

Testimony of Ethan Seltzer, Emeritus Professor of Urban Studies and Planning, Portland State University, before the Joint Committee on Semiconductors, January 30, 2023

Co-Chairs Sollman and Bynum and members of the Committee, thank you for the opportunity to testify tonight. My name is Ethan Seltzer, and I am an Emeritus Professor of Urban Studies and Planning at Portland State University. That said, I provide that affiliation only for purposes of identification and am not here representing PSU in any way, nor should my concerns be taken to be those of PSU. They are my own and based on a forty-year engagement with the Oregon Land Use Planning program, both as a scholar and as a practitioner.

Earlier in my career I served as the Land Use Supervisor for Metro. In that position I was responsible for the ongoing management of the region's Urban Growth Boundary. Then, as now, there were those that put forth the argument that all that stood between Oregon and prosperity was the conversion of rural land to urban uses. In the early 1980s, when the economy was much more dire than at any time since, the claims for the immediate need to expand the UGB were made on behalf of housing and, to a lesser degree, industrial development. Over the years, claims have been made on behalf of adding land for housing, industry, and at one moment, for athletic spectator facilities.

Yet, both the academic evidence and the work of various committees in Oregon itself, starting with one empaneled by then-Governor Vic Atiyeh in the early 1980s, concluded that the UGB was not the constraint on land supply claimed by advocates for expansion. In fact, the economic performance of the region over the last 40 years is evidence of the robust economy that has evolved here despite the presumed limitations created by the UGB.

In fact, since the emergence of the post-1980s economy here in the metropolitan region, the Portland economy has grown not because it duplicated what other places had done, but because it committed to an Oregon-made approach to economic and community development not dependent on ever-increasing urban sprawl. Despite historic economic and population growth, the Willamette Valley, including the metropolitan region, has experienced a robust and sustained agricultural and resource economy as well.

This is not to say that there aren't costs of the choices that we've made. There are and there will be in the future, no matter what path we choose to take. Both preserving rural resource lands and adding to the regional urban land supply entail costs and benefits. However, the hard work of seeking a balance between resource conservation in rural areas and urban development within UGBs has yielded a region with choices for its future, something not often found in other places. Economic cycles come and go, but the commitment of resources, fiscal and political, to urbanization are everlasting. Once urbanized, there is no going back.

Consequently, the proposal to add 500 acres in North Plains and another 500 in North Hillsboro, taken from rural reserves created to forestall speculation and urbanization while directing growth both within the UGB and to urban reserves, is not just about attracting semiconductor

manufacturers. It's also about making a forever commitment to converting 1000 rural resource acres to urban development. I am here today to urge you to not go down this path. There are a number of factors that support this position:

- Emulating other states is no strategy. It took Intel about 25 years to occupy about 450 acres at Ronler Acres after hard work by the City of Hillsboro to make the land ready to develop. What evidence is there that we'll get that kind of development in the future? The ECONW report, dated January, 2023, is assuming that we'll get one FAB employing about 2500 people. Why would we invest in 1000 acres for what would be a fraction of what Intel has built in the region? And given that we are already expecting to offer up much less than other states and regions, what is the likelihood that we'll garner not just one FAB but sustained investment on the order of what Intel has accomplished?
- Oregon has a semiconductor industry. What would help the industry here mature while serving labor markets statewide? If manufacturers are simply looking to make the best deal, and really have no interest in the rest of the semiconductor ecosystem here, what, in the end will we be accomplishing for the long term? More to the point, what is our strategy for ensuring that the future resilience and sustainability of our semiconductor ecosystem is assured? Would we make investment in the conversion of land from rural to urban and the consequent requirement for large investments in infrastructure and associated land uses really be the first thing we'd do? What makes this move Oregon's highest priority and best bet?
- For that matter, what is going on with Intel? Is the lack of large sites an impediment to their future growth here? And is their current pullback from expansion and apparent decline in demand for their products a sign that we are making assumptions that may be ungrounded? If we expand the UGB to get the next Intel, and succeed, but lose Intel, is the net gain really there?
- Again, once land comes into the UGB, it will always be urban. And if the demand believed to necessitate the proposed extraordinary action to expand into rural reserves right now does not materialize, what will happen to that land? Will the legislature make UGB amendments conditional, something Oregon has never done in the past? Keep in mind that conditional UGB amendments have never made much sense and have not been used: there is no enforcement capacity at Metro or elsewhere to ensure that this land is preserved strictly for the purposes intended, in this case for extraordinarily large lot industrial development; technology changes relatively quickly making long term commitments to urbanization based on backwards-looking assessments of need highly vulnerable; and the very nature of making need-based additions to UGBs only calls for careful and fact-based analysis in advance of making the amendments, not after the fact.
- It doesn't take a rocket scientist to see that the largest undeveloped sites in the Willamette Valley are, today, largely agricultural. However, has anyone thought through what expanding to put major new employers and thousands of employees at the very edge of the UGB will do to a wide range of other objectives having to do with housing, transportation, energy use, and yes, resource preservation? This is not just

about 1000 acres. This is about essentially blowing up entire plans and turning away from both public capital investments already made and waiting to be made.

- And for that matter, including North Plains as a site at this time acknowledges that North Plains is no longer separate from the labor, housing, and industrial land markets of the metropolitan region. Yet where is the public exploration of the implications of making North Plains into the next Wilsonville? What will it mean to fully develop 1000 acres on some of the richest farmland in the world, when that development brings with it the need for new infrastructure, land for housing, parks, and schools, and new commercial and service uses in the same area? What will it mean for both North Plains and the region to have population in that city go from about 3500 today to over 30,000 if we see the same success as has occurred at Ronler Acres? When, in fact, will North Plains be included in the region's UGB? Nothing presented to date suggests that any thinking along these lines has occurred.

For these reasons, it is premature and unsupportable to conclude that the best thing Oregon can do to become part of the future for the semiconductor industry in this state is to expand the UGB by 1000 acres on rural reserve land in Washington County. Simply put, it's unsupportable by any of the evidence for the need provided to date, or by any of the analysis of the impacts presented by the proponents.

Instead, what Oregon really needs is a much more thoughtful and complete strategy for growing the industry in the region and the state, grounded in the actual nature of the semiconductor ecosystem that we've helped to grow here for decades, and that does not simply echo what other states are doing. A strategic approach to understanding the strengths, weaknesses, opportunities, and constraints facing our existing ecosystem of companies and institutions, and then a "first do no harm" approach to creating expanded opportunities for the future ought to precede the jump to a conclusion that land supply merits the extraordinary and precipitous actions being proposed.

Oregon, hopefully, will never be Texas. There is already one Texas, one Ohio, and that's great. We're glad they're there. We just have never succeeded by following the herd and imitating the loudest voices. What is needed now is innovation and new partnerships, not massive giveaways that smack of desperation. Amending the UGB as the leading approach for innovating for the future is a massive disappointment. We can do better. We have to.

Again, my thanks to the Committee for making this opportunity to testify possible.