

Purpose

The goal of the Regional Brownfield Scoping Project is to understand the scale and impacts of contaminated, underutilized properties in the Portland Metropolitan region and assess a range of policy solutions to promote cleanup and redevelopment of these sites. A Technical Review Team of public- and private-sector representatives, with experience in brownfields and community development, brought a range of perspectives enhancing the analysis and conclusions of the project. This final report summarizes the key findings, with more detailed information on the analysis, methodology, and additional results provided in the attached appendices.

Key Findings

Scale of the Brownfield Problem

- It is estimated that there may be as many as 2,300 brownfield properties in the Metro region covering approximately 6,300 acres of land (defined as potentially contaminated and vacant/underutilized). This represents approximately 7 percent of all commercial, mixed-use, and industrial-zoned land within the Urban Growth Boundary.
- Approximately 50 percent of the total reported and potential brownfields are in, or within 1,000 feet of, Title 3 or Title 13 sensitive environmental areas, such as wetlands and streams. Brownfields are also three times as likely to be located in a community designated by Metro's Equity Composite as underserved.
- The study identified four common types of brownfields defined by characteristics relating to location, historical use, and redevelopment potential.

Economic Impact of Brownfields

- Brownfields represent a lost opportunity for economic development as well as an environmental and public health concern.
- Under current land use regulations, redevelopment of the entire inventory of documented and suspected, potential brownfield properties could yield an upper bound limit of almost 71 million square feet of new

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development, which would generate approximately \$324 million to \$427 million in new property tax revenue.

- Full build-out of all the brownfields has the potential to produce up to approximately 138,000 new dwelling units and work space for approximately 69,000 more jobs, generating approximately \$1.4 billion in additional wages.
- Redevelopment of brownfields is financially challenging. The cost of contamination can be a major barrier, but it is often overshadowed by real estate market challenges.

Policy Tools

- Selected policy tools were prioritized from national best practices, based on local challenges and potential effectiveness, to spur brownfield cleanup and redevelopment. These have been categorized into three bundles: Create Tax Incentives, Build Capacity, and Streamline Regulatory Framework.
- Although each policy tool considered in this study showed a potential positive impact on the development feasibility of brownfield properties, catalyzing the redevelopment of a significant number of the brownfields will require multiple synergistic incentives.
- All policies can be designed through eligibility requirements to focus on specific areas or types of development that policymakers may wish to promote.
- Policy tools that leverage private resources, such as a Remediation Tax Credit and Property Tax Abatement, potentially have a high financial return on investment.
- The Public Land Bank and Dedicated Brownfield Cleanup Fund can be powerful tools to target and support cleanup and redevelopment of key properties with significant potential regional impact.

