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Activists rethink view on logging

Timber Policy | Some environmental groups say they want to work with private owners to head off sales of forestland

By MICHAEL MILSTEIN,
THE OREGONIAN

You might guess environmental groups would be glad timber prices have collapsed to where loggers' chain saws have fallen silent and sawmills are shutting down.

Instead, they're nervous. If logging doesn't pay, the same timber companies some environmentalists have blamed for ruining the forest may get rid of the forest -- selling off their prime real estate. Then subdivisions could grow instead of trees, absent the wildlife, clean water and other benefits forests typically present.

A rising number of environmental groups now want to help the timber industry stay in business by providing funds or other support. The question is whether they can save timber companies and mills reeling from the collapse of housing and construction.

"It's a new day -- it's a new landscape," said Guido Rahr, president of the Wild Salmon Center in Portland. "We have to realize private-land timber companies are our friend. Once land gets broken up into smaller pieces, our ability to protect it is eliminated."

Though some logging practices can harm fish, he said, the loss of forests altogether is much worse. That's even more true as trees are increasingly counted on to soak up greenhouse gases that contribute to global warming.

Some land conservation groups such as Ecotrust, The Nature Conservancy, The Conservation Fund and Pacific Forest Trust have for years tried to protect prime forest by buying it or purchasing easements that limit development. But they cannot alone safeguard enough land.

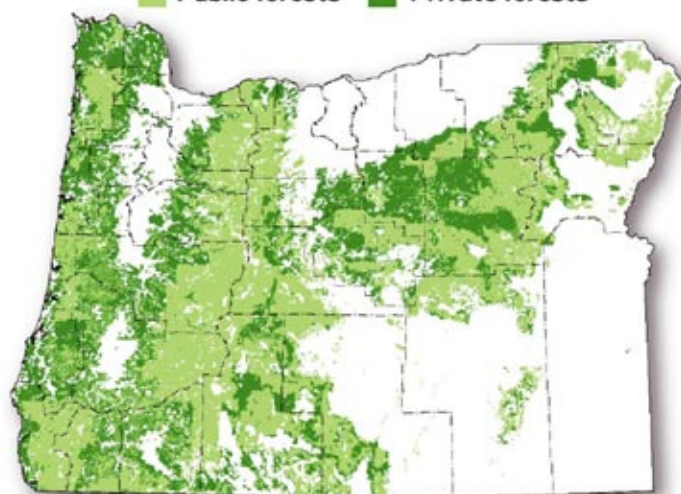
"We do not at this point have the capital to be meaningful players," said Lawrence Selzer, president of The Conservation Fund, which is based in Arlington, Va. He said the solution is to work with large forestland owners to help them profit from their forests so they do not sell the land off.

Please see **TIMBER**, Page A15

Oregon's forest ownership

Most of the forests along the Cascade Range are in public ownership, but many other acres are in private hands.

Public forests Private forests



Source: Oregon Department of Forestry

STEVE COWDEN/THE OREGONIAN

Timber: Pressure for homesites spurs change

Continued from Page One

An estimated 1.5 million acres of forestland is lost in the United States each year, said Constance Best, co-founder of the Pacific Forest Trust. So far, Oregon has not seen as much loss as many other states. Trees grow so well in Oregon it often makes more financial sense to hold onto the land.

But as population grows and expands into rural areas, the real estate value of land may increasingly outweigh its value as forest.

Radical rethinking

Holding onto working forests is the single largest conservation challenge facing the country, Selzer said. But some environmental groups have focused so much on trying to block activities such as logging, he said, they have a hard time shifting their sights to support continued cutting.

"The environmental community has spent 40 years perfecting the art of saying no and has almost no ability to say yes," Selzer said.

However, Doug Heiken of Oregon Wild does not see a high risk of forest sell-offs in Oregon, as long as land-use laws keep it under control. He said it's more important to reform clear-cutting and road-building practices, and warned about promoting the business prospects of timber companies.

"I'm a bit hesitant to make forestry a highly profitable enterprise, because it means there's going to be more logging," he said.

The financial argument for maintaining private forests has steadily weakened for years, as wood that grows quickly in far-flung places like Brazil filled the world market and pushed timber prices down. That's good for consumers, but not for forest owners hoping to profit from long-term forestry.

In pure dollar terms, with forests, "you're almost always better off selling it versus holding it," said

Matthew Donegan, co-president of Forest Capital Partners, a Portland investment firm that owns and manages more than 2.5 million acres of forest around the country.

In Idaho, the company calculates that selling forest outright would bring in 6.5 times more money than holding and harvesting it over the long term. In western Oregon, the payoff is not as great -- selling brings in only 1.5 times more than holding the land.

That's because Oregon's land use controls make real estate development less lucrative and because trees grow well on the wetter west side of the state, Donegan said. Forestland loss has been minimal in western Oregon.

The picture is different in northeast Oregon, though. Trees grow more slowly and sawmills have shut down, so it's more difficult to make logging pay. There, selling forestland generates almost three times as much revenue as holding it over the long term.

Support industries fade

That illustrates the importance of holding onto logging infrastructure, including sawmills and a work force, in rural areas. In eastern Oregon, public lands are the main source of timber, but logging levels have dropped.

