600 NE Grand Ave.
Portland, OR 97232-2736

Metro | *Agenda*

Meeting: **Metro Council Work Session**
Date: Tuesday, September 23, 2014
Time: 2 p.m.
Place: Council Chamber

CALL TO ORDER AND ROLL CALL

2 PM	**1.**	**CHIEF OPERATING OFFICER COMMUNICATION**	
2:15 PM (60 Min)	**2.**	**2015 GROWTH MANAGEMENT DECISION: DRAFT 2014 URBAN GROWTH REPORT ASSESSMENT OF RESIDENTIAL NEEDS – DISCUSSION**	**Ted Reid, Metro** **John Williams, Metro**
3:15 PM (45 Min)	**3.**	**2015 STATE LEGISLATIVE AGENDA – INFORMATION/DISCUSSION**	**Randy Tucker, Metro**
4:00 PM	**4.**	**COUNCIL COMMUNICATION**	

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ការគោរពសិទ្ធិពលរដ្ឋរបស់ ។ សំរាប់ព័ត៌មានអំពីកម្មវិធីសិទ្ធិពលរដ្ឋរបស់ Metro ឬដើម្បីទទួលពាក្យបណ្តឹងរើសអើងសូមចូលទស្សនាគេហទំព័រ www.oregonmetro.gov/civilrights។ បើលោកអ្នកត្រូវការអ្នកបកប្រែភាសានៅពេលអង្គប្រជុំសាធារណៈ សូមទូរស័ព្ទមកលេខ 503-797-1700 (ម៉ោង 8 ព្រឹកដល់ម៉ោង 5 ល្ងាច ថ្ងៃធ្វើការ) ប្រាំពីរថ្ងៃ ថ្ងៃធ្វើការ មុនថ្ងៃប្រជុំដើម្បីអាចឲ្យគេសម្រួលតាមសំណើរបស់លោកអ្នក ។

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Agenda Item No. 2.0

2015 GROWTH MANAGEMENT DECISION: DRAFT 2014 URBAN GROWTH REPORT ASSESSMENT OF RESIDENTIAL NEEDS

Metro Council Work Session
Tuesday, September 23, 2014
Metro, Council Chamber

METRO COUNCIL

Work Session Worksheet

PRESENTATION DATE: September 23, 2014 **LENGTH:** One hour

PRESENTATION TITLE: 2015 growth management decision: draft 2014 Urban Growth Report's assessment of residential needs

DEPARTMENT: Planning and Development

PRESENTER(s): Ted Reid, ted.reid@oregonmetro.gov, 503-797-1768
John Williams, john.williams@oregonmetro.gov, 503-797-1635

WORK SESSION PURPOSE & DESIRED OUTCOMES