# OREGON INDUSTRIAL SITE READINESS BILLS

Senate Bills 253 and 246/House Bills 2284 and 2285

## 2013 Legislation

### The need:

- Large industrial employers are often seeking sites on quick timelines tied to their manufacturing cycles and are unwilling to commit to sites with significant constraints or uncertainties. The availability of large market-ready industrial sites is thus a key asset for areas hoping to expand or attract traded-sector jobs.
- Yet many regions of the state lack an adequate supply of such sites. Even when sites are zoned, planned and designated for future industrial jobs, significant investments may be required to make them market ready. These investments may include due diligence and capital investments for transportation, sewer, water, brownfield cleanup, wetland mitigation and site aggregation.
- Many property owners and jurisdictions are unable to afford these investments, or are unwilling to incur significant up-front costs without some level of risk-sharing.
- A recent study on industrial land site readiness in the Portland metropolitan region underscores these points. The study was commissioned by NAIOP (the Commercial Real Estate Association), the Portland Business Alliance, the Port of Portland, Metro and Business Oregon.
- The Oregon Economic Development Association, Oregon Public Ports Association, and other economic development districts echo these concerns for other regions across the state.

### The opportunity:

- Potential economic benefits from successful traded-sector development (direct and indirect jobs, income and property tax revenues) are significant.
- Growth in income tax revenues would make the state's general fund the largest beneficiary from an increase in traded-sector industrial jobs. In many cases, the state's potential benefit exceeds the cost of addressing the constraints that are preventing a site from being ready for employers to use.

### The solution:

State assistance to reduce the cost and risk to property owners and local jurisdictions of making large-lot industrial sites market-ready.

### Industrial Site Readiness Bills for 2013 legislation:

- **Due diligence grants (House Bill 2284/Senate Bill 253):** Make available a limited pool of grants for eligible projects to conduct necessary investigations to better understand constraints on large industrial sites and reduce risk and uncertainty about site preparation costs needed to attract private capital. A portion of the grant funds may also be used to

(over)

assist regions in conducting an inventory and readiness assessment of large industrial sites in their area.

- **Direct site preparation assistance (House Bill 2285/Senate Bill 246):** Provide forgivable loans and/or low or no interest loans to local governments and property owners to underwrite a portion of the costs of site preparation, subject to specified eligibility criteria (e.g., site investment plan, "but for" evaluation, new traded-sector jobs to Oregon, wage premium). Loans would be partially forgiven based on realized state income tax gains from successful traded-sector investment in the site.

### Return on Investment, 10 Case Study Sites from Portland Metro Area

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|---|---|
| Market viability gap* for case study sites (20-year cost at 5% annual interest) | $192 M |
| State's 50% share of market viability gap† | $96 M |
| Return on investment | |
| • Net increase in state income tax revenue over 20 years (direct jobs only)† | $622 M |
| • Net increase in state income tax revenue over 20 years (direct and indirect jobs)† | $2.1 B |
| • Net increase in property tax over 20 years† | $90 M |
| • Direct jobs | 11,000 |
| • Average annual wage | $100,000+ |

(Source: Regional Industrial Site Readiness Report, August 2012. The report examined 12 case study sites in the Portland Metro area. The return on investment for 10 sites is summarized here; two of the sites are excluded as they did not have a market viability gap.)

* * The market viability gap is the difference between the future market value of the site and the total investment needed to make the site market ready, including site acquisition costs, on- and off-site infrastructure and mitigation costs, soft costs, risk and time costs.

† These net investment and tax generation numbers assume the state and local jurisdictions will each be responsible for 50% of the market viability gap.

### For more information:

www.valueofjobs.com/land_study_2012/ls_land_readiness.html
www.oregonmetro.gov/sitereadiness

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