



Industrial Site Readiness Legislation

Senate Committee on Business and Transportation
March 18, 2013

Industrial Land Supply – *Bernie Bottomly*

- Job creation and income growth key to Oregon's economic prosperity – jobs/tax base for education/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



Demand for Large Sites

- Consistent interest in 50+ and 100+ acres based on public and private data, even during current economic downturn
- **Public:** 25% of Business Oregon leads seeking more than 25+ acres
 - Every major recruitment category had at least one opportunity needing more than 25 acres
- **Private:** Survey of 6 Metro brokers shows 11 leads a year for sites greater than 50 acres

Traded Sector Industry

Acreage Requirements for Majority of Leads

	Regional/ National Scaled Clean Tech	Globally Scaled Clean Tech	Heavy Ind./ Mfrg	General Mfrg	High Tech Mfrg/ Campus Industrial	Warehouse/ Distribution	Regional Dist. Centers
Competitive Acreage Required	50 acres	100 acres	25 acres	10 acres	25 acres	25 acres	80 acres



Portland Metro Industrial Site Readiness Study – *Mark Clemons*

- 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
- Determined shortage of development-ready sites and investments needed in industrial site due diligence and site preparation



Inventory Findings

Inventory of development-ready, large industrial sites is limited:

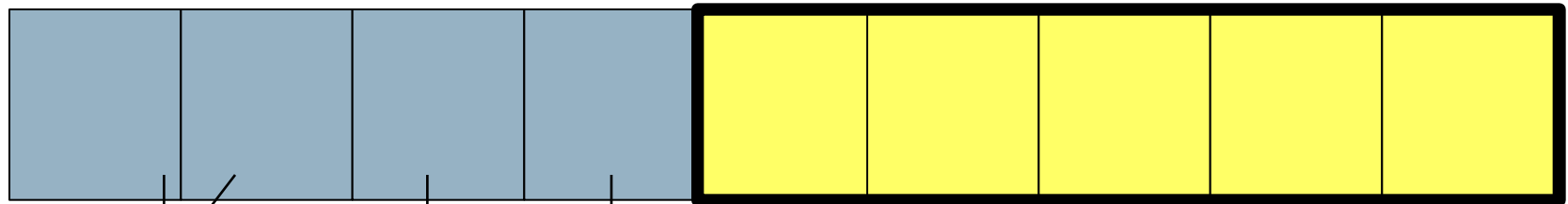
- 56 industrial sites identified with 25+ net developable acres
 - 9 Tier 1 sites
(6 months to shovel ready – consistent with State Site Certification)
 - 16 Tier 2 sites (7 months to 2 ½ years to shovel ready)
 - 31 Potential Tier 3 sites (> 2 ½ years to shovel ready)



