



To: Co-Chairs Johnson and Gomberg and members of the Joint Ways & Means  
Subcommittee on Transportation & Economic Development

Date: March 19th, 2015

Re: Recapitalizing the Brownfields Redevelopment Fund

According to a 2012 inventory completed by Metro, the Portland metropolitan area has approximately 2,300 brownfield sites, the majority of which are located in Multnomah County. In Portland alone there are 910 acres of likely brownfields, with an estimated cleanup cost of \$240 million. These sites are public health concerns and environmental hazards, as well as underutilized eyesores in our neighborhoods.

The Metro brownfield assessment also found that brownfields sites are three times more likely to be located in historically underserved communities that bear a disproportionate burden of threats to people's health and well-being. When the environmental and health hazards from a brownfield are mitigated, on the other hand, these sites can serve as opportunities to improve neighborhood livability and catalyze much-needed economic development.

The state's Brownfield Redevelopment Fund has been a very successful revolving loan and grant fund for assessing and cleaning up brownfield sites throughout the state. Unfortunately, the fund is nearly depleted, and additional funding is necessary to continue to chip away at the cleanup of these sites. Cleaning up these contaminated sites is a key strategy to spur economic development. Of the 910 acres of likely brownfields in Portland, 558 of those acres are currently zoned industrial. The city has projected a 720 acre shortfall in useable industrial land over the next 20 years. Cleaning up these brownfields - which are often already served by existing infrastructure - and putting them into productive industrial use is clearly a vital strategy for meeting this land use need and gaining the benefits of the associated economic activity.

Recapitalization of the Brownfields Redevelopment Fund will improve community and environmental health and spur economic development. We urge this subcommittee to appropriate \$10 million in Lottery-back bond funding for this purpose.

If you have questions regarding Multnomah County's support for recapitalizing the Brownfields Redevelopment Fund, please contact Chris Fick in Multnomah County's Office of Government Relations at [chris.fick@multco.us](mailto:chris.fick@multco.us).

# OREGON BROWNFIELDS COALITION

## ORGANIZATIONAL COALITION MEMBERS AS OF FEBRUARY 2015

ASSOCIATION OF OREGON COUNTIES  
LEAGUE OF OREGON CITIES  
OREGON PUBLIC PORTS ASSOCIATION  
CITIES OF BEAVERTON, BEND, EUGENE,  
LINCOLN CITY, PORTLAND, SALEM,  
SPRINGFIELD AND TIGARD  
CLACKAMAS COUNTY  
MULTNOMAH COUNTY  
WASHINGTON COUNTY  
METRO  
PORT OF PORTLAND  
BUSINESS OREGON  
OREGON DEPT. OF ENVIRONMENTAL  
QUALITY  
OREGON HEALTH AUTHORITY  
REGIONAL SOLUTIONS CENTER  
US EPA  
1000 FRIENDS OF OREGON  
AUDUBON SOCIETY OF PORTLAND  
BEYOND TOXICS  
COMMUNITY HOUSING FUND  
GROUNDWORK PORTLAND  
NEIGHBORHOOD PARTNERSHIPS  
OREGON ENVIRONMENTAL JUSTICE  
TASK FORCE  
OREGON OPPORTUNITY NETWORK  
UPSTREAM PUBLIC HEALTH  
VERDE  
ASSOCIATED OREGON INDUSTRIES  
COLUMBIA CORRIDOR ASSOCIATION  
NORTHWEST ENVIRONMENTAL  
BUSINESS COUNCIL  
OREGON BUSINESS ASSOCIATION  
OREGON ECONOMIC DEVELOPMENT  
ASSOCIATION  
OREGON STATE BUILDING &  
CONSTRUCTION TRADES COUNCIL  
OREGON STATE CHAMBER OF  
COMMERCE  
INTERNATIONAL COUNCIL OF  
SHOPPING CENTERS  
CLACKAMAS COUNTY BUSINESS  
ALLIANCE  
PORTLAND BUSINESS ALLIANCE  
WESTSIDE ECONOMIC ALLIANCE  
PORTLAND STATE UNIVERSITY

## BROWNFIELDS: POLLUTED SITES, NEW HOPE

Oregon is burdened by thousands of polluted sites called brownfields. Ranging in size from large factory sites to small former gas stations and dry cleaners, over 13,000 brownfields are scattered throughout the state – only 35 percent of which have been assessed or cleaned up.

