METRO 2023 LEGISLATIVE ISSUE IDENTIFICATION

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ISSUE: Industrial Land Readiness

BACKGROUND:
Over the past decade plus, Metro has been a key partner in advancing efforts in our region and our state to ensure that employment land inside the UGB is ready for development. Protection of farm and forest land outside the urban growth boundary requires, among other things, efficient use of the land inside the boundary. This, in turn, often requires action to make vacant or underdeveloped land ready for development. Metro has led and supported several strategies to accomplish this on employment lands including industrial site readiness and brownfields mitigation.

Industrial site readiness
In 2011, Metro began a partnership with Business Oregon, the Oregon chapter of NAIOP(the Commercial Real Estate Development Association), the Port of Portland and the Portland Business Alliance to complete a comprehensive review of the market-readiness of the Portland region's inventory of industrial sites of 25 acres or more. The goal of this project was to better understand and identify the challenges to the development of larger industrial sites in our region and the costs of making these sites ready to provide traded-sector jobs.

The study found that our region has many places where high-paying manufacturing and other traded-sector jobs can grow, but these sites often require investment to make them ready for new employers to develop. These investments and actions include regulatory approvals (permitting, mitigation), infrastructure (sewer, water, transportation, fill), site aggregation, brownfield clean-up, and state/local actions (land division, rezoning, annexation).

Another key finding is that the state general fund was that the biggest public beneficiary when these lands are brought into productive traded-sector use through increased personal income tax revenues. This finding suggested that the state has an interest in providing up-front financing for site preparation when landowners and local governments are otherwise unable to address the constraints that prevent market-ready land.

This study and subsequent updates became the impetus for successful and unsuccessful legislative efforts outlined below in legislative history.

Semiconductor Task Force
In early 2022, Senator Ron Wyden, Senator Jeff Merkley, Governor Kate Brown, Representative Suzanne Bonamici, and Portland General Electric CEO Maria Pope announced the formation of the Oregon Semiconductor Competitiveness Taskforce. The task force's purpose was to develop strategies to maintain and grow the semiconductor industry in Oregon, and they released their

final report in September 2022. Recommendations focused on 5 areas: university-industry partnerships, talent and workforce, taxes and incentives, industrial land, and environmental regulations. Metro sat on the task force, the land use subcommittee and continues to participate in technical and government affairs committees to advance various proposals.

The passage of the federal CHIPs and Science Act in early August authorized federal investments to boost American semiconductor research, development and production. The CHIPS Act has increased pressure in the state, at the Legislature and in the Governor's office to invest in semiconductor manufacturing.

The lack of large lot, development ready industrial land is a concern called out in the semiconductor report. Modeled after the industrial land inventory in our region, the Port of Portland is undertaking a study statewide to map large lot industrial sites, determine their state of readiness for development and the costs associated with getting them ready. The results of the study should be available around the beginning of the year.

RECOMMENDATION:
Support legislation that makes industrial land ready for development and advances semiconductor task force recommendations while exercising restraint and care for Oregon's land use planning system.

LEGISLATIVE HISTORY:
Since 2011, there have been multiple efforts to address various issues related to the availability and readiness of industrial land. These includes successful efforts to establish a state program to identify regionally significant industrial areas, streamline permitting processes, and the creation of Regionally Significant Industrial Site (RSIS) Program which provided reimbursement or partially forgivable loans to make industrial sites market ready. Since its establishment in 2013, despite repeated attempts, the RSIS program has never been capitalized.

OTHER INTERESTED PARTIES:
Interested parties include a wide array of business organizations, local governments, and environmental and community groups. Historical efforts have been championed by Metro, the Port of Portland, the Oregon Economic Development Association and other partners. The Semiconductor Task Force is championed by Oregon Business Council and is a larger coalition including universities, workforce advocates, and local governments. Land use interest groups like 1000 Friends of Oregon are also participating in conversations.

IMPACT IF PROPOSED ACTION OCCURS:
Funding for investments in industrial site readiness would reduce the cost and risk to property owners and local jurisdictions of making large sites market ready. Creation of traded-sector jobs pay better on average than jobs serving the local market. In the Portland region, these programs would make land within the existing urban growth boundary available for productive urban uses and would have positive economic impacts on local government by generating increased property tax revenues.

RACIAL EQUITY IMPACTS

Semiconductors and advanced manufacturing will be the primary focus of industrial land readiness conversations and actions this session. Attracting additional advanced manufacturing companies to Oregon can result in wealth creation for communities of Black, Indigenous, and People of Color (BIPOC) if individuals of these communities are able to attain the manufacturing and construction jobs associated with the growth.

Currently, racial and ethnic representation in the semiconductor industry and manufacturing industries is uneven, both nationally and in Oregon. The United States semiconductor workforce employs a greater share of non-white workers when compared with the manufacturing sector overall and all other industries. However, this is due primarily to the high rates of Asian individuals in the semiconductor field; the industry employs less Black and Latino workers than manufacturing and all other industries.

Black and White workers constitute a smaller share of Oregon's manufacturing workforce than their respective share of the overall workforce. For Oregon's high-tech and electronics manufacturing specifically, Asian and Black shares of the workforce are larger than their shares of the overall workforce. In order to ensure that all BIPOC communities are benefiting from additional advanced manufacturing jobs, additional steps need to be taken to ensure benefits for all racial and ethnic groups.

In the 2022 session, the Oregon Legislature passed SB 1545, creating Future Ready Oregon. This is a $200 million workforce training program for health care, manufacturing and technology sectors. This program came out of the Racial Justice Council's Workforce Workgroup and included targeted investments for historically underserved communities. There is an opportunity to leverage the work of Future Ready Oregon to create pathways and opportunities for BIPOC individuals to attain high paying manufacturing jobs created by semiconductor and advanced manufacturing expansions.

In addition, a significant component of industrial land readiness is creating necessary infrastructure. These investments will result in high-wage construction jobs that could benefit BIPOC individuals. Tying these dollars to community benefits agreements and frameworks like Construction Careers Pathways is critical to ensuring that these dollars advance racial equity.

CLIMATE IMPACTS

The climate impacts of the semiconductor industry are complex. Many of the current solutions to meet our climate goals rely on chips. They are core components of electric vehicles and renewable energy sources like wind turbines and solar arrays. Increasing investments in these solutions requires additional capacity to create chips and as a result, additional manufacturing

At the same time, chip manufacturing has a large carbon footprint and requires significant amounts of water and energy. The industry also creates a significant amount of hazardous waste. For example, in 2019, one semiconductor company in Taiwan used almost 5 percent of

all of Taiwan's electricity and 63 million tons of water. One of Intel's fabs in Arizona produced more than 15,000 tons of waste in three months and 60 percent of it was hazardous.

In recent years, semiconductor companies have taken steps to decrease their carbon footprint by increasing their usage of renewable energy. Multiple large companies like Intel have made commitments to source 100 percent of their energy from renewable sources in future years. There also have been efforts to implement additional efficiencies in their utilization of water and other natural resources.

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