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

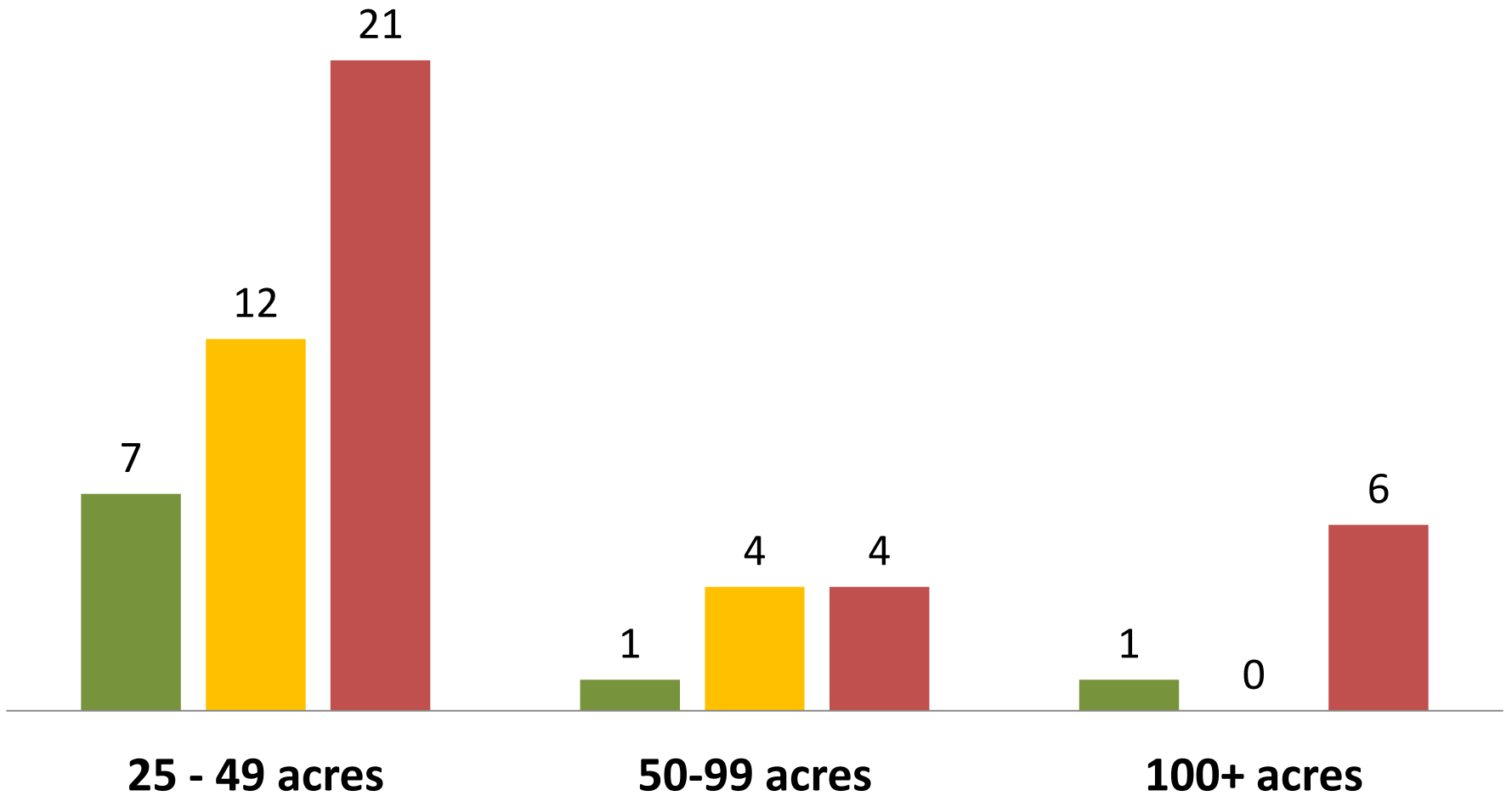
1 Irregular Shaped Site

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

Industrial Site Assessments

- Development assessments for 12 diverse sites
 - Size, location, barriers, tiers, traded sector uses
- Hypothetical large lot users, investments required, and economic benefit of development