Figure 16. Policy Tax Revenue-to-Cost Ratio

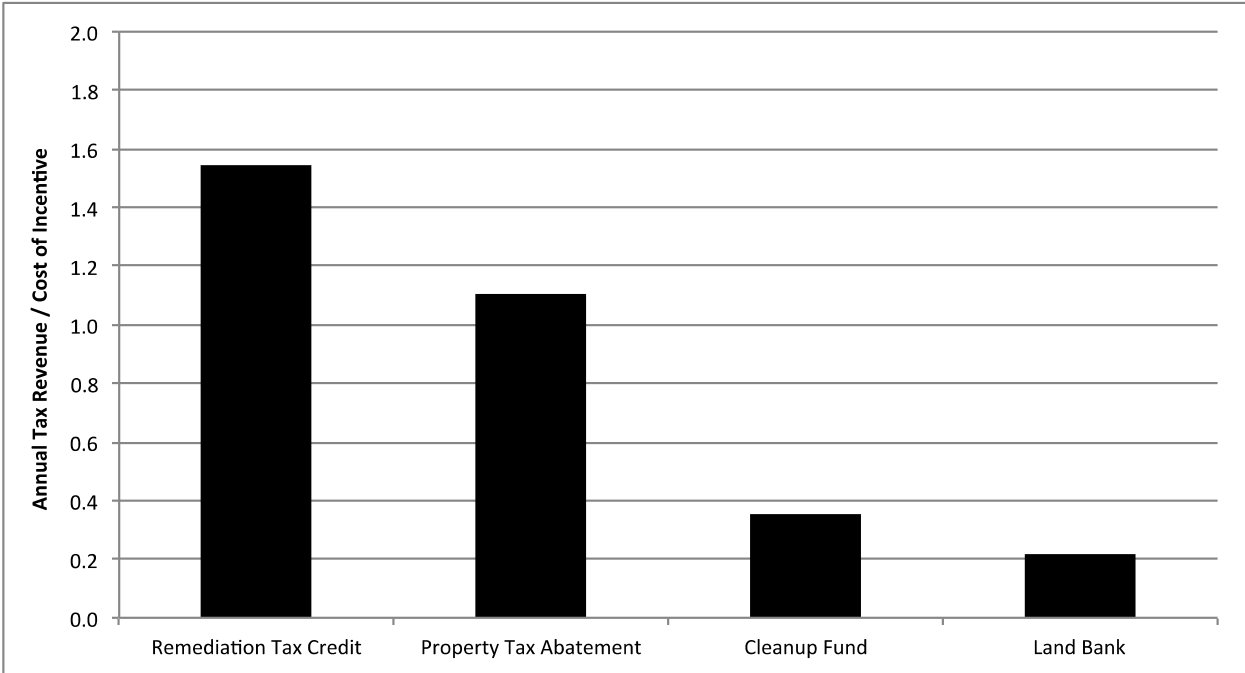


Table 7 Metro Brownfield Policy Tools Matrix

TOOL	DESCRIPTION	LEVEL OF GOV.	POLICY ACTION	TERM	PREV. PROPOSED	FURTHER RESEARCH NEEDED
Bundle 1: Create Tax Incentives						
Tax Credit for Remediation	Consider expanding the use of tax incentives, such as income tax credits for dollars spent on site investigation and environmental cleanup.	State	Statutory Change	Long-term	Legislative	Eligibility requirements, magnitude of credit
Property Tax Abatement	Modify tax abatements associated with Enterprise Zones and urban infill programs to extend the duration of tax abatements in any area and make brownfield remediation for industrial development more viable.	State Policy Change; Local Implementation	Statutory Change	Long-term		Eligibility requirements
Reform Contaminated Property Tax Assessment	Modify tax assessment valuation rules to include time restrictions on the value reduction associated with a cleanup liability to discourage mothballing.	State	Constitutional, Statutory, and Administrative Rule Change	Long-term		Legal constraints
Complementary Tools						
TIF Reforms	Modify policy to make TIF a more effective tool for promoting brownfield cleanup and redevelopment. Use policy mechanisms to create better tie-ins between TIF and brownfield projects to incentivize redevelopment.	State Policy Change; Local Implementation	Statutory Revision	Long-term		Examine range of options
Bundle 2: Build Capacity						
Public Land Bank	Establish a land bank to acquire contaminated properties, manage and finance cleanup and redevelopment, and sell property back into the private market.	State Legislation; implemented at State or Local level	Legislative	Mid-term/long-term		Identify most appropriate agency sponsor

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Dedicated State Cleanup Tax	Establish a dedicated fund for cleanup and redevelopment of brownfields. The revenues or the fund should be generated from a source that has both a nexus with contamination and the potential to generate a substantial revenue stream.	State	Legislative	Mid-term/long-term		Explore revenue source options
Integrated Planning & Site Assessment Grants	Establish a publicly funded Brownfield Integrated Planning Grant to conduct environmental assessments and support site-specific redevelopment strategies.	State or Local	Legislative	Short-term/mid-term		Explore revenue source options
Complementary Tools						
Pooled Bonding	Allow localities to use bond proceeds to purchase a pool of general obligation bonds to fund cleanup projects.	State Legislation: Local Implementation	Statutory Revision	Short-term		Examine fiscal impacts
Historical Insurance Support	Provide technical support to assist work parties in making claims on historical insurance policies.	State or Local	Programmatic Change	Short-term		Compare cost of contracting vs. in-house service
Community Investment Initiative	Building on models being explored in Metro's Community Investment Initiative, create a new entity to combine public and private funds and foster unique joint venture opportunities.	Coordinated State and Local	To be determined	Long-term	Report (2)	Ongoing policy development
Public Equity in Sites	Make it easier for public development organizations to provide gap financing for projects in exchange for securing an equity interest in the property.	State Legislation: Local Implementation	Legislative	Long-term		Research legal issues
Pooled Environmental Insurance	Establish a program that would decrease the transaction costs and reduce the cost of purchasing environmental insurance to cover risk.	State or Local	Programmatic	Long-term	Report (2)	Explore concept with private market
Brownfield Guidebook	Provide more effective resources to educate landowners and prospective buyers about the cleanup and redevelopment process and the resources available to assist these projects.	State or Local	Programmatic Change	Short-term	Report (1)	

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Bundle 3: Streamline Regulatory Framework						
Regulatory Flexibility	Local governments could apply a zoning code overlay to contaminated sites or create a brownfield inventory list for priority sites that would allow developers and property owners to develop the site with greater regulatory flexibility.	Local	Policy Change	Short-term	Report (1)	Examine land use implications
One-Stop Shop	Create a system for interagency coordination for permitting and funding brownfield projects.	State and Local	Programmatic	Short-term	Report (1)	
Complementary Tools						
Model Purchase and Sale Agreement	Create a model agreement with indemnification language and distinctions between upland and in-water liabilities along with standard transfer issues such as due diligence period, timing of cleanup, warranties, and inspection period.	State or Local	Programmatic	Short-term	Report (3)	
Model PPA	Review and update model language for legally binding PPAs to streamline the process and encourage their use.	State	Programmatic	Short-term	Report (3)	
Universal Database	Create an open system to share environmental information across projects. This system could include analytical data on groundwater flow and contaminant concentrations, along with beneficial use determinations.	State	Programmatic	Short-term	Report (1)	
Formalize Presumptive Remedies and Standards	Establish guideline documents for simple cleanup sites with common redevelopment uses.	State	Programmatic	Short-term	Report (1)	Convene expert panel to review

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CERCLA PPAs	USEPA provide PPAs jointly with Oregon DEQ to provide certainty and liability protection to innocent purchasers of contaminated properties under federal Superfund Law.	Federal	Programmatic	Long-term		USEPA and DEQ discussions
CERCLA De Minimis Settlements	USEPA provide expedited settlement agreements for owners of properties that likely cause minor impacts to the Harbor.	Federal	Programmatic	Long-term		Examine liability implications