"Where are we going to get our loggers, where are we going to take our logs?" Donegan said. "Sure enough, those lands get developed because there's no other economic opportunities."

Traditional timber companies such as International Paper have sold much of their land to investment companies known as Timberland Investment Management Organizations and Real Estate Investment Trusts. Often the choicest parcels -- where new homes could be built -- are separated and sold on their own.

Though some of the investment companies aim to hold forestland for the long term, others may be more focused on generating revenues for investors.

"They are not generally long-term owners or long-term stewards of the land," Selzer said.

The reason some forest owners maintain working forests is mainly because it diversifies their investments -- and because they like owning forests, Donegan said.



A bulldozer hauls selectively harvested trees out of the 7,200-acre Van Eck Forest in Lincoln County. The stands might have fallen to development, but the Pacific Forest Trust assured their protection through a Working Forest Conservation Easement that ensures it will be managed as a sustainable forest.

MATT FEHRENBACHER/PACIFIC FOREST TRUST

Trust protected 7,200 acres of Douglas fir and hemlock forest in Lincoln County, known as the Van Eck Forest, with a conservation easement that prevents development but promotes sustainable forestry.

Additional logging regulations could make forests less profitable and lead to more land sales, said Ray Wilkeson of the Oregon Forest Industries Council. It could also resurrect a version of Measure 37, which was supported by timber companies, opening the door to more development.

He said his group will ask the Legislature next year to give forest owners more protection from regulations by allowing them to make claims for lost revenue caused by any new regulations in the future.

Polling by the forest industries council over the past 10 years shows that Oregonians did not support bans on clear-cutting -- a profitable logging practice -- if it means the land could be sold for development.

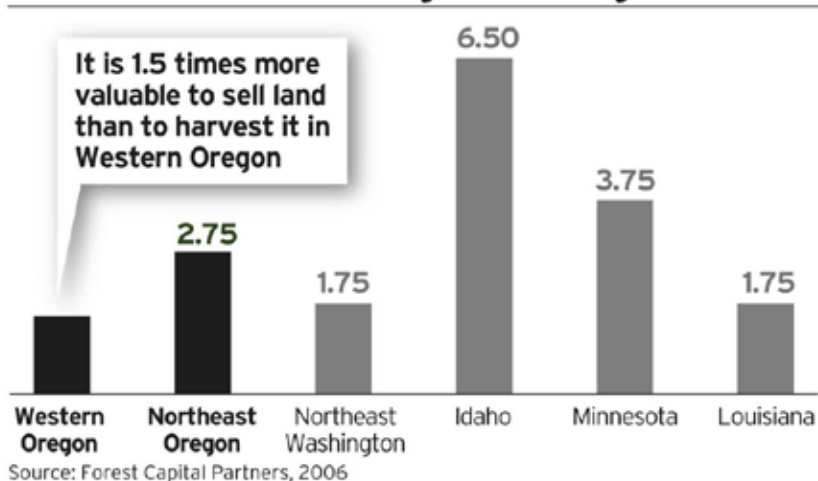
"They may not like the looks of it, but they understand that subdivisions affect their quality of life," Wilkeson said.

Donegan said collaboration between timber companies and the conservation community represents new and welcome opportunities.

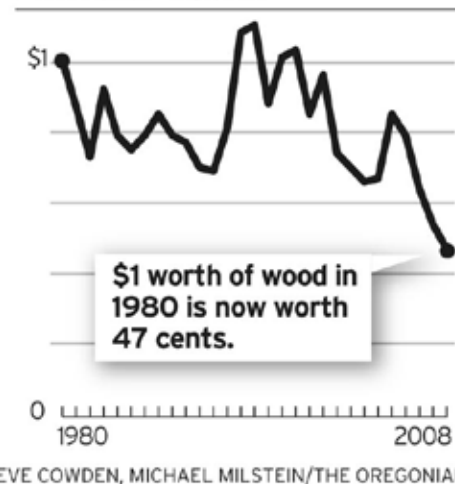
"It's something where we can work constructively with the conservation community," he said. "There's a lot of fatigue in the industry from the timber wars, and this is moving past that."

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Forest land: harvesting vs. selling



Lumber value



"Most forest owners want to own forest and want to hold it and are looking for an excuse to hold it," Donegan said. "And yet, if a piece of land is worth 10 times more selling it than holding it in the long term, how can I handle my fiduciary responsibility if I'm blind to that?"

He has identified four main strategies to close the gap in revenue between selling and holding forestland:

- Boost the profitability of timber by growing it faster or more efficiently.

- Generate more revenue beyond the timber. Forest owners might be paid for the greenhouse gases soaked up by their trees, for instance.

- Sell development rights to the land. For example, conservation groups may buy easements that provides forest owners revenue while they give up the right to develop the land.

- Restrict development through zoning, so it's not as profitable.

Some form of all the strategies are in play around the country. For example, Minnesota pays Forest Capital Partners \$7 per acre of for-

estland per year in exchange for the company's commitment to manage the land sustainably and allow public access for recreation.

He said such land conservation moves have become a major source of pride for the company.

In 2001, the Pacific Forest