- Tier 2 Site
- Tier 3 Site

Site 104 *
Hillsboro Urban Reserves

Site 2
Time Oil

Site 13 *
ICDC & Entercom

Site 15 & 16 *
UPS & Cereghino

Site 55 & 56 *
East Evergreen

Site 19
TRIP Phase 2

Site 37
Orr Family Trust

Site 24
Jean Johnson

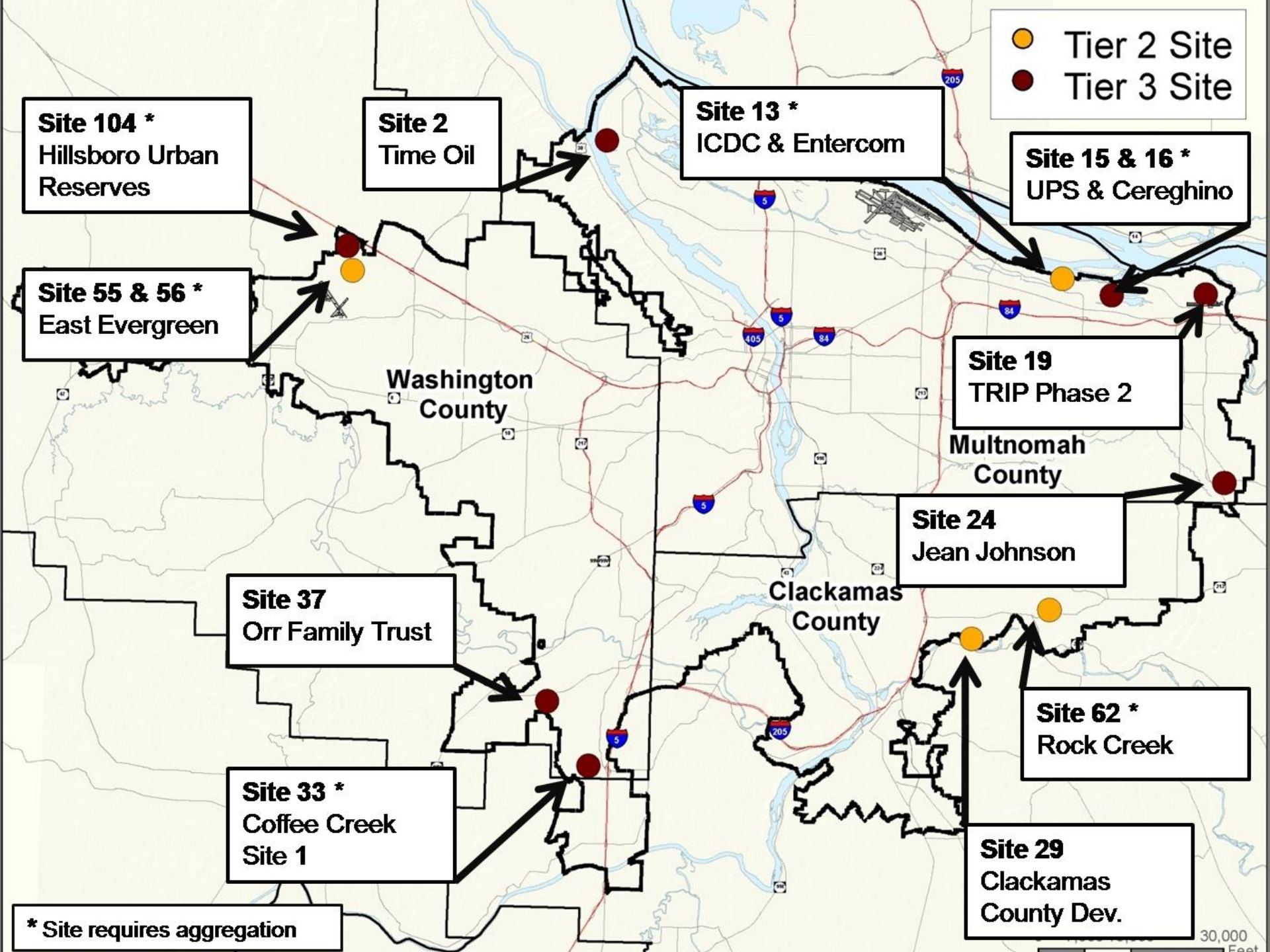
Site 33 *
Coffee Creek Site 1

Site 62 *
Rock Creek

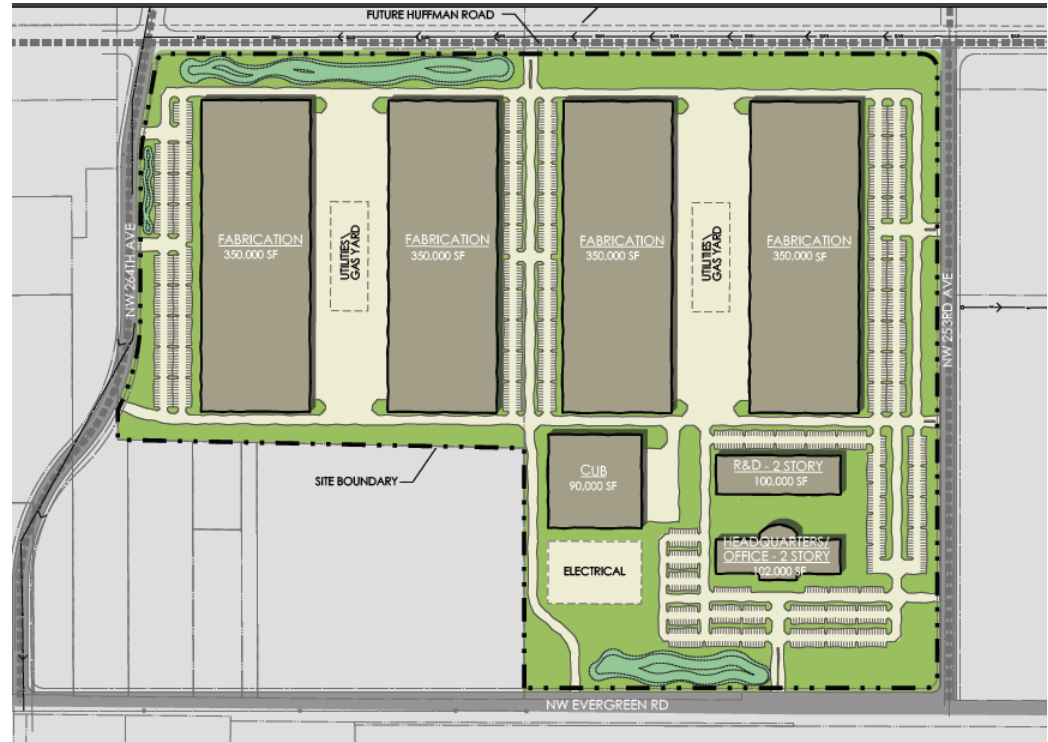
Site 29
Clackamas County Dev.

