



Industrial Site Readiness Bills

Senate Bill 246A and Senate Bill 253A

Joint Ways & Means Subcommittee
Transportation & Economic Development
May 13, 2013

Industrial Land Supply

- Job creation and income growth key to Oregon's economic prosperity – jobs/tax base for education/other public services
- Limited supply of large sites for traded-sector development across Oregon
- Business decision timeframe shrinking
- Competitive supply critical to capture opportunities of economic upturn



Portland Metro Industrial Site Readiness Study

- Market driven study of supply of development-ready industrial lands within Portland metro area and selected urban reserves
- Identification of barriers, costs and benefits of development for 12 diverse industrial sites



Phase 1: Inventory Findings

Inventory of development-ready, large industrial sites is limited in the Portland UGB:

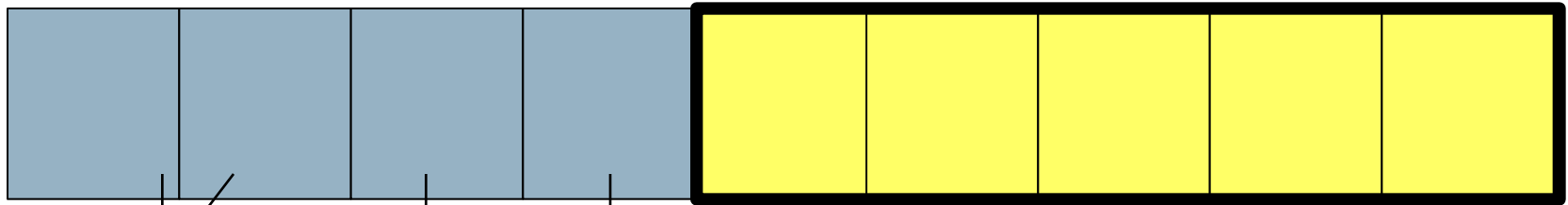
- 56 industrial sites identified with 25+ net developable acres
 - 9 Tier 1 sites
(6 months to shovel ready – consistent with State Site Certification)
 - 16 Tier 2 sites (7 months to 2 ½ years to shovel ready)
 - 31 Potential Tier 3 sites (> 2 ½ years to shovel ready)
- 12 detailed sites assessment underscore the need for site due diligence and site preparation assistance



