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Metro | *Agenda*

Meeting: Metro Technical Advisory Committee

Date: Wednesday, October 17, 2012

Time: 10 a.m. – 12 p.m.

Place: Metro Regional Center, council chamber

Time	Agenda Item	Action Requested	Presenter(s)	Materials
10:00 a.m.	**CALL TO ORDER / ANNOUNCEMENTS**	Information	John Williams, Chair	none
10:10 a.m.	**Regional Industrial Site Readiness** *Objective: Update MTAC on completion of study & discuss how the study could inform local & regional efforts to make more industrial sites development-ready to accommodate employers*	Information	Ted Reid Susie Lahsene, Port of Portland	In packet
10:55 a.m.	**Open Space & Economic Development** *Objective: Update MTAC on completion of study examining open space and development from developers' points of view & discuss how public/private partnerships can support housing and commercial markets*	Information	Janet Bebb Robin Craig, Greenworks	In packet
11:30 a.m.	**Population & Employment Forecast** *Objective: MTAC members understand 2035 Forecast Distribution (to be adopted by Metro Council) and key takeaways. Discuss how to assist local governments and other public entities with using information*	Information	Mike Hoglund Gerry Uba	In packet
12:00 p.m.	**ADJOURN**			

MTAC meets on the 1st & 3rd Wednesday of the month. **The next meeting is scheduled for November 7, 2012.**

For agenda and schedule information, call Alexandra Roberts Eldridge at 503-797-1839, email: Alexandra.Eldridge@oregonmetro.gov. To check on closure or cancellations during inclement weather, please call 503-797-1700#.

Project Executive Summary

REGIONAL INDUSTRIAL SITE READINESS PROJECT

AUGUST 2012

Project Sponsors

Business Oregon — Metro — NAIOP Oregon Chapter
Port of Portland — Portland Business Alliance

Project Management Team and Sponsors:
Business Oregon - Mike Williams
Metro - John Williams and Ted Reid
NAIOP Oregon Chapter - Kirk Olsen and Mike Wells
Port of Portland - Keith Leavitt, Lise Glancy, and Susie Lahsene
Portland Business Alliance - Bernie Bottomly

Consultant Team:
Group Mackenzie – Mark Clemons, Project Manager
Gabriela Frask, Brent Nielsen, Chris Clemow, Bob Thompson
Ash Creek Associates, Inc. – Chris Breemer
Johnson Reid – Chris Blakney

Agency Review:
Business Oregon – Karen Homolac
Oregon Department of State Lands – Kirk Jarvie
Oregon Department of Transportation – Kelly Scannell Brooks

Project Funders:
Commercial Real Estate Economic Coalition (CREEC)
Clackamas County
City of Gresham
City of Hillsboro
City of Portland
City of Sherwood
City of Wilsonville
Howard S. Wright
National Electrical Contractors Association – Oregon-Columbia Chapter
Oregon State Building & Construction Trades Council
Portland General Electric
Plumbing & Mechanical Contractors Association
Sheet Metal & Air Conditioning Contractors National Association
Three Oaks Development Company
Westside Economic Alliance

The Project is being funded in part through funds provided by the State of Oregon, acting by and through the Business Oregon (an Oregon state agency).

The site information contained in this report is based on publicly available data sources and is not intended to replace independent due diligence for transaction purposes. Prospective purchasers, tenants, and others shall perform and rely solely upon, their own independent due diligence with respect to the Property.

PROJECT EXECUTIVE SUMMARY

A. PROJECT PURPOSE

Traded-sector companies sell goods to buyers outside of the Metro region, bringing in additional wealth. Attracting and retaining traded-sector industrial companies is important for the Portland region's long-term economic prosperity. Establishing a supply of development-ready large industrial sites is a critical part of a strategy to attract and retain traded-sector jobs. Because the Portland region must compete with other metropolitan areas for these traded-sector jobs, it must be able to provide a reasonable inventory of available sites.

This report examines the current and near-term supply of large (25+ acres) industrial sites available to accommodate the expansion of existing employers and recruitment of potential new employers to the Portland metro region[1]. For purposes of this study, only vacant, industrially zoned, or planned lands within the Portland metropolitan Urban Growth Boundary (UGB) and selected Urban Reserves were analyzed.

The project was conceived partly in response to Metro's 2009 Urban Growth Report, which identified a shortage of large-lot industrial sites in the region and in recognition of the need to replenish large-lot industrial sites as they are developed. This project report was produced by Group Mackenzie in partnership with Business Oregon, Metro, NAIOP - Commercial Real Estate Development Association Oregon Chapter, Port of Portland and Portland Business Alliance, whose representatives served as the Project Management Team (PMT).

The project is divided into two parts. Phase 1 documented the regional inventory of large industrial sites and categorized them into three tiers based on their development readiness. Phase 2 analyzed 12 representative Phase 1 sites to provide more detail about their constraints and the potential economic benefits of development. The purpose of the project is to:

- Quantify the supply and readiness of large industrial sites in the Portland metro area.
- Determine the costs and benefits of developing a representative subset of these sites.
- Inform discussion on future tools and policies to maintain a market-ready inventory of industrial sites.

