METRO
2019 LEGISLATIVE ISSUE IDENTIFICATION

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ISSUE: Industrial Site Readiness

BACKGROUND: In 2011, Metro joined with public and private sector partners 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 cleanup, and state/local actions (land division, rezoning, annexation).

Another key finding was that the biggest public beneficiary when these lands are brought into productive traded-sector use is the state general fund, 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 the land from being market-ready.

This study became the impetus for the passage in 2013 of Senate Bill 246, which authorized Business Oregon to provide either reimbursement or partially forgivable loans to local project sponsors to support investments that could overcome constraints and make industrial sites market ready. However, funding was not provided to implement SB 246 (beyond rulemaking).

The coalition that supported SB 246 tried again in 2015 to obtain funding and was again unsuccessful. Following that session, we began to meet with coalition partners and Business Oregon to identify barriers and next steps. The result of those meetings was an understanding that certain flaws in SB 246 needed to be rectified before the next funding request. Working with that coalition, we passed SB 333 in 2017 to streamline the eligibility for participation in the program, ease reporting and other requirements on employers without undermining the program's intent, and clean up definitions and needless complexity.

RECOMMENDATION:
Now that the statute has been made more workable, funding is needed for the Oregon Industrial Site Readiness Program to support the partially forgivable loans described above. Business Oregon has requested $5 million for this purpose and the coalition has submitted a

letter of support urging the Governor to include it in her recommended budget. $5 million will not go far but should be enough to provide proof of concept, enabling us to request more in the future.

LEGISLATIVE HISTORY:
See above. There have been many previous efforts over the last decade to address various issues related to the availability and readiness of industrial land; the most recent was SB 766 from 2011, which established a state program for identifying regionally significant industrial areas and streamlining the permitting process for those areas. Other past efforts include legislation promoted unsuccessfully by the City of Gresham (and supported by Metro) to establish a revolving loan fund to provide up-front financing for infrastructure needed to make land ready for development.

OTHER INTERESTED PARTIES:
The original project partners for the 2011 survey of large sites in the region were the Portland Business Alliance, the Port of Portland, the Oregon chapter of NAIOP, and Business Oregon. Other interested parties include business groups like the Oregon Business Council and the Oregon Economic Development Association; local jurisdictions; land use interest groups like 1000 Friends of Oregon; and the usual stakeholders in this arena.

IMPACT IF PROPOSED ACTION OCCURS:
Reduction in the cost and risk to property owners and local jurisdictions of making large industrial sites market ready. Efficient use of industrial land within the urban growth boundary. Creation of traded-sector jobs, which pay better on average than jobs serving the local market. Positive impact on Metro finances via increased property tax revenues. (All of these impacts assume that investments in site readiness lead to successful recruitment of traded-sector firms.)