5 Tier 1 Sites Broad Market Appeal

9 Tier 1 Sites

Full universe of Tier 1 sites



2 Lease Only Sites

Properties for lease generally considered harder to transact

1 Above Market Site

Property owners seeking above market, non-industrial pricing

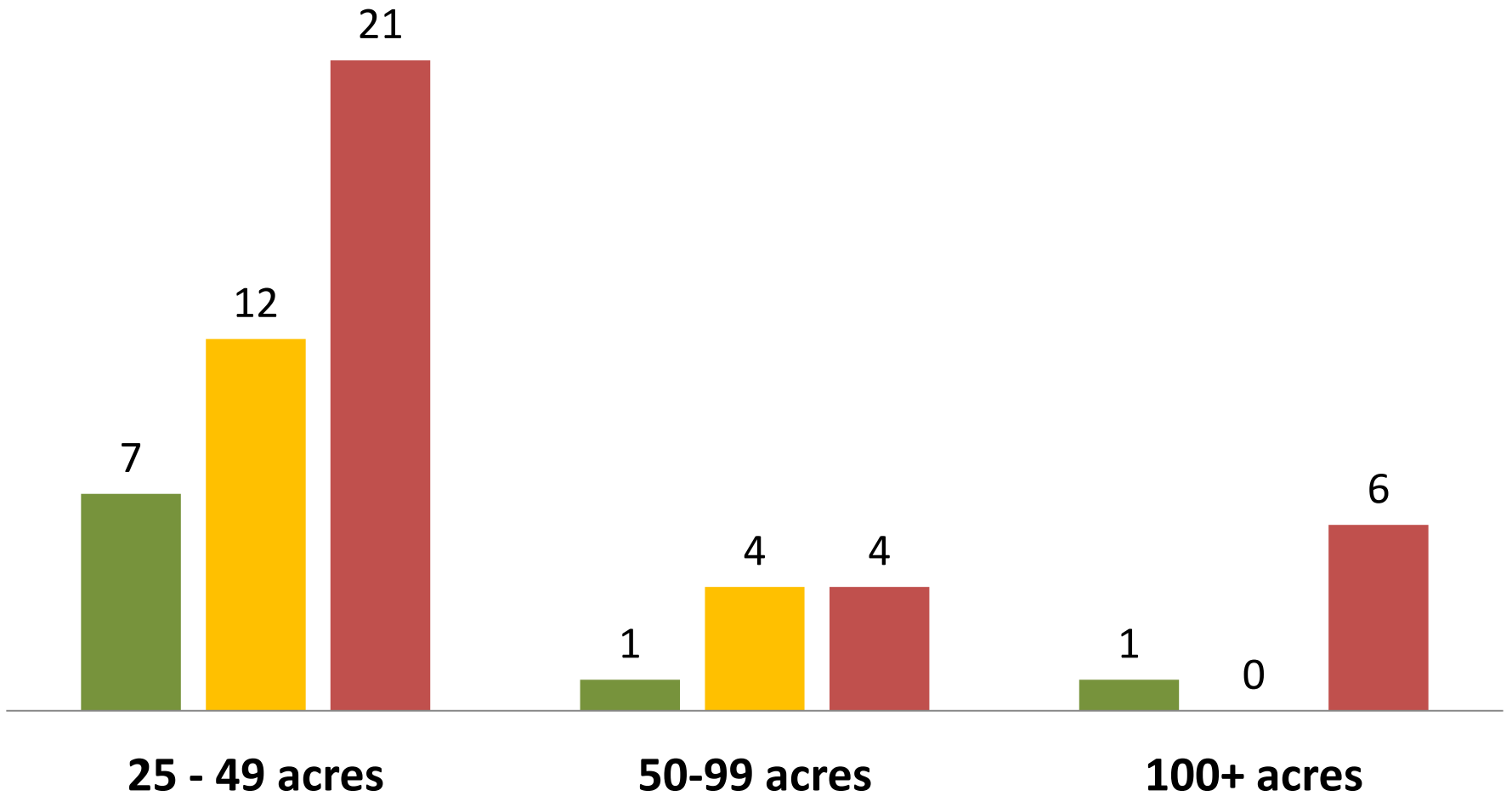
1 Irregular Shaped Site

Industrial buildings tend to be rectangular; irregular configurations are harder to design efficiently