Nearly every Oregonian has a brownfield in their community. They are the vacant lots we drive by daily, the piles of polluted dirt behind rusting chain link fences, the abandoned storefronts blighting our main streets.

Brownfields must be cleaned up before they can be reused for jobs, housing and other community needs. However, cleanup is expensive. Current owners and potential developers are required to pay, even though the original polluters may have gone bankrupt, been acquired by other companies or disappeared. Landowners interested in cleanup often face a time-consuming and expensive maze of permits, regulations and inspections. Many landowners and developers steer clear of known or potential brownfields because the costs and risks are too high to justify action.

Government action to help get brownfields cleaned up could unlock billions of dollars of economic activity. The state's small Brownfields Redevelopment Fund has helped create \$2.3 billion in economic activity with relatively minimal investment. But so far the fund has barely scratched the surface of Oregon's brownfield challenge.

### SOLUTIONS TO OREGON'S BROWNFIELD CHALLENGE

The Oregon Brownfields Coalition has this goal: find collaborative strategies to help turn these liabilities into community assets quickly and equitably. The members of the Coalition represent public, private and nonprofit partners and a wide range of disparate interests. But we share a common goal with respect to this critical challenge. Brownfields are holding our communities and our economy back. It's time to take action to help communities all over Oregon.

The Coalition proposes these solutions in the 2015 legislative session:

- **Recapitalize the state Brownfields Redevelopment Fund**, as proposed in the Governor's budget.
- Allow local communities to create **land banks** and offer **tax abatements** for brownfield cleanup and redevelopment.
- Create **state tax credits** for brownfield redevelopment.

We look forward to working with you to solve Oregon's brownfield challenge.

### CONTACT

Oregon Brownfields Coalition  
503-797-1562  
[oregonmetro.gov/brownfields](http://oregonmetro.gov/brownfields)



# OREGON BROWNFIELDS COALITION

## 2015 LEGISLATIVE PROPOSAL: MORE DETAILS

Every brownfield is different. It is important to have a range of tools to solve Oregon's brownfield challenge. As such, the Brownfields Coalition is respectfully presenting a three-part legislative proposal for the 2015 Oregon Legislature. In addition to recapitalizing the state Brownfield Fund, here are the strategies the Coalition is recommending.

### **LAND BANKS (HB 2734): COMMUNITY CREATED, COMMUNITY DRIVEN**

A land bank is a locally-created public authority that can acquire, hold, manage and transfer property to new owners. Land banks aim to return brownfield sites neglected by the open market back into productive use. They do this by:

- acquiring titles to contaminated, vacant, or blighted properties
- facilitating remediation and/or site improvements to eliminate barriers to redevelopment
- transferring properties to owners who will develop the property in a way that supports community priorities.

A land bank works in cooperation with local governments, non-profits, community organizations, lenders, and property developers to leverage available resources to clean up contaminated properties.

**How would land banks benefit Oregon communities?** Local land banks let the community create a streamlined process to acquire, clean up and redevelop brownfields throughout the state. By making the process faster, easier and cheaper, communities can more easily return brownfields to productive use, in a way that reflects their own values.

### **BROWNFIELD TAX ABATEMENTS (HB 2734): LOCAL SOLUTIONS MAKE THINGS HAPPEN**

Brownfield tax abatements are partial property tax exclusions for specified improvements to brownfields. They can offset risks and costs of brownfield cleanup, especially for sites that would otherwise remain polluted. Abatements can:

- be targeted to specific reinvestment areas
- have a set of conditions attached for participation
- be enacted at the discretion of the local jurisdiction
- offer a new benefit to non-profit development organizations

A tax abatement program for brownfields would focus on work done to assess a property's current contamination and for any cleanup done by the owner. No abatement would be given for any subsequent redevelopment on the property.