[1] The Regional Industrial Site Readiness Project examined vacant, industrially-zoned, or planned lands within the Portland metropolitan area's UGB and selected urban reserves that are suitable for large-lot industrial development by new firms moving to the region or the growth of existing firms that do not hold land for future expansion. Rural areas of Clackamas and Washington counties outside the UGB were not included in this analysis. The study identified and documented user-owned sites held for future use but excluded these from the detailed analysis because these sites were not available to the marketplace.

B. FINDINGS

1. Development Readiness

The analysis in this study shows that the region lacks a supply of industrial land that is readily available to attract and grow the types of catalytic employers that will help the region's ability to prosper. This is particularly an issue for sites of 50 acres or more.

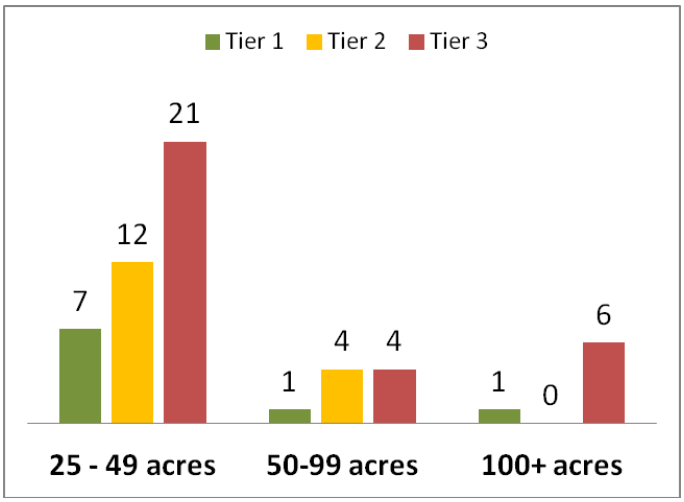
Figure 1 represents the findings of the regional inventory as of October 2011. The study found:

9 Tier 1 sites
Available for facility construction within 180 days
There are few Tier 1 "market ready" sites available for traded-sector opportunities in the near term. Further, only five of these nine sites meet broad marketability requirements.

16 Tier 2 sites
Available for facility construction between seven and 30 months
There is a modest supply of mid-term sites requiring investment and policy actions to bring these sites to market. Four of these sites require assembly of smaller lots.

31 potential Tier 3 sites
Available for facility construction beyond 30 months
There are multiple challenges and significant investment and time required to bring these pipeline sites to market. Ten of these sites require lot assembly.

Figure 1: Regional Site Distribution based on Tiers



Source: Group Mackenzie

There is a limited supply of 50-plus and 100-plus acre sites in the Portland region. The study found:

Tier 1 sites: One 100-plus acre site
Tier 2 sites: No 100-plus acre sites
Tier 3 sites: Six potential 100-plus acre sites; three require lot assembly

Industrial sites in the region are in varying states of readiness, requiring regulatory approvals (permitting, mitigation), state/local actions (concept planning, annexation, rezoning), infrastructure (sewer, water, transportation), assembly of sites, and brownfield cleanup. This report provides a clearer understanding of the actions and investments required to make more of these sites development ready to ensure the region's competitiveness.

2. *Development Costs*

Evaluation of the 12 Phase 2 case study sites shows most sites have at least one major constraint which is significant enough to preclude market activity. A lack of off-site public utilities such as water, sanitary sewer, storm water, and transportation, are the most common, and in many of the case studies, the most severe constraint. Across all 12 Phase 2 sites, off-site costs comprise roughly 44 percent of all development costs. Transportation constraints are the largest contributing factor. The median cost for off-site infrastructure ranges between $0.16 per square foot to $0.85 per square foot. Transportation is the highest at $0.85 per square foot. Beyond dollars, the time to establish infrastructure approaches 24 to 30 months.

Direct public investment to address off-site issues can have a significant positive impact. For example, the East Evergreen site in Hillsboro has a market viability gap of $13.3 million, the most significant element of which is transportation infrastructure. An investment in this infrastructure would alleviate 78 percent of the market gap for this site.

The sites with critical infrastructure deficiencies are not likely to attract large firms if investment is left solely to the private market or delayed until a business willing to commit to a site is found.

On-site constraints, such as floodplain, slope, wetlands, and brownfields are not as broadly common, but where they do exist, are often costly and cause delays.

Table1: Tier 2 and Tier 3 Development Constraints

CONSTRAINT*	NUMBER OF SITES
Brownfield/Cleanup	8
Natural Resources	13
Infrastructure	19
Transportation	18
Land Assembly	14
State/Local Actions	20
Not Willing to Transact	18

**Sites may have multiple constraints*

Source: Group Mackenzie

Eight of the Phase 2 sites have a wetland bank in their watershed, which is the preferred mitigation method and reduces time to development. The other three sites that have wetland issues either would necessitate on-site mitigation, reducing net developable acreage, or as in the case of the Troutdale Reynolds Industrial Park (TRIP), require the purchase of additional land for off-site mitigation. Currently, wetland permitting and mitigation cannot occur without a specific user and site plan in hand.

When combined with the long lag times for permitting and mitigation, wetland mitigation is a key "opportunity constraint." Investment in resources, such as creation of wetland banks or a streamlined process, could move these sites further toward marketability at a relatively low cost.