5 Market Ready Sites with Broad Market Appeal

Distribution of Sites by Acreage

■ Tier 1 ■ Tier 2 ■ Tier 3

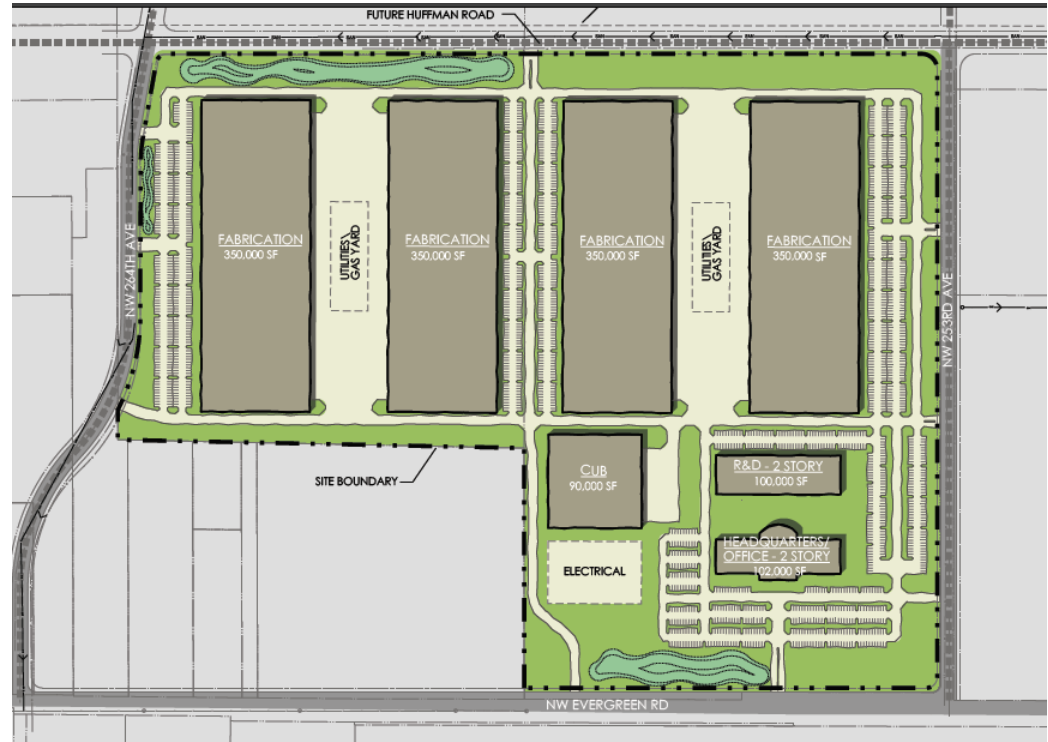


Tier 2 and 3 Potential Development Constraints

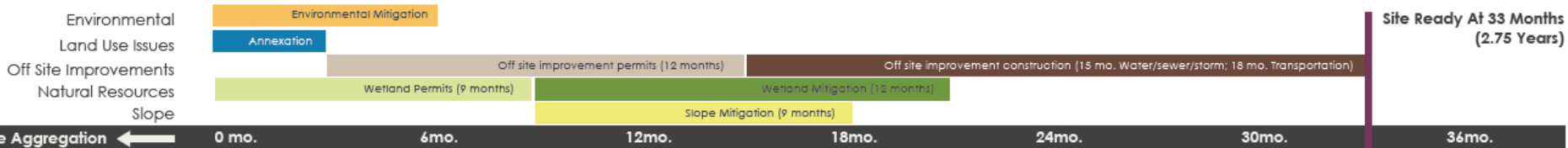
	TOTAL
BROWNFIELD / CLEANUP	8
NATURAL RESOURCES	13
INFRASTRUCTURE	19
TRANSPORTATION	18
LAND ASSEMBLY	14
STATE/LOCAL ACTIONS	20
NOT WILLING TO TRANSACT	18