**How would a tax abatement benefit Oregon communities?** A tax abatement program would give local control to municipalities to provide incentives for brownfield remediation and redevelopment. Properties that don't pencil out for redevelopment could potentially become feasible to property owners and industrial developers much sooner.

### **BROWNFIELD TAX CREDIT (HB 2289): STATE LEADERSHIP CREATES JOBS**

A brownfield tax credit would allow property owners and developers to reduce income taxes by a percentage of the documented qualifying costs of brownfield cleanup. This incentive can help offset risks and costs of brownfield cleanup, especially for sites that would otherwise remain polluted. The tax credit can:

- apply to prospective purchasers or non-responsible owners (public, private, non-profit)
- have an annual program cap
- require property owners to be enrolled in a DEQ cleanup program
- require a contribution of cleanup costs from the owner

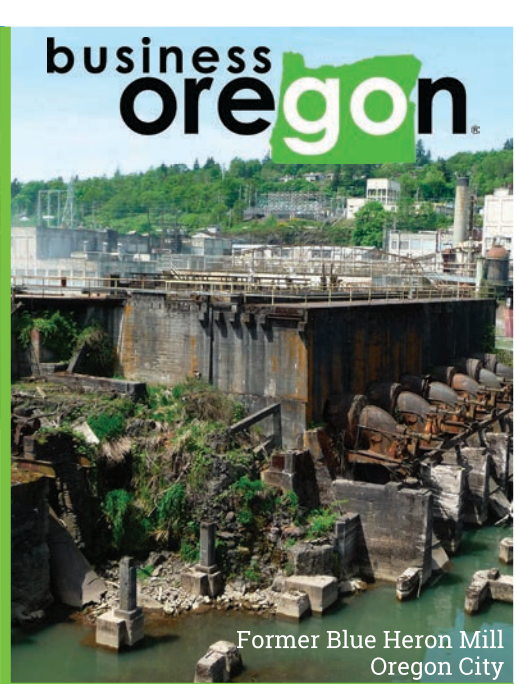
A tax credit program for brownfields would focus on any work done to assess and cleanup properties, including assessment, demolition, cleanup, and disposal.

**How would a tax credit benefit Oregon communities?** A tax credit would give a statewide incentive to property owners and developers that might not explore development on known brownfields. The credit could tilt the development feasibility of key industrial and employment sites, as well as town center and main street redevelopment opportunities statewide. Similar tax credits in other states have created thousands of jobs with relatively little state investment.





Former Zidell Shipbreaking Yard, Portland



Former Blue Heron Mill  
Oregon City

# BROWNFIELDS REMEDIATION SPURS ECONOMIC GROWTH



## What is a brownfield?

A brownfield is a vacant or underutilized property where actual or perceived environmental contamination complicates its expansion or redevelopment.

## Why should we care?

Cleanup costs and risks deter potential developers and create a barrier to community revitalization and economic development.



Former Asphalt Batch Plant  
McMinnville



# OREGON'S BROWNFIELDS

Brownfields exist across Oregon where there has been development or industry. This map shows known non-residential sites that have been contaminated by either petroleum or hazardous substances.

An estimated **13,501** brownfields exist in Oregon.

