059 • fax (541) 431-7078

Central Oregon Office • P.O. Box 8813 • Bend, OR 97708 • (541) 382-7557 • fax (541) 382-7552

THE TOP TEN THINGS YOU NEED TO KNOW ABOUT THE INCOME TEST FOR FARM DWELLINGS

10. It only applies to FARM DWELLINGS, not to all houses on farmland.

The income test implements statutory language allowing "dwellings customarily provided in conjunction with farm use" as a permitted use on farmland. LCDC is required to determine what constitutes "farm use"--in other words, who is a bona fide farmer, and who merely wants a house in the country.

There are many other types of houses allowed on farmland--including accessory dwellings, relative help dwellings, nonfarm dwellings, and hardship dwellings. Since the income test for farm dwellings was established, the number of new "farm dwellings" approved each year has declined, but the total number of houses approved on farmland has remained relatively steady.

9. The income test refers to GROSS FARM INCOME (i.e., gross sales), not to net income.

The average farm nets only 15-20% of gross sales, which means that \$80,000 in gross sales translates to \$12,000-\$16,000 in net sales. This income level is around the poverty level for families.

Opponents of the income test claim that \$80,000 is an absurdly high threshold that only lets rich people have houses. This is a ridiculous claim. Obviously, even part-time farmers can still qualify for a farm dwelling under the current income standard. Virtually any farmers who make their living primarily in agriculture can gross \$80,000 (or the current, inflation-adjusted level of approximately \$94,000); the median income of Oregon farms is approximately \$224,000.

8. The so-called \$80,000 test only applies to high-value farmland--Oregon's best farmland.

Only about 25% of Oregon's farmland is classified as high-value. For the rest, there are three tests for farm dwellings, including a \$40,000 income test and a test based simply on parcel size.

7. There is no shortage of houses for farmers.

There are already many more houses on farmland than there are farms. Even those who call for eliminating the farm income test acknowledge that there is no shortage of housing in farm zones.

6. More houses in the farm zone lead to more conflicts between farmers and people not engaged in commercial agriculture; speculative pressure that makes farmland unaffordable to farmers; and a direct loss of resource land to development.

5. Farmers generally do not start a farm operation by building a house.

A primary obstacle to starting or expanding a farm operation in Oregon is not a shortage of housing for farmers, but the shortage of available farm ground.

4. Other methods of differentiating between farmers and people who simply want a rural residence were dismal failures.

Prior to the establishment of the income test, a study commissioned by the 1989 Legislature showed that on tracts where farm dwellings had been approved, 75% were producing under \$10,000 in gross farm income; over 50% were producing under \$2500, and 37% were producing ZERO.

Between 1987 and 1992, Washington County authorized "farm dwellings" on a showing that the land was "capable" of producing \$10,000 in gross annual income. During that time the county approved 144 new farm dwellings, while the number of farms *decreased* by 97.

3. The income test was only adopted after extensive public input and analysis and much hard work by a technical advisory committee of farmers.

Many farmers believe the \$80,000 threshold is too low, since the Oregon median for gross farm income is about three times as high.

2. A just-completed review of the income test (mandated by 1999's SB 454, a bill supported by both OIA and 1000 Friends) showed that it is working as intended: allowing farmers to build houses while preventing phony "farm dwellings" from being approved for non-farmers.

1. No one has yet come up with a better way of deciding who is a bona fide farmer and thus can build a farm dwelling.

The income test is both objective and effective. While it is not an end in itself, it is certainly the best tool that has been developed to implement Oregon's law on farm dwellings. The people who oppose the income test have made virtually no effort to develop a viable alternative, because they are more interested in speculative development than in protecting farmland for farm use.

Questions? visit www.friends.org/ffr.html or e-mail carrie@friends.org