Eight of the 12 sites in this study are agricultural greenfields that have had no previous industrial use. Because of this, brownfield remediation is the smallest dollar cost constraint across all Phase 2 sites. However, even where costs are quite small, environmental remediation is typically the first activity which must occur in the development process. The median brownfield remediation time for all sites (except TRIP) is six months. If the time required for brownfield remediation were eliminated for these sites it would mean a savings of $2,800 per acre in time costs could be achieved through early environmental remediation.

Brownfield remediation for previously used industrial sites can, on the other hand, be significant. On the TRIP site in Troutdale, environmental cleanup totals $3.6 million, excluding the costs already incurred by the previous owner on this Superfund site. This is $1.28 per square foot and exceeds 7.5 percent of total site readiness costs.

Simplifying and expediting permitting and other pre-development processes can have a significant financial impact on project feasibility. There is a time cost associated to the capital required to ameliorate on and off-site constraints[2]. The Phase 2 analysis found that nearly a quarter of all site development costs are related to time and risk. Activities that reduce uncertainty and delay will implicitly reduce time and risk costs and make a site more financially feasible.

[2] This study calculated a 7 percent annualized rate from the period dollars are spent in the development schedule to site development readiness.

Front end due diligence to identify issues and early investments in preparing sites for market readiness can have a significant impact on their viability by reducing time and risk to the developer or user. Due diligence that identifies a site's constraints and the time to address them, will highlight those that have low costs but long timeframes. These types of constraints provide a good place to focus initial efforts.

One of the most significant project findings is that lot aggregation is a major hurdle to site readiness. Six of the 12 Phase 2 sites require parcel aggregation as the sites are made up of multiple parcels and multiple owners. In one case, there are eight separate owners to aggregate, and in another, 17 owners. While it was not possible to estimate how long the aggregation process may take, it is important to understand that sites that have multiple ownerships have an additional constraint that adds risk and needs to be addressed.

Constraints need to be understood from the perspective of cost, time, and risk. For sites that are close to economic viability, tools that reduce risks and time to market are likely to be most efficient. Sites with more severe constraints will require more comprehensive strategies that include financial tools to bring them to the market.

3. Economic Benefits

Significant economic and fiscal benefits can be created through investments in market ready sites (Table 2). Providing a sense of scale, the 12 sites analyzed in Phase 2 have the capacity to create an estimated 12,500 direct jobs on-site with average annual wages of $97,000. When off-site impacts are considered, associated regional job growth could create $3.7 billion in annual payroll at just over $58,000 per job at full build-out of the twelve sites.

As a result of direct job creation, the 12 Phase 2 sites have the capacity to generate $764 million in payroll tax revenue over the first 20 years of site development, construction, and operation. When all impacts are considered, the state of Oregon could potentially gain roughly $2.3 billion in payroll tax revenue over the first 20 years if all 12 sites were developed.

Phase 2 sites have the combined potential to generate a cumulative $217 million in local property tax revenues over the first 20 years and $25 million annually thereafter.

Table 2: All 12 Case Study Sites Potential Economic Benefit

	TOTAL
Total Direct Jobs	12,500
Average Annual Wage Level	$97,000
Total Property Tax over 20 Years	$217 Million
Total State Payroll Tax over 20 Years (Direct Jobs Only)	$764 Million
Total State Payroll Tax over 20 Years (Direct and Indirect)	$2.3 Billion

Source: Johnson Reid

Based on the conceptual uses assumed for the Phase 2 sites, the fiscal benefits to state and local jurisdictions are quite large. These benefits, if realized, in most cases exceed what it would cost an entity to finance infrastructure improvements necessary to make sites development ready. To sum up, from the perspective of the public, infrastructure investment can have a significant positive return.

C. CONCLUSIONS

The analysis reached the following conclusions:

- A small inventory of large industrial sites available in Tier 1 and 2 could potentially result in lost expansion and recruitment opportunities.
- Market choice is more limited for larger 50-plus and 100-plus acre sites. Parcel aggregation is a key issue to supplying larger sites.
- Tier 2 and 3 sites will require new investment, policy actions, and time to become development ready.
- Funding for infrastructure of all kinds is a critical limiting factor to site readiness.
- The cost of off-site infrastructure is the primary challenge to site readiness, comprising nearly 40 percent of total development costs. Transportation costs are the largest contributor to off-site infrastructure costs.
- Direct public investment to address off-site infrastructure needs and costs can have a significant impact.
- On-site issues vary by site. For some sites addressing on-site issues, such as brownfield remediation, has a high cost or long timeframe. An understanding of each site's constraints and the time to address them, will define those that have low costs but long timeframes. These types of constraints provide a good place to focus initial efforts.
- Nearly a quarter of total development costs are related to time and risk. The longer it takes a developer or user to address constraints and the greater the uncertainty about permitting processes, the higher the project cost and the further away from financial feasibility the project is. Front-end work on investigating and preparing sites for market readiness can have a significant impact on their viability.
- Not all sites have owners who are motivated to sell at industrial land prices (or any price). Some owners anticipate a better price with changes in circumstances or zoning that may or may not be realistic. A willing property owner and motivated jurisdiction are critical to moving sites to market.
- Significant economic benefits (jobs, payroll, and property taxes) would result from traded sector investment in these industrial sites.
- The state's general fund is potentially a big winner from associated job and associated payroll tax revenue growth.

