



Oregon Semiconductor Competitive Task Force

January 24, 2023

The Honorable Representative Janell Bynum
The Honorable Senator Janeen Sollman
900 Court Street NE
Salem, Oregon 97301

Co-Chair Joint Semiconductor Committee
Co-Chair Joint Semiconductor Committee

Subject: Final Recommendations

Dear Co-Chair Bynum and Co-Chair Sollman:

We are pleased to provide a summary of our work to date on industrial land issues in support of the overall recommendations from the Semiconductor Taskforce. This latest work builds from the September Semiconductor Taskforce Report and is intended to aid your committee and Governor Kotek as you deliberate these important topics during this session and beyond.

We have been very focused on the specific direction from the Taskforce to ensure that Oregon has development-ready sites for this growth cycle (5-10 years) in these categories:

- Two (2) sites of 500+ acres for advanced R&D or production fabrication operations
- Four (4) sites of 50-100 acres for device manufacturers or equipment manufacturers
- Eight (8) sites of 15-35 acres for key suppliers to the ecosystem

The analysis was completed by the Oregon-based engineering and architecture firm Mackenzie and informed by a Technical Advisory Committee (TAC) of industry professionals, economic development practitioners and planning professionals at the local and state level. Key stakeholders were also engaged through various venues, including 1,000 Friends of Oregon and leaders from multiple local jurisdictions.

Core to this initiative was an objective understanding of industry siting criteria which enabled the 79 sites in the inventory to be evaluated against criteria used by site selectors and companies. We now have a current snapshot of large sites (25 acres or more) not only in the Portland metro region, but down I-5 to the Rogue Valley and into Central Oregon.

The industry siting criteria included: having development entitlements in place; Urban Growth Boundary (UGB) considerations; proximity to major commercial air service, freight transportation access, utility infrastructure, workforce availability; and distance to existing semiconductor industry cluster. After our consultant applied the industry criteria, the TAC offered several considerations for going forward, emphasizing the complex and interconnected nature of land use, transportation, workforce and housing. They also noted the need to continue public and private coordination with transparency throughout, understanding that better processes lead to better outcomes.

Though there are a range of small- and medium-sized sites in the inventory in smaller, rural communities, **the bottom line of this work is that we do not have any 500-acre sites that meet our criteria. Addressing this issue will test land use planning and funding conventions and require extraordinary legislative action.**

Industrial Lands Subcommittee

Chair: Mayor Travis Stovall, City of Gresham

Administrator: Keith Leavitt, Port of Portland





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This analysis and outreach to engaged communities has brought to light systemic problems with how Oregon plans for and develops industrial land, deserving thorough and urgent review. Local jurisdictions simply lack the tools and funding necessary to make zoned sites market ready; this is particularly the case for large industrial areas with major constraints including brownfields and rock quarries. This problem is at a critical stage in the metro region with almost no sites of 25+ acres that are market ready. State government greatly benefits from industrial activity through income tax revenue, while local jurisdictions lack financial reward for taking on complex site readiness projects, further exacerbated by incentives that are largely through property tax abatement from local government. The benefits and burdens need to be more evenly spread among state and local partners. Without a clear economic strategy for Oregon that places greater priority on strategic industrial land development, these issues will only grow more challenging, resulting in lost economic opportunity.

It's also worth stating that we cannot flip a switch and expect suitable sites to be assembled and development ready. We know that site selectors are looking for planning and development certainty as the most critical factor in evaluating a site for future development. In keeping with the direction of elected leaders on the Taskforce, we recommend bold action be taken in the 2023 session that sends a strong signal that Oregon has a compelling plan to grow this industry. The recommendations below are provided with this urgency in mind.

Recommendations

- Take advantage of the focus on industrial site readiness created by this Taskforce to require a comprehensive statewide industrial lands inventory be conducted and maintained that feeds into a future-looking advanced manufacturing strategy that is reflective of the economic development strengths and opportunities in regions across Oregon.
- Support the legislative concepts proposed by DLCD (POP 207) and Business Oregon (L.C. #357). These concepts will create a more robust array of site readiness tools that will apply statewide. The funding for site readiness tools required to be competitive, however, needs to be substantially higher than called for in either of these concepts.
- Create a strategic manufacturing fund within Business Oregon as part of the State's Regional Industrial Site Readiness Program (RSIS). This program already exists but will need to be amended to enact these recommendations and most importantly to capitalize the fund at an initial investment of \$300-\$500 million from state lottery (likely bonds) or General Funds. This will provide initial funding for planning, site aggregation and site development work on five to eight sites suitable for semiconductor-related uses. When sites are sold or developed, the sales proceeds flow back into the fund for reinvestment. While the initial focus is on the semiconductor opportunity, this fund should be expanded to include site readiness associated with advanced manufacturing strategies statewide.

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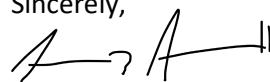
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- Immediately proceed with planning, acquisition and development of the key sites identified in North Plains and North Hillsboro to assure Oregon has large sites suitable to compete for transformational industry recruitments and expansions of existing strategic businesses. Without these large sites, we are left without the major anchors that are key to growing the supplier base throughout Oregon. It is clear through our work that legislation is required to do the following:
 - Amend ORS 195.144 to allow expedited planning to bring rural reserve designated lands into the urban growth boundaries in Hillsboro and North Plains within the next 12-24 months. This expedited authority can be achieved through various methods ranging from granting the Governor and/or key agencies (DLCD/Business Oregon) with specific authority and/or proscribing the planning process specifically through statute.
 - Immediately begin the work of site planning, land assembly and development either directly through a State agency (DAS or Business Oregon) or via intergovernmental agreement with a willing jurisdictional partner (i.e., City/County, Port authority, Special District). It is critical that a team is stood up to immediately do the planning work with various reports due back to legislative leadership and the Governor. The legislative process should provide budget and staff to fund this work.
 - Create a special Regional Solutions project directing relevant state agencies and local jurisdictions to organize in support of the expedited planning and development process. This team will work closely with the public developer team and local jurisdictions to eliminate barriers to planning, permitting and site development.

To demonstrate the potential return on investment, widely respected land use economics and forecasting consultants were asked to create a financial model assuming a phased development over 20 years. The model shows a strong return to the state with full payback for site acquisition and readiness funds within a 5-10 year period looking at North Plains and North Hillsboro sites. We are happy to share that analysis in more detail as requested.

We very much appreciate the support of the joint committee and fully respect that these recommendations are comprehensive and complex. We stand ready to assist in this important work going forward and happy to provide further thinking and detail as appropriate throughout the Legislative Session.

Sincerely,



Mayor Travis Stovall
City of Gresham



Keith Leavitt
Port of Portland

Industrial Lands Subcommittee

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Joint Committee on Semiconductors

Industrial Lands Subcommittee

Chair: Mayor Travis Stovall, City of Gresham

Administrator: Keith Leavitt, Port of Portland