* Site requires aggregation

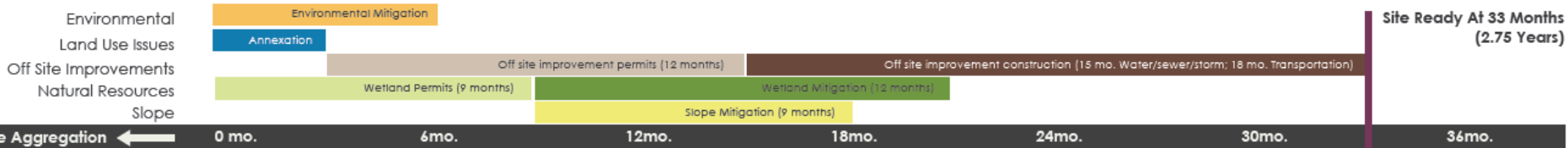
30,000 Feet



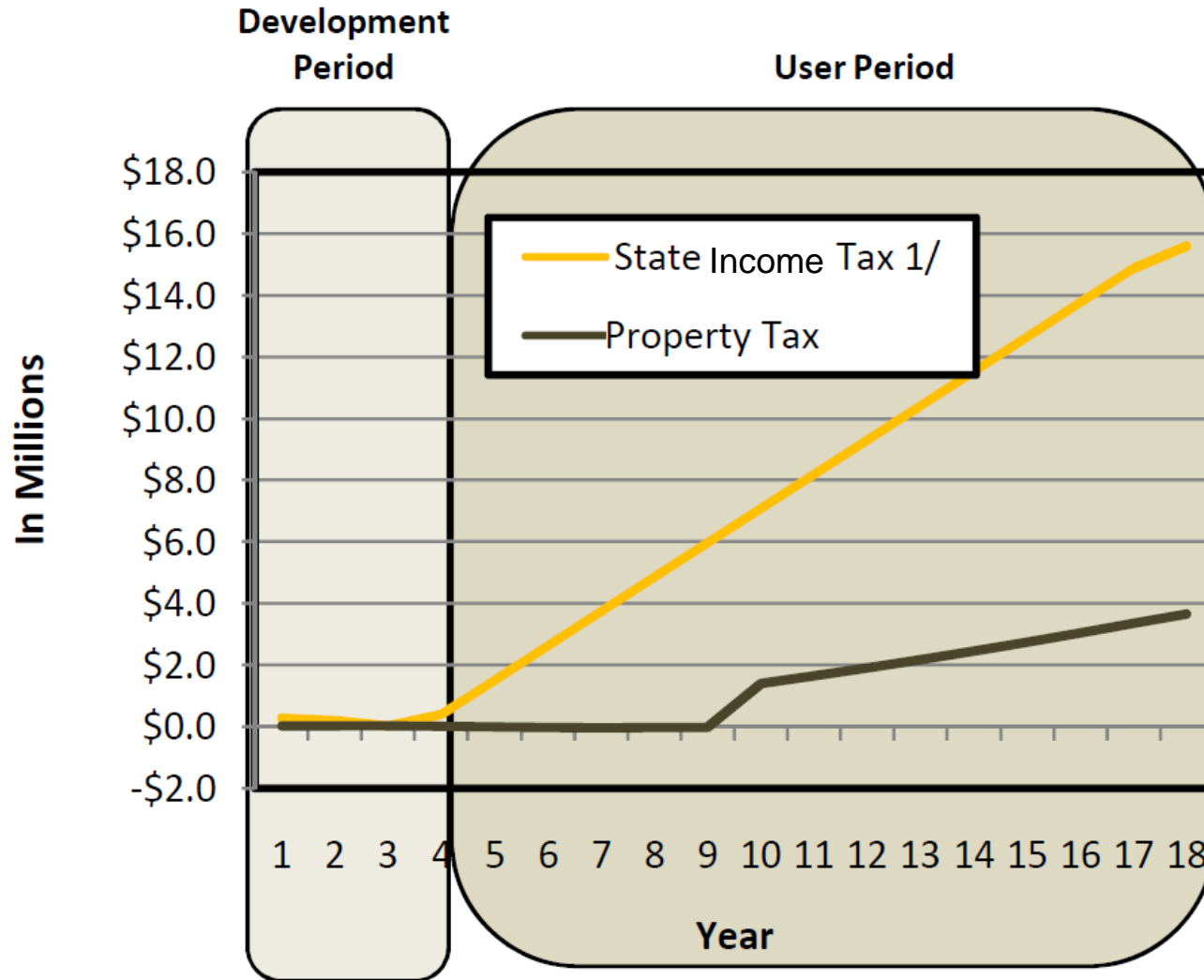
East Evergreen Site - Hillsboro



Site Development Process Timeline



Annual Tax Revenue – Evergreen Site



1/ Direct Impacts Only

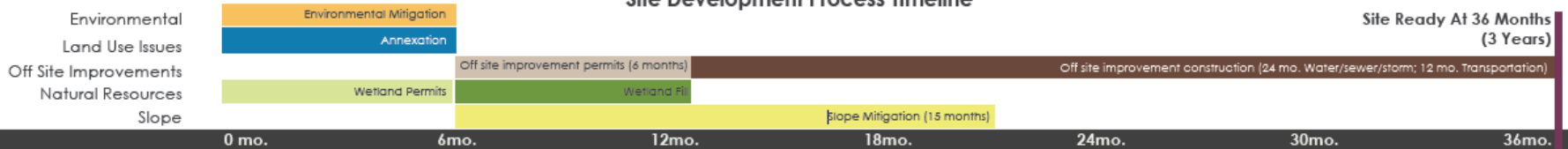
East Evergreen Economic Benefit

- 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.

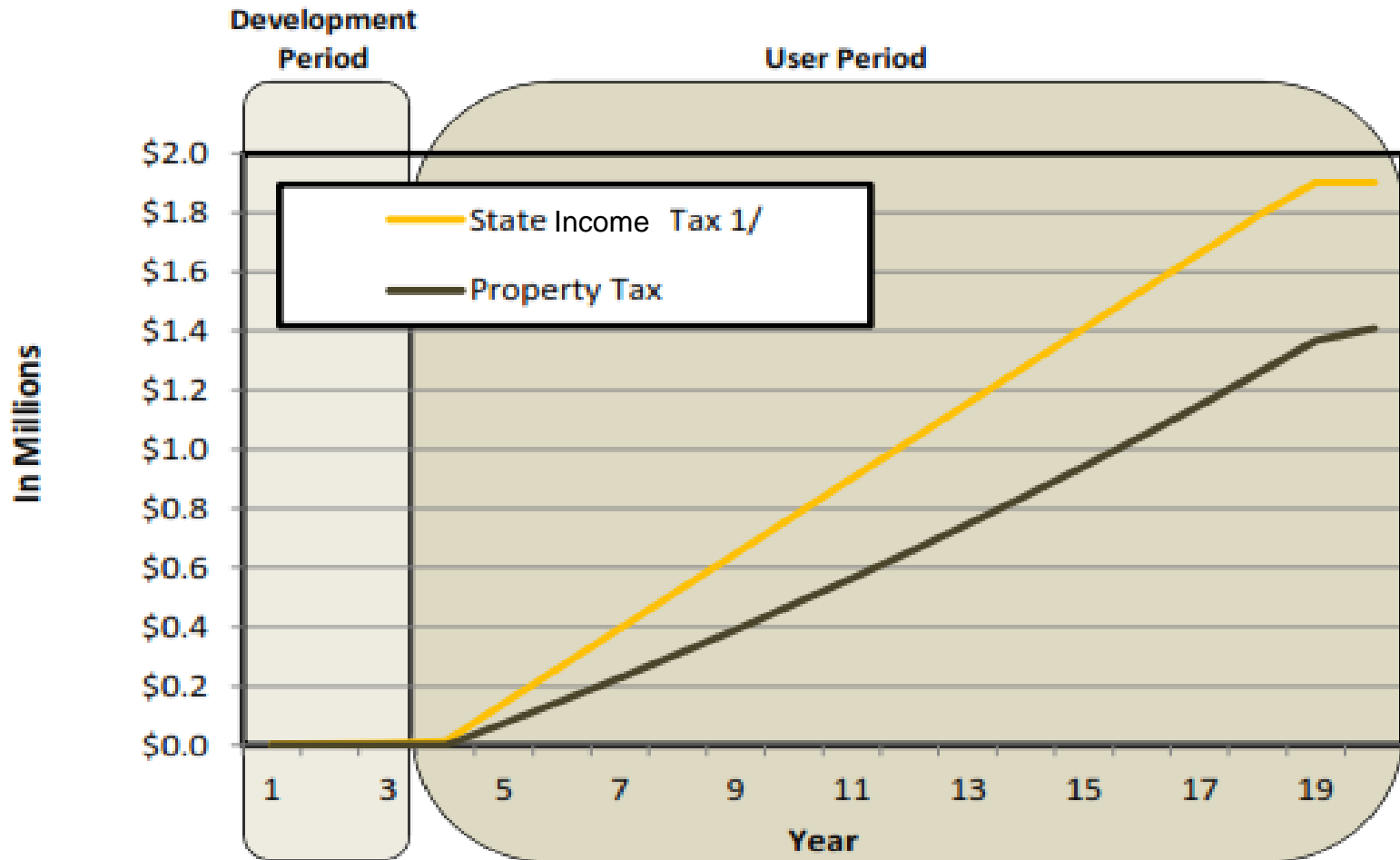
Orr Family Site A - Sherwood



Site Development Process Timeline



Annual Tax Revenue – Orr Site



1/ Direct Impacts Only

Orr Family Site Economic Benefit

- 43 acres with site hard cost gap, \$4.5 M
- 630 direct jobs, \$28.5 M in annual payroll
 - 1,500 total direct and indirect jobs
- 20 year cumulative revenue
 - State revenues, \$17 M
 - Local revenues, \$12M
- 59 percent of new revenue to state
- \$344 M annual economic activity