D. RECOMMENDATIONS

Site selection decision timelines are getting shorter in order to meet companies' needs to bring goods and services quickly to market. At the same time, there are limited financial tools available to address barriers to development of industrial sites with higher degrees of complexity. The private credit market is extremely tight and private developers generally are unable to finance projects with significant upfront capital investment, longer term paybacks, and regulatory uncertainty. Public sector resources and financing tools that could play a role in infrastructure and site development are also limited.

While discussion and evaluation of potential options for addressing market readiness of industrial sites needs to take place at the regional and state level, the Project Management Team has identified recommendations for further analysis:

- Establish a mechanism for regional leaders to identify potential industrial sites of regional significance and focus resources on bringing these sites to market readiness.
- Maintain and expand existing state infrastructure funding and technical assistance programs and explore opportunities to improve and target state support.
- Investigate the creation of new funding partnerships between state and local entities to support site readiness of large lot sites for traded sector development.
- Explore opportunities to streamline or make more predictable state and local regulatory and permitting requirements and timelines to reduce permitting risk and increase private sector investment.
- Explore regulatory and policy tools in the arena of wetlands mitigation and brownfields remediation to assist in moving sites to market readiness at the local, state, and regional level.
- Explore opportunities for regional and state funding for patient developer entities, either public or private, that can invest in due diligence and site preparation without requiring a market-driven return on investment.
- Analyze the investments needed to move the remaining 36 Tier 2 and Tier 3 sites to market-readiness to assist with regional economic and infrastructure development plans.
- Perform an annual inventory update of large lot industrial sites and encourage other regions around the state to adopt the inventory methodology.
- Analyze the absorption/demand/missed opportunities for large lot industrial sites and the economics of redevelopment for industrial purposes and traded-sector competitiveness.

The recommendations listed here are meant to be the beginning of a dialogue on creating effective tools and policies for ensuring the region and state has a competitive supply of market-ready industrial sites.

In the summer of 2012, the Project Management Team plans on meeting with key regional, state, public and private leaders, culminating in fall 2012 with a meeting of an Oregon Business Plan subcommittee. The work will then be integrated into the Oregon Business Plan. Parallel efforts will be ongoing with legislators and other regional partners to facilitate action and bring about results.

E. PROJECT REPORTS

The Regional Industrial Site Readiness Project includes three volumes, in addition to the Executive Summary. Volume 1 is the complete Project analysis and findings. Volume 2 presents the site specific details and results of the Project. Volume 3 includes all of the technical appendices.

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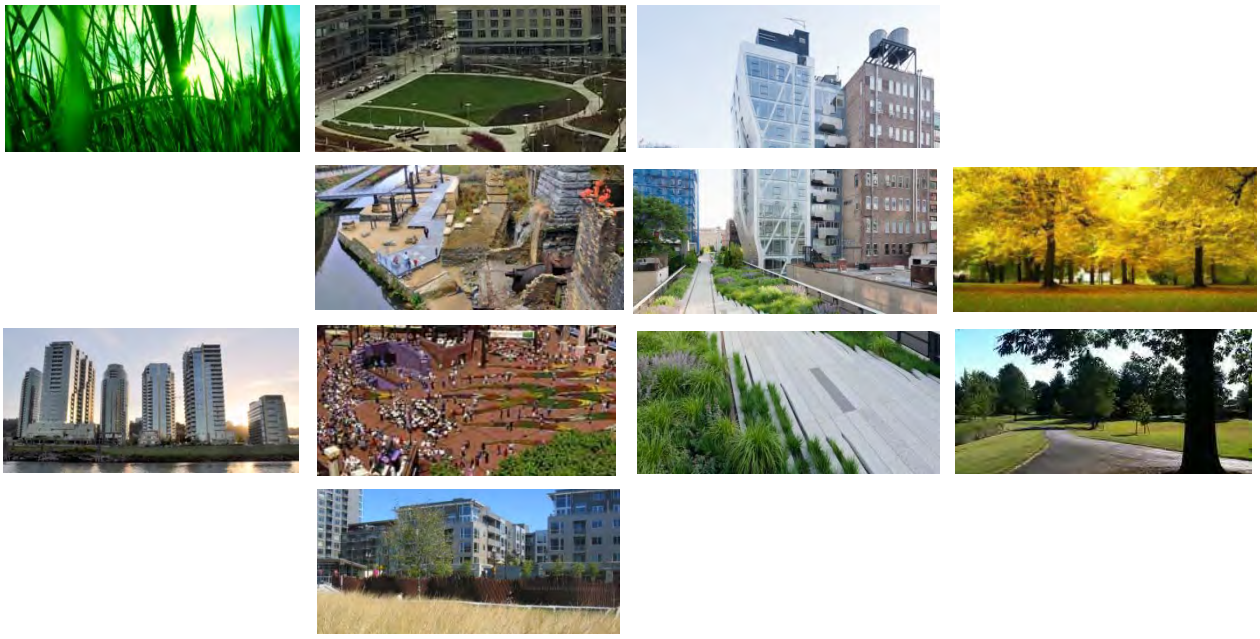

EXECUTIVE SUMMARY

WHY PARKS ARE ESSENTIAL TO DEVELOPMENT PROJECTS: A DISCUSSION WITH FOUR DEVELOPERS

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ABOUT METRO

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy, and sustainable transportation and living choices for people and businesses in the region. Voters have asked Metro to help with the challenges and opportunities that affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to providing services, operating venues and making decisions about how the region grows. Metro works with communities to support a resilient economy, keep nature close by and respond to a changing climate. Together we're making a great place, now and for generations to come.

