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Closed-Door Deal Could Open Land Forest Service Angers Locals With Move That May Speed Building

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MISSOULA, Mont. -- The Bush administration is preparing to ease the way for the nation's largest private landowner to convert hundreds of thousands of acres of mountain forestland to residential subdivisions.

The deal was struck behind closed doors between Mark E. Rey, the former timber lobbyist who oversees the U.S. Forest Service, and Plum Creek Timber Co., a former logging company turned real estate investment trust that is building homes. Plum Creek owns more than 8 million acres nationwide, including 1.2 million acres in the mountains of western Montana, where local officials were stunned and outraged at the deal.

"We have 40 years of Forest Service history that has been reversed in the last three months," said Pat O'Herren, an official in Missoula County, which is threatening to sue the Forest Service for forgoing environmental assessments and other procedures that would have given the public a voice in the matter.

The deal, which Rey said he expects to formalize next month, threatens to dramatically accelerate trends already transforming the region. Plum Creek's shift from logging to real estate reflects a broader shift in the Western economy, from one long grounded in the industrial-scale extraction of natural resources to one based on accommodating the new residents who have made the region the fastest-growing in the nation.

Environmentalists, to their surprise, found that timber and mining were easier on the countryside.

"Now that Plum Creek is getting out of the timber business, we're kind of missing the loggers," said Ray Rasker, executive director of Headwaters Economics, a nonprofit that studies land management in the West. "A clear-cut will grow back, but a subdivision of trophy homes, that's going to be that way forever.

"It's kind of the ugly face of the new economy."

Rey said he, too, laments the ascension of "McMansions" over working forest, but he insisted that the law obliged him to accommodate Plum Creek's request for clarification of its rights to cross public land. Rey emphasized that during the private negotiations, Forest Service lawyers leveraged promises from Plum Creek to moderate the impact, including mandating "fire-wise" measures to reduce the danger from summer wildfires.

Under the new agreement, logging roads running into areas controlled by Plum Creek could be paved -- and would thrum with the traffic of eight to 12 vehicle trips per day to and from each home, according to O'Herren. Critics say that will further imperil grizzly bears, lynxes and other endangered species in the Crown of the Continent ecosystem, a region of rugged peaks, glacier-carved valleys, and sparkling rivers and lakes that straddles the border between Montana and Canada -- and that in parts remains as Lewis and Clark found it.

"For us, this is kind of an arterial bleed, and we're either going to get a handle on it or not," said Melanie Parker, executive director of Northwest Connections, an environmental group in the Swan Valley, 60 miles northeast of Missoula.

Parker recently eased an SUV through Glacier Ridge, a nascent subdivision marked by freshly scraped lots and sumptuous views of the Mission Range on one side, the Swan Range on the other and the still-sparsely populated valley in between. The spring-fed bottomland is prime bear habitat where her husband, Tom, a hunting guide, saw his first grizzly.

"Look at that, Tom!" Parker yelled, after a climb up a knoll revealed a three-story log home, still wrapped in Tyvek HomeWrap insulation. "They're like mushrooms. You get a few sunny days and they pop right up."

Most are the second, third or even fourth homes of wealthy newcomers who have transformed the local economy -- 40 percent of income in Missoula County is now "unearned," from, say, dividends -- and typically visit only in the summer. In Antler Ridge, across Highway 93, Web cameras installed over bird nests and a bear den beam photos to a hedge fund partner who visits his 200 acres just a few times a year.

"He was actually in France when the bear left the den," said "remote wildlife viewing" contractor Ryan Alter, on his way to install a camera at an owl's nest. "So I sent him pictures on his BlackBerry."

"I wanted to own land out there because I was always very interested in the concept of restoration, conservation," Paul Gurinas, the hedge fund partner, said by phone from Chicago. "The fact that it's almost become kind of a housing subdivision, that isn't what I was looking for. I guess I wish I had bought the whole thing up, and then I wouldn't have to worry about it."

That same impulse drives a different kind of land deal in the area: The buyers are the Nature Conservancy and other organizations that purchase desirable private land to preserve it. Since 2000, the groups have paid Plum Creek market rates to secure 280,000 sensitive acres in Montana alone.

Another 320,000 acres are being preserved under a provision that Sen. Max Baucus (D-Mont.) forced into the farm bill, which survived President Bush's veto. The measure includes \$250 million to back bonds to buy Plum Creek lands that otherwise might be developed.

"This is like the last big, wild, intact landscape in the Lower 48," said Eric Love of the Trust for

Public Land, a conservation group that with the Nature Conservancy announced the \$510 million purchase on Monday. "If these lands are going to be sold, someone is going to buy them. The question is, who?"

Plum Creek said it has sold only 3,000 of its Montana acres to developers in the past five years, and it expects to sell even less in the next five, the company's president, Rick Holley, wrote in a recent op-ed in the Missoulian newspaper. But critics point out that its calculations may shift with the real estate market.

A decade ago, while repairing an image as the "Darth Vader of the timber industry," as one congressman put it, the company showcased good-forestry practices on a hillside above Flathead Lake.

That parcel is now Eagle's Crest, a gated subdivision with its own airstrip and lots on offer for \$100,000 an acre. Remote corners of Swan Valley are selling for \$11,000 an acre, with broker inquiries arriving from Europe. By comparison, the "net present value per acre of forest" runs at most \$500, said Larry Swanson, director of the O'Connor Center for the Rocky Mountain West at the University of Montana.

"It's a pretty straightforward proposition: The region's economy is moving from extraction to amenities, and you would expect the same thing to happen with its largest landowner," Swanson said.

"It's a tough deal. Change is hard, and this is pretty fundamental change. But what's happening here is perfectly understandable."

Missoula County officials say their objection is not to change, which traditionally rural jurisdictions have struggled to manage, but to being blindsided by Rey's announcement of a far-reaching change negotiated in secret.

Plum Creek owns 57 percent of Missoula County's private land, a posture that under state law gives it veto power over any zoning. Over the decades that the Forest Service enforced

limits on logging roads, the county came to regard federal policy as a firebreak against development.

"All these years, we've been told those roads are not for residential use," said Jean Curtiss, who chairs the county commission. "These are logging roads. They're for timber management."

If the deal goes into effect, the county stands to lose money in providing services such as snow plowing and ambulances to remote new developments. "You're looking at a real nightmare scenario in managing wildfires," Rasker said. "And you're going to have access issues: If these now become gated subdivisions, it's going to be harder for people to go hunt and fish, and that's pretty important to people in Montana."