Study Conclusions

- Limited development-ready 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

Industrial Site Constraints

- Off-site public utilities represent primary barrier.
- Transportation constraints are the largest contributing factor.
- Site aggregation also key.
- Time to establish infrastructure approaches 24 to 30 months.
- Lack of knowledge about cost and value.

Market Gap

“The sites with critical infrastructure deficiencies are not likely to attract large firms if investment is left solely to the private market or delayed until a business willing to commit to a site is found.”

- Regional Industrial Site Readiness Report, 2012

Potential Benefits - 12 sites

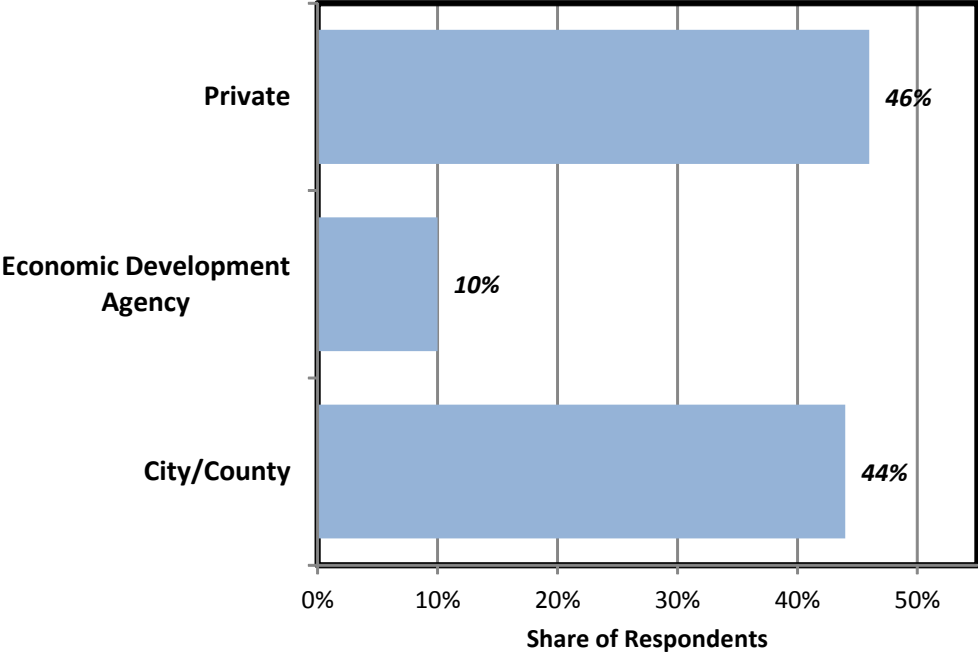
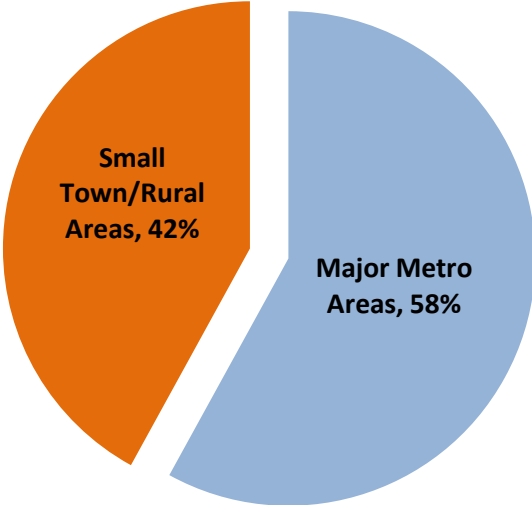
Total Direct Jobs	12,500
Average Annual Wage Level	\$97,000
Total Property Tax over 20 years	\$217 Million
Total State Personal Income Tax over 20 years (direct jobs only)	\$764 Million
Total State Personal Income Tax over 20 years (direct and indirect)	\$2.3 Billion

Statewide Industrial Land Survey – *Bernie Bottomly*

- Oregon Business Plan survey reinforced Portland Metro study findings
- Limited large lot, development-ready sites
- Site preparation and due diligence assistance needed
- Limited local funding

Statewide Survey

Who Does this Matter to?