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CONTRIBUTORS

THANKS TO ALL OF THE DEVELOPERS WHO PARTICIPATED IN THIS DIALOGUE.

Matt Brown, Loci Development; Brett Horner, Portland Parks and Recreation; Chris Neamtzu, City of Wilsonville; Kerry Rappold, City of Wilsonville; Shawn Sullivan, Vallaster Corl; Dennis Wilde, Gerding Edlen; Jim Winkler, Winkler Development Corporation; Dave Wood, Newland Communities

Technical consulting team
GreenWorks, PC: Mike Faha, Principal; Robin Craig, Project Manager; Brett Milligan, Research; Azad Sadjadi, Graphics; Wes Soger, Graphics

Metro
Janet Bebb, principal regional planner; Hillary Wilton, real estate negotiator

Executive Summary

In the Portland region we cherish our parks, trails and natural areas, which we call the Intertwine. Park advocates, professionals and residents are frequently vocal about the benefits of parks including:

- natural beauty and being in nature
- greenways and trails are a top community amenity
- voters show a fairly consistent willingness to support parks at the ballot
- health, environmental, aesthetic and community benefits
- stormwater management and flood storage
- water quality, wildlife habitat and air quality.

However, in these tough economic times, we need to consider every public investment, including parks, in light of economic realities. **Can we anticipate with a reasonable amount of certainty where public investment in parks will produce a positive and needed market response?** Discussions with four local developers provide valuable insight into parks' role as an incentive for development. This critical thinking is important now as public dollars for infrastructure are declining.

In addition to this discussion focused on the importance of site and community conditions, there is a larger consideration. The importance of the cumulative effect of the Intertwine is critical. Companies are looking at community livability and quality of life as they choose where to locate. Our region has benefited tremendously from this, but competition is keen. The careful growth of the Intertwine is essential to support the marketability of our region. **The audience for this report includes developers, mayors, planners, advocates and business owners as we join together to make investments that pay off for our region.** View the entire document at www.oregonmetro.gov/naturalareas.

A Different Way of Thinking

Traditionally parks are developed to fill service gaps and natural areas are purchased to protect resources. There is a third logic suggested in this report: parks, trails and natural areas can be sited where development would benefit from their proximity. This logic has historical precedent and has become more relevant in light of the decline of the national and regional economy. Can we use open space strategically to help jump start development and the associated jobs?

The relationship of parks, trails and open space to economic development is complex. On one hand people value and seek investment in this aspect of their community. On the other, it's proven very difficult to quantify the value in specific numbers that would lead to public investment. Rather than

looking to formulas for quantification, this looks to local developers, research and case studies to understand how parks may influence or spur possible development.

Methodology

In the fall of 2011, interviews were conducted with several prominent local developers including:

- Dennis Wilde, Gerding Edlen
- Matt Brown, Loci Development
- Shawn Sullivan, Vallaster Corl
- Jim Winkler, Winkler Development Corporation
- Dave Wood, Newland Communities
- Chris Neamtzu and Kerry Rappold from the City of Wilsonville were interviewed about the Ville Bois development.

Jamison Square complete

The meetings were informal and the questions were consistent. The draft report was reviewed for accuracy by those interviewed.

Pearl District, Portland
Parks and housing under construction

National case studies: In addition to our local knowledge, how can national examples inform our thinking? We compiled information on four case studies including New York City, Atlanta, Minneapolis and Seattle. The case study projects have much larger project investment in open space and much greater return in terms of development value. They magnify the potential that local developers identify.

Research: Extensive economic research in Portland and across the nation has illustrated that open spaces, such as parks and trails, can have positive effects on adjacent property values and can lead to proportionately higher property tax revenues for local governments. There is also research on what factors are important to maximize property values. This research was summarized with diagrams and local examples.

Insights from Developers

There were several consistent points made by the developers.

- Proximity to parks and open space are clearly important, especially to the housing market.
- Retail and commercial markets are less influenced by open space.
- Proximity to parks increases the selling price and decreases the time needed to sell units.
- Open space is one of a several key components for livable communities including walkability, and public transportation. There is benefit to coordinating these elements.
- The main barrier to providing open space is financial. Public/private partnerships are often needed, especially in urban areas where acquisition for open space is significant.
- Construction of parks prior to marketing housing is essential. In a slow economy, the promise of an open space is not enough.

