



Testimony by City of Wilsonville Mayor Julie Fitzgerald Opposing HB 4118-1:

Proposed Legislation Completely Misses the Mark: UGB Expansion Study Is a Waste of Tax-Payer Resources, Focuses on Wrong Issues for Cities; Does Nothing to Actually Help Develop Housing or Industrial Sites

Scheduled for public hearing on Feb. 14, 2022,
before the House Committee on Housing

Chair Fahey, Vice-Chairs Campos and Morgan, and Members of the Committee:

On behalf of the City of Wilsonville City Council, I submit testimony amending HB 4118-1, recommending substantial modification of the study subject of the proposed task force, or better yet tabling the bill until for fuller consideration during the 2023 regular session.

HB 4118-1 applies a scatter-shot approach and fails to identify the exact problem that it seeks to address. The proposed legislation for an extensive work plan to be conducted in a short seven-month time period for Task Force on Barriers to Housing, Industrial and Manufacturing Development appears to be a random grab-bag of real-estate “flipping schemes” and disjointed subject matters that sound politically palatable, but that is blind to economic realities on the ground for both cities and businesses.

Rather than waste more taxpayers’ resources and many parties’ time on yet another UGB-expansion study, the Oregon legislature could get way more bang for the buck by:

- 1) Studying the issues and capabilities for redevelopment of lands in cities that are already served by urban-level infrastructure.
- 2) Providing funding mechanisms to cities to advance housing and industrial developments and the needed infrastructure.

Cities are where development occurs! Cities already know the “types of infrastructure that are necessary for needed housing and shovel-ready industrial land”; what we need is access to capital — financial tools to advance development of vacant sites, redevelopment of older or dilapidated housing stock, cleaning-up of brownfield industrial sites for re-use, water and wastewater systems upgrades, installation of sidewalks and safe-routes to schools that are often missing and more urban infrastructure.

The only real tool available to cities to advance development is Tax Increment Financing, also known in Oregon as Urban Renewal. Cities need additional financing tools, such as the various Business Oregon Infrastructure Funds – on steroids!

Every city has existing housing stock and commercial and industrial sites that are underutilized. **The legislature is well advised to develop programs that provide financial resources to local governments to redevelop urban sites with existing infrastructure and develop shovel-ready sites for housing and employment.** So far in the 2022 short session, the City is not aware of even one bill has been introduced that would provide funds to local governments to clean-up

existing brownfield sites, redevelop sites within cities or to otherwise provide “shovel-ready” lands for housing or industry within cities.

And of course, the issue of financing urban infrastructure applies even more so to newly annexed greenfield UGB lands. The cost of developing and installing new UGB greenfield infrastructure is significantly greater than redevelopment of existing urban infrastructure. Why would we focus on the most expensive lands for public investment—new UGB lands—when we have existing underutilized land already served by urban infrastructure?

The proposed legislation simplistically looks only at real-estate issues in terms of industrial development. Unfortunately, the real world is way more complicated than that.

As a City of 26,000 residents that hosts over 1,000 businesses employing 21,000 workers with an annual aggregate payroll in excess of \$1.3 billion, Wilsonville is accustomed to working with a wide range of manufacturers and wholesale distributors. Over half of Wilsonville’s employment is in high-wage industrial occupations of high-tech manufacturing, software engineering and wholesale distribution; *e.g.*, Siemens EDA, FLIR, Collins Aerospace, Campbell’s Pacific Natural Foods, Sysco Food Services, Rite Aid Distribution Center, OrePac Building Products, and so on.

The reality for manufacturers and other traded-sector, export-oriented industrial firms is that other economic factors are way more consequential on business expansion: Federal Reserve interest rates, tariffs on imported components or exported products, economic recession or expansion, skilled workforce availability, Covid-induced supply-chain disruptions, access to capital and so forth. Simplistic solutions that address only new UGB lands site availability miss the mark by a long shot on what the vast majority of businesses really need.

The bill only looks at one component for manufacturing or industrial development: “provision of adequate land for large-scale industrial or manufacturing development.”

However, is that actually a goal that Oregon wants or desires? Do we want to concentrate employment in a sector that can be upset by global economic conditions? Or do we want employment in diverse sectors to better weather recessions? Have any of these issues even been considered? At least not by this bill as presented.

Oregon has the largest proportion of our economy and workforce in manufacturing compared to any state in the U.S. Most of Oregon’ employers, including manufacturers, are classified as “Small Businesses.”

Thus, the bill does nothing to benefit the vast majority of Oregon industrial firms that are classified as small businesses with a domestic and international markets focus. Nor does the bill do anything to help cities with financial resources to actually advance housing or industrial development.

The City of Wilsonville respectfully urges the committee to significantly amend or better yet table HB 4118-1 for reconsideration in the full, regular 2023 session. Thank you.

Sincerely,



Julie Fitzgerald, Mayor
City of Wilsonville