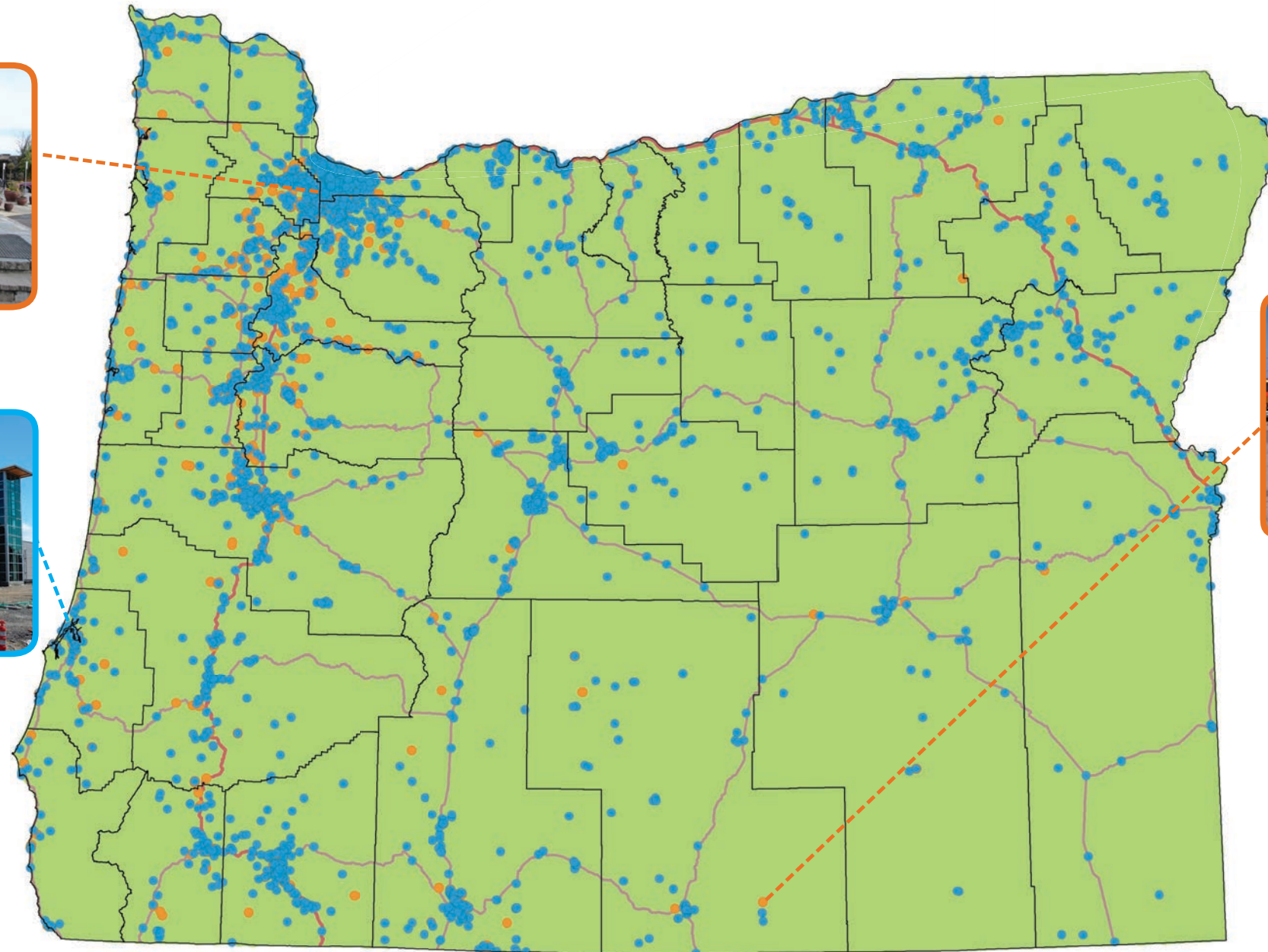
Only **35%** have been assessed or worked on to date.



**54%** of brownfields are located in economically distressed counties

**30** counties have received state assistance with more than one site

**76%** are located within a community's urban growth boundary



● Petroleum contamination sites
 ● Hazardous substance contamination sites
  County boundaries

Map data source: Maul Foster and Alongi, 2014.

currently there are roughly  
**450** active projects  
 in progress around the state

## Oregon Brownfields Highlights 1988-Present







# A STUDY OF OREGON BROWNFIELDS

Port of Newport International Terminal, Newport

## AVAILABLE OREGON BROWNFIELDS RESOURCES STUDIED:

### Business Oregon

- Brownfields Redevelopment Fund
- Brownfields Cleanup Fund

### Department Environmental Quality

- Orphan Fund
- Site Specific Assessment Program
- Prospective Purchasers Agreement Program

Former Sunnybrook Hop Farm Grants Pass



In 2013, Business Oregon launched an effort to assess the various impacts of public investments in brownfield remediation in Oregon.