"*Parks and trails help the development strategy. We consider parks and open space as a part of our business philosophy…We believe that bringing more nature into urban environments is essential to improving quality of life for people in the community. 'Access to nature' is a necessary component of twenty minute neighborhoods in order to be a livable community*." – Dennis Wilde

"*The biggest difficulty is getting the finances to work. At some point you are taking square footage of buildable footprint out of the development equation to make the pro forma work. You are essentially sacrificing land for the sake of the park piece. The park amenity also has to be built and deliver the benefit. The later it comes in the process, the harder it is to deliver (the value).*"– Matt Brown

"*The importance is proximity based, the closer you can get to a park, the higher the value of the land and the development opportunity…There is also the flip side of parks. They can be places for bad things to happen and it depends on demographics…A large public park is one block of urban open space nicely designed in the urban areas. Blocks and blocks of soccer and baseball fields are not economic drivers*."
– Jim Winkler

"*There is definitely a positive relationship. Parks get a gold star, people love parks. Providing linkages with trails goes along with that…Initially trails were not a selling point, but now trails and connections are an important component of the development…In numerous market studies, people prefer natural open space in their backyards*." – Dave Wood

Case Studies

The High Line: New York, New York
6.73 acres, total cost: $152 million
Private donations: $44 million
Projected development value: $2 billion

The High Line is a public park built on a defunct railway that runs 30 feet above Manhattan between 10th and 11th Avenues, from 34th Street to Gansevoort Street in the meatpacking district. The High Line offers a retreat from street life, a pastoral space floating 30 feet in the air with Hudson River views. It is owned by the City of New York, and maintained and operated by Friends of the High Line. Over 50 new residential, commercial, and cultural development projects have been planned or constructed as a part of the new economic vitality in the area. On top of the 8,000 construction jobs those projects required, the redevelopment has added about 12,000 jobs in the area," stated Mayor Michael R. Bloomberg.9 Amanda Burden, the city's planning director, indicates that High Line has boosted adjacent property values, saying that "in one building that abuts the lower section of the High Line, the price of apartments had doubled since the park opened, to about $2,000 a square foot." [10]

The Mill District: Minneapolis, Minnesota
Cost for parks: $54 million
Public funding for district: $239 million
Projected development value: $1.382 billion

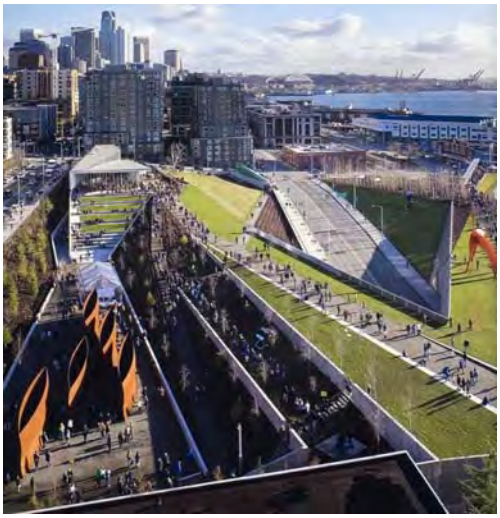
By 2010, the Mill District had developed both banks of the Mississippi River as publicly owned open space. Mill Ruins Park is the centerpiece of the revitalization of Minneapolis' historic West Side Milling District. The development has created almost 140 acres of new riverfront parkland from 1977-2002. About 4,650 new housing units have been completed and over a thousand more have been planned. Overall, the Mill District is an economic powerhouse generating jobs, taxes and economic activity with 400 jobs created with 4.2 million square feet of new office, commercial and industrial space. The continued public support and desirability of the area has increased real estate taxes (estimated market value) from $25 million in 1994 to $232 million in 2005.

The BeltLine: Atlanta, Georgia
Total project cost: $2.8 billion
Cost for parks: $755-910 million
Federal funding: $24 million
Projected development value: $20 billion

The BeltLine gives Atlanta an opportunity to create a citywide system of parks and transit that loops the urban core of the inner city. The BeltLine plan calls for the creation of a series of parks throughout the city, creating what the working plan, The BeltLine Emerald Necklace, calls, the thirteen "BeltLine Jewels."[13] These park jewels would be connected by the trail and transit components of the plan.

As a part of this plan, 30,000 new jobs are expected to be created in the area in the next 20-25 years. This job increase is 50 percent greater than what would be created without the BeltLine. In addition, during the development of the BeltLine, 48,000 construction jobs will be created. The Atlanta BeltLine is expected to generate more than $20 billion of new economic development throughout the 25 years of the Tax Allocation District.

Seattle Sculpture Park and Seattle Art Museum: Seattle, Washington
8.5 acres, total project cost: 85 million
Federal funding: 5 million
King County: 1.7 million
State funding: 8.1 million



For many years, this former brownfield was a blighted piece of property at the heart of Seattle's waterfront. The 8.5-acre property, where the Olympic Sculpture Park now stands, was once a contaminated fuel storage and transfer site for Unocal Oil.

Before Unocal could sell the property, it had to clean up 120,000 tons of contaminated soil and more than 28 million gallons of contaminated water. The Seattle Art Museum (SAM), which bought the property and operates the park, restored the waterfront as an important habitat for salmon as well as reconnected the city to its waterfront heritage.

The park itself has become an economic catalyst for the surrounding Belltown neighborhood, spurring construction of dense residential complexes, with new stores and restaurants replacing parking lots and vacant land.