Phase 2: 12 Site Assessments

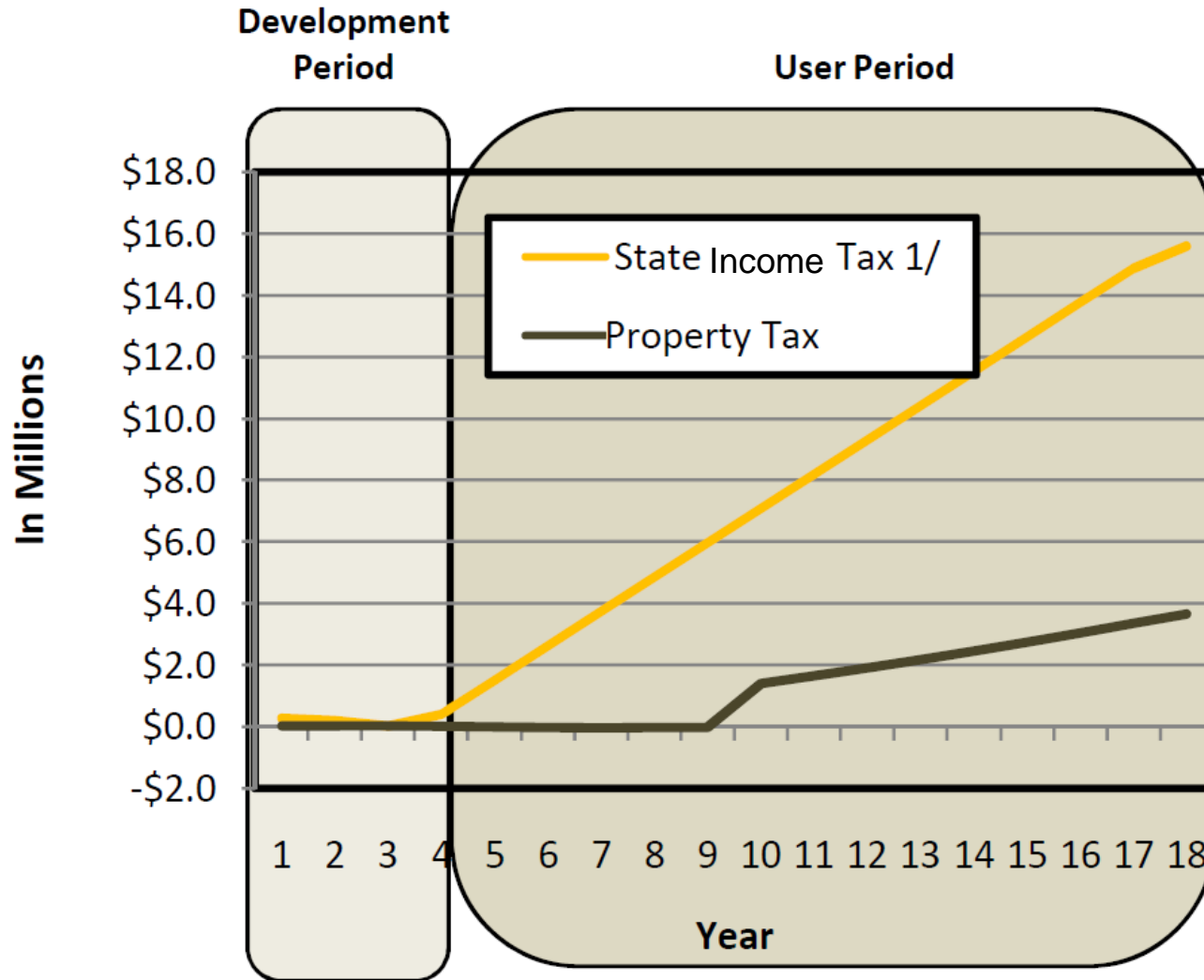
East Evergreen Site - Hillsboro



Site Development Process Timeline



Annual Tax Revenue – Evergreen Site



1/ Direct Impacts Only

East Evergreen Economic Benefit

- 116 acres with site hard cost gap, \$13 M
- 1,700 direct jobs and \$232 M in payroll
 - 12,000 total direct and indirect jobs
- 20 year cumulative tax revenue
 - State revenue, \$153 M
 - Local revenue, \$35 M
- 80 percent of new tax revenue to state
- \$2.8 B in annual economic activity

Potential Benefits

Total Site Preparation Market Viability Gap (10 out of 12 sites)	\$192 million
Total Direct Jobs	12,500
Average Annual Wage Level	\$97,000
Total Property Tax over 20 years	\$217 Million
Total State Personal Income Tax over 20 years (direct jobs only)	\$764 Million
Total State Personal Income Tax over 20 years (direct and indirect)	\$2.3 Billion

Study Conclusions

- Limited development-ready industrial sites in Metro urban growth boundary
 - Shortage of larger sites for game changer investments
- Significant financial and time to market site constraints
- Significant economic benefits from investments
 - State's general fund potentially a big winner from associated job growth

Oregon Business Plan – Jobs Agenda

Oregon Business Plan Goal, Vision, and Strategy

Goal: Quality Jobs in Every Corner of Oregon

- 25,000 net new jobs per year
- Per capita income above the national average by 2020

Vision: Clusters of Innovative, Sustainable, Globally Competitive Industries

Traded-sector businesses drive the Oregon economy. They export products and services outside of Oregon, bringing in fresh dollars that re-circulate through payrolls, employee spending in the local economy, purchases from vendors, and tax revenues that fund critical public services like education.

Initiatives: 4. Industrial Land.

Make industrial land ready to support creation of high wage jobs.

“With the easiest sites taken, Oregon again finds itself short of industrial lands that can be developed in a timely manner, which is costing us jobs, incomes, and tax revenues in communities across the state.”

Traded Sector Drives Growth

Most jobs are here: schools, hospitals, grocery stores, restaurants



But firms in this sector drive the economy

Proposed Legislation



- Senate Bill 253
 - Grants for industrial site due diligence, or industrial land market readiness inventories
- Senate Bill 246
 - Site preparation assistance – Tax sharing or loan forgiveness of 50% local investment if traded sector business siting within 7 years

State assistance based on significant new state revenue impact potential from site readiness investments

Due Diligence & Inventory – *Senate Bill 253*

- Small grants to local sponsors
- Inventory or due diligence
- Close the “knowledge gap”
- Reduce risk and uncertainty
- Attract private capital

Reimbursement Program –

Senate Bill 246

- Low risk to state
- Funds only from realized gains
- Site-by-site evaluation
- Pre-investment agreement
- Partial tax sharing or loan forgiveness of 50 percent of local site preparation investment

Pre-Investment Agreement

- Important sites
- Traded-sector industries
- Wage premium
- “But for” evaluation
- Site investment plan, costs, limits

Fiscal Impact

- SB 253
 - Limited lottery grant funding for due diligence
 - Administrative costs for establishing program
- SB 246
 - No lottery funding requested for loans
 - Reimbursement of 50% of local investment in site preparation if successful new business investment (portion of personal income tax gains)
 - Administrative costs for establishing program

Contact Information

Bernie Bottomly, Portland Business Alliance

bbottomly@portlandalliance.com, 503/552-6746

Mark Clemons, City of Hillsboro

Mark.clemons@hillsboro-oregon.gov, 503/681-6229

Value of Jobs Industrial Land Report:

http://www.valueofjobs.com/land_study_2012/ls_land_readiness.html

Oregon Business Plan Jobs Agenda:

<http://www.oregonbusinessplan.org/LinkClick.aspx?fileticket=GxICdUzXafw%3d&tabid=146>