## Overall Finding: State programs are critical for redevelopment.

The economic impacts analysis described the key short-and long-term economic impact findings for 92 study sites for which redevelopment information was compiled. The State of Oregon spent nearly \$19 million through brownfields programs on the analyzed sites. The return on this investment for Oregon's citizens and local governments is noteworthy and the continuing economic development outcomes significant.

Of note, redevelopment on brownfields has generated the following economic outcomes:

Oregon's residents, through job creation and associated earnings:

- \$470 million annual earnings through existing operations jobs.
- \$610 million in annual earnings for operations jobs on planned projects.
- \$532 million in total earnings through construction jobs on existing or planned projects.

Local governments, through property taxes and redevelopment:

- \$10.5 million in annual property tax revenue. The catalytic effect on nearby properties could increase this amount by 4.9% to 11.1%.
- \$600 million has been invested in redevelopment projects among the sites analyzed in this study, with another \$211 million underway and \$566 million planned.

State general fund, through income tax revenues:

- \$19.4 million annually through existing operations jobs.
- \$40 million total for construction jobs on existing or planned projects.



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Taking on the redevelopment of contaminated sites requires support and funding from many sources. State programs play an essential role in the process of making these contaminated sites useful and productive to the state and its communities again.

## A Letter to the Members of the Oregon Legislature From members of the Oregon Brownfield Coalition

Thousands of properties around Oregon are vacant or underutilized because of known or perceived environmental contamination. These brownfield properties – which range from small dry cleaners and former gas stations to large industrial sites – can be found in virtually every city and county. Not only are these sites failing to contribute to Oregon’s economic recovery, but they are undermining the livability of communities across the state.

Every brownfield is different, which is why it is important to have a range of strategies at our disposal to solve Oregon’s brownfield challenge. A statewide coalition has formed to address this problem by supporting both existing and new policy and funding tools that reduce the risks and costs associated with brownfield cleanup and redevelopment. While our efforts will not be focused entirely on the Legislature, we are supporting a limited legislative agenda for 2015 that we believe will significantly accelerate efforts to clean up these sites and bring them into productive use.

Our agenda is as follows:

- ✓ Recapitalize the Brownfields Redevelopment Fund (lottery bond dollars, Business Oregon budget)
- ✓ Allow local governments to create land banks and offer local property tax abatements to facilitate brownfield cleanup and redevelopment (House Bill 2734)
- ✓ Establish a state brownfield income tax credit to provide a statewide incentive to clean up sites that would otherwise remain contaminated (House Bill 2289)

Enactment of these proposals can unlock billions of dollars of economic activity while improving environmental quality and making our communities more successful. We urge you to support these proposals and look forward to working with you to address Oregon’s brownfield challenge.

Sincerely,

Association of Oregon Counties  
Association Oregon Industries  
Ater Wynne LLP  
Clackamas County  
Clackamas County Business Alliance  
City of Beaverton  
City of Bend  
City of Portland  
City of Salem  
City of Wilsonville  
Columbia Corridor Association  
Greater Portland Inc.  
Hart Crowser  
Lane County  
League of Oregon Cities  
Maul, Foster & Alongi, Inc.

Metro  
Multnomah County  
Northwest Environmental Business Council  
Oregon Business Association  
Oregon Business Council  
Oregon Economic Development Association  
Oregon Opportunity Network  
Oregon Public Ports Association  
Oregon State Building & Construction Trades Council  
Oregon State Chamber of Commerce  
Port of Portland  
Portland Business Alliance  
Sussman Shank LLP  
Tonkon Torp LLP  
Washington County  
Westside Economic Alliance