RESEARCH

Research indicates that the market value of properties located in proximity to a park, trails or open space are frequently higher than comparable properties located elsewhere.[1] A pair of studies conducted in 2000 and 2001 analyzed the same set of more than 16,400 home sales in Portland, Oregon using two different study methods. The first study found that the 193 public parks analyzed had a significant positive impact on nearby property values. The existence of a park within 1,500 feet of a home increased its sale price between $845.00 and $2,262.00 in 2000.[2]

A study of the effect of greenbelts on property values in three different areas of Boulder, Colorado showed that there was a $4.20 decrease in the price of residential property for every one foot moved away from the greenbelt. This suggested that if other variables were held constant, the average value of properties adjacent to the greenbelt was 32 percent higher than those located 3,200 walking feet away.[3] In the study; they demonstrated that the proximate effect is substantial up to 500-600 feet (typically three blocks). In the case of community sized parks over 30 acres, the effect may be measurable out to 1500 feet, but 75 percent of the premium value generally occurs within the 500-600 foot zone. These studies suggested that a positive impact of 20 percent on property values abutting or fronting a passive park area is a reasonable point of departure for estimating the magnitude of the impact of parks on property values.[21]

Larger park sizes in suburban areas have been shown to create greater overall development value. The relationship between a home's sale price and its proximity to different types of open spaces in the city of Portland, within Multnomah County was studied between 1990 and 1992. Homes located within 1,500 feet of a natural area park, where more than 50 percent of the park is preserved in native and/or natural vegetation, are found to experience an average of the largest increase in sale price.[4]

Central Park in New York City

As anticipated by Frederick Law Olmsted, the property value immediately adjacent to the park was justification for building the park. Currently the value of the properties closest to the park is 20 percent higher than that one block further.

Selected Guiding Principles

Can we predict where investment in parks, trails and natural areas will have a positive market response? Interviews with developers, case studies and research suggest some overarching principles that may increase the predictability (see the full report for more guidance).

Parks have different effects on different types of development.

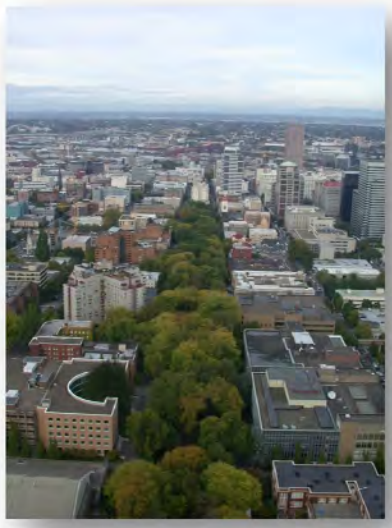
- Complete communities and mixed use developments - parks are key to mixed use developments.
- Housing development - the strongest possible relationship is between parks and housing.
- Commercial development - parks are less important for commercial development. However, where a setting or sense of address is needed, parks may become part of the success.
- Retail - parks have the least effect on retail success. In general, retail needs concentrations of people, with the exception of restaurant development. Also, parks can help housing that in turn supports nearby retail.

1878 Park blocks, Portland Or.

Large investment in signature projects can have high development value.

The case studies examined had these common elements:

- An underutilized or abandoned area close to urban centers repurposes old infrastructure for parks.
- Public visibility is high often with a trail connection or other destination linkages that increases use.
- Significant effort is made toward a large vision with a high level of investment typically combining local and federal funding with private donations.
- The project has an extremely high level of design excellence, using nationally or internationally renowned design teams.



2002 Park blocks, Portland, OR.

Passive parks only

Developers interviewed agreed that parks, trails and open space with passive recreation areas are conducive to development and overall place-making and active parks with intensive uses are not.

Linear parks maximize property value increases

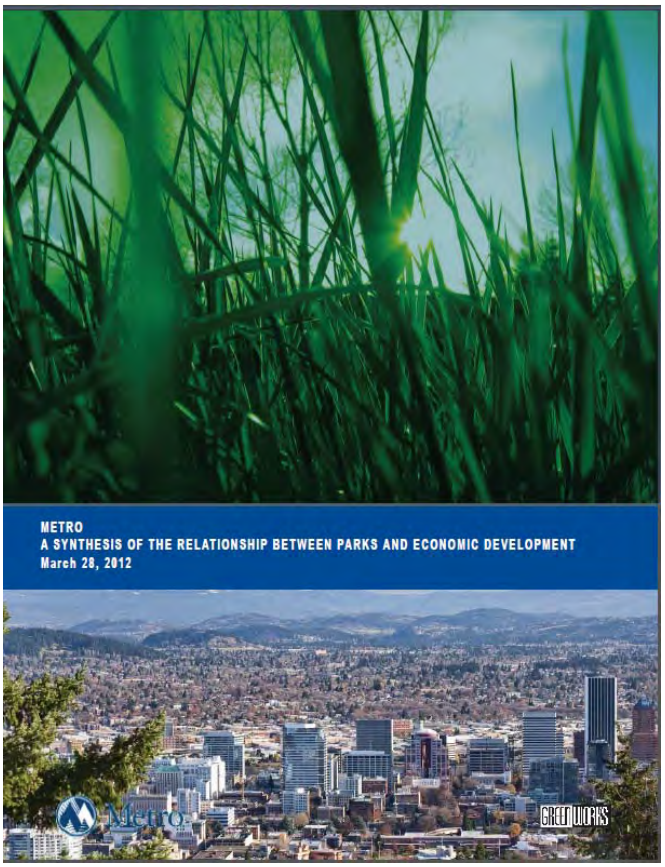
Research indicates that linear parks provide a greater amount of actual park frontage and maximize development potential in urban or suburban grids. This boosts the net total of lots that have actual park frontage.