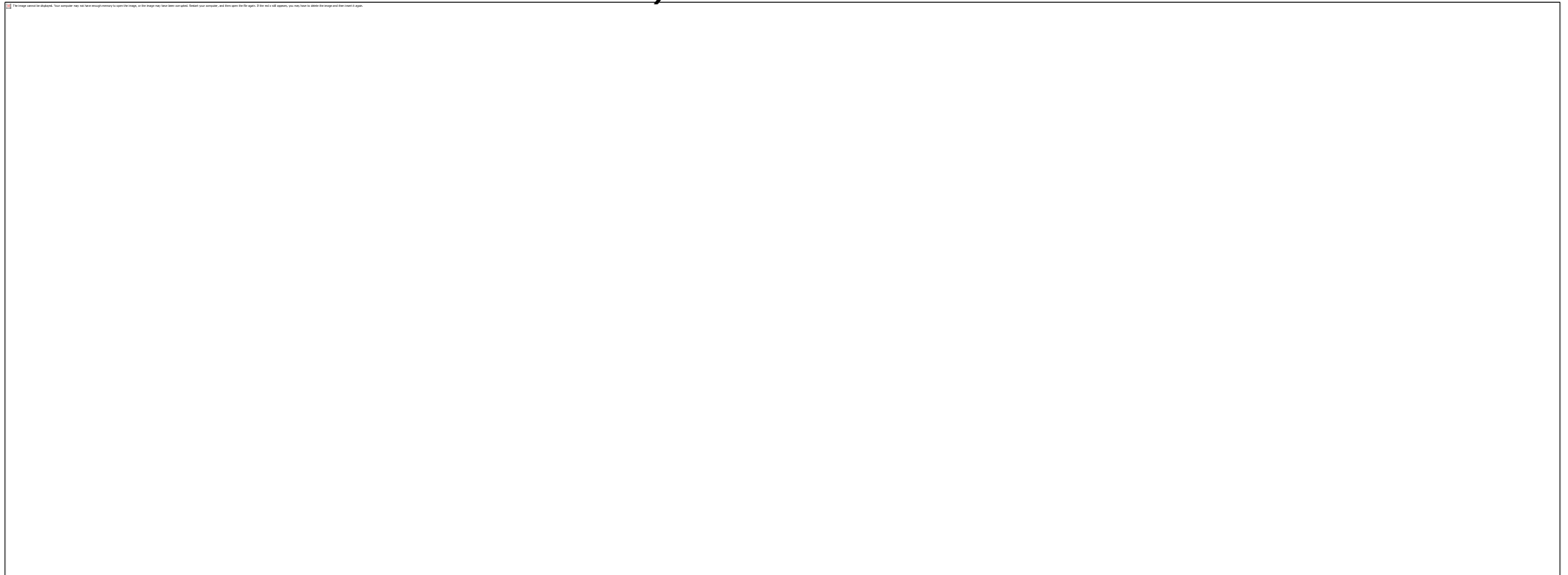


Statewide Survey

How Does Land Supply Stack up Statewide?

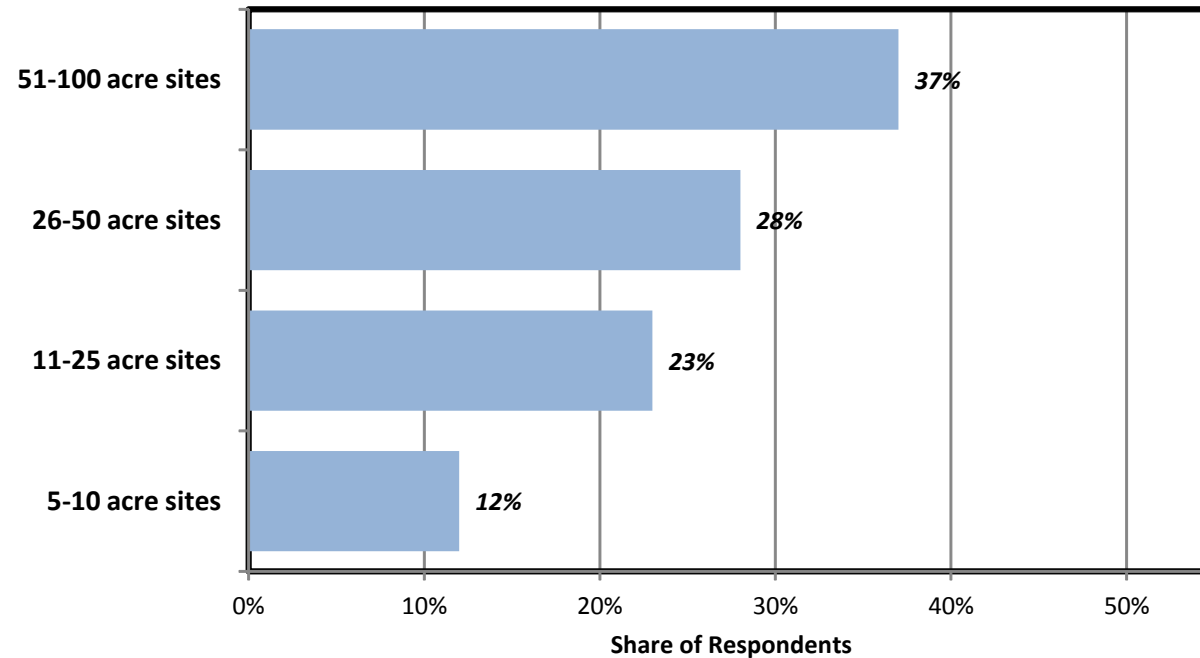
Industrial Land Inventory

Industrial Land Readiness



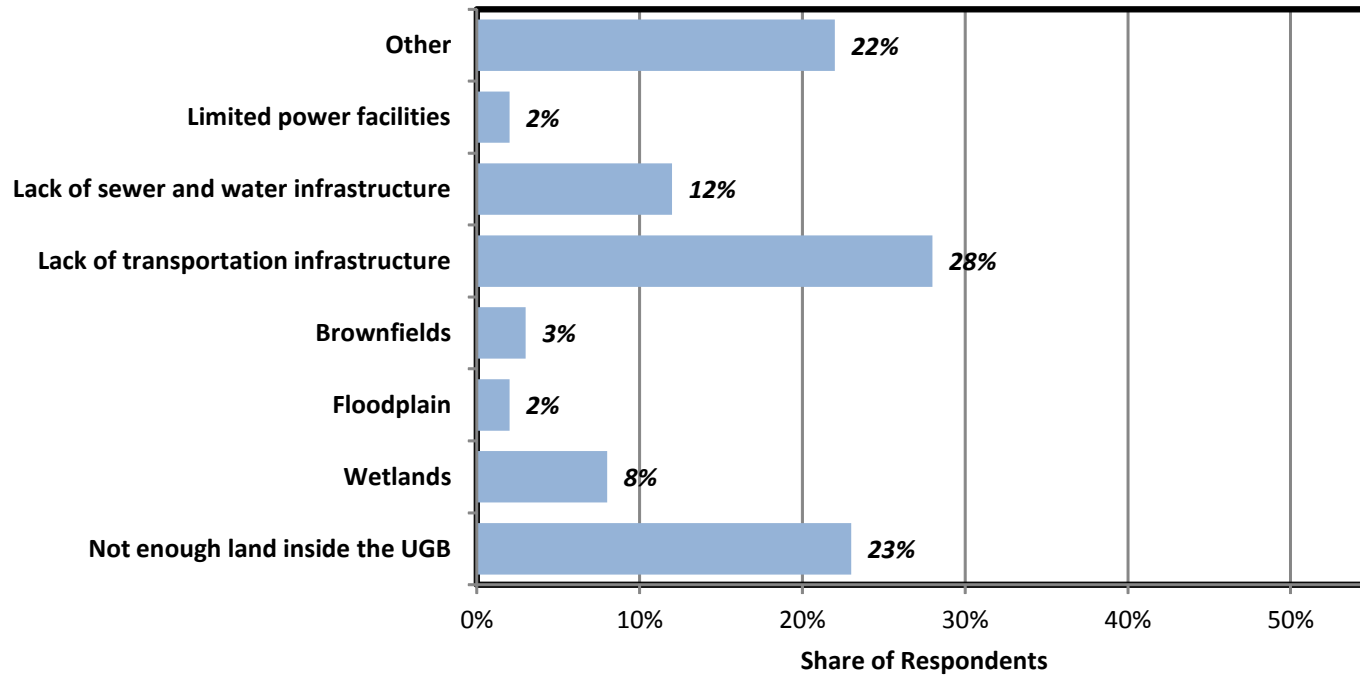
Statewide Survey

What Size of Sites are Most Challenging to Find?



Statewide Survey

What are the Most Common Challenges with Respect to Industrial Land?



Proposed Legislation

- Senate Bill 253
 - Grants for industrial site due diligence, or industrial land market readiness inventories
- Senate Bill 246
 - Site preparation loan assistance – 50% of loan forgivable if traded sector business siting within 5 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

Forgivable Loan Program – *Senate Bill 246*

- Low risk to state
- Funds only from realized gains
- Site-by-site evaluation
- Pre-investment agreement
- Forgiveness of 50 percent of local investment
- Penn., Conn., Kansas, Missouri, New Mexico

Pre-Investment Agreement

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