CONCLUSION

This research concludes that parks, trails and natural areas can be significant in getting a positive market response in a slow economy, especially under certain circumstances. The third path, or strategic use of open space, is not our usual manner of business. Park providers are often focused on system plans and targeted service gaps. Planners tend to concentrate on transit and streetscape improvements. Moving past these disciplinary barriers will allow open space to be considered strategically.

The largest barrier to the strategic use of open space is funding. Consistent funding sources for open space development are lacking at the federal, state and local levels. The national case studies illustrate the potential power of joint public and private investments. Locally, these partnerships have been key to many of Portland's urban parks including Jamison Square, Tanner Springs and Director Park. Building these partnerships require shared vision, innovative thinking and a mutual understanding of development and open space parameters.

Going forward, it is possible to look regionally and locally for strategic opportunities to use open space in service of development markets. These discussions need to take place with a dedicated focus on open space potential and, perhaps more effective, with a place at the table when development is under discussion. This includes transit and land use planning.



Read the full report at www.oregonmetro.gov/naturalareas.

More work is needed to identify the circumstances where parks, trails and natural areas will be important investments.

RESEARCH FOOTNOTES

1. Crompton, John L. “The Impact Of Parks And Open Spaces On Property Values.” Department of Recreation, Park and Tourism Sciences, Texas A&M University. Volume 63, No. 1, page 32, Winter 2007.

2. TBolitzer, B. and Netusil, N. “The Effect of Open Space on Property Values in Portland, Oregon.” Journal of Environmental Management: 59 (3), pages 185 - 193, July 2000.

3. Correll, Mark R., Lillydahl, J., Jane H. and Singell, Larry D. “The Effect of Green Belts on Residential Property Values: Some Findings on the Political Economy of Open Space”. Land Economics 54(2), pages 207-217,
1978.

4. Lutezenhiser, M. and Netusil, N. “The Effect of Open Space on a Home’s Sale Price.” Contemporary Economic Policy, 19 (3):291-298, July 2001.

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Metro | *Memo*

Date: Wednesday, October 11, 2012

To: MTAC

From: Mike Hoglund, Research Center Director
Gerry Uba, Planning and Development Department
Dennis Yee, Research Center

Subject: Regional 2035 Forecast Distribution Coordination (Population and Employment Forecast at Local Level)

At your October 17, 2012 meeting, we will present the regional 2035 forecast distribution to the transportation analysis zone (TAZ) and local jurisdiction level. Metro staff updated MTAC on January 4, 2012, after completion of the first phase of this project. The first phase involved confirming regional land capacity [also called buildable land inventory (BLI) or supply capacity] through the analysis of local zoning information and redevelopment thresholds before using the BLI results in the TAZ growth distribution. The capacity review relied heavily on local government information and review and comment.

The second phase of the project was completed last month. This phase involved using Metro's land use (i.e., MetroScope) and transportation models to match regional demand (the seven-county forecast) with regional capacity at the TAZ geography. After extensive review and input from local governments, the final draft of the growth forecast distribution was presented to the Regional Planning Directors on September 19, 2012. The planning directors were receptive of the information. The growth distribution represents a joint coordinated forecast effort between Metro and local governments. The growth distribution an assessment of where households and employees will live and work in the future based on economic factors, expected trends and land development policy assumptions.

The forecast distribution is essential for local and regional planning. Local governments scheduled by the Oregon Department of Land Conservation and Development (DLCD) to update their comprehensive plans (through periodic review) are required to base their updates on a coordinated forecast. Counties are responsible for coordinating the forecast for areas outside of Metro area and will use the coordinated forecast as the basis for this distribution, as well. The distribution supports local transportation system plan (TSP) updates and various local planning activities.

At the regional level, Metro will use this distribution to inform the next Regional Transportation Plan (RTP) update. The distribution also supports transportation corridor planning. The distribution can support school districts in enrollment forecasting and facility planning, as well as support special districts in the region, such as water, sewer and fire districts, in updating their facility plans and emergency preparedness plans. TriMet could benefit from using the distribution in forecasting future ridership, mapping travel patterns, and plan for frequency of MAX and bus service and future routes.

The Oregon Department of Land Conservation and Development requested and Metro staff proposed to the Metro Council to adopt the distribution by ordinance, so that it can be acknowledged by DLCD as part of Metro's planning documents to support planning coordination. An ordinance and staff report has been drafted and scheduled for first reading later at the Metro Council meeting on October 18, 2012. Staff will present the 2035 forecast distribution to:

- MTAC on October 17th
- MPAC on October 24th
- TPAC on October 26th
- JPACT on November 8, 2012.

The Metro Council is scheduled to conduct second reading and public hearing, and vote on the ordinance on November 29, 2012.

After adoption of the 2035 forecast distribution, Metro staff will start more in-depth analysis of the data to determine the implications of the distributions to existing regional policies and investment decisions. In addition, the analysis of the forecast distribution and result of the proposed research (funding TBD) will be available for when the Metro Council kicks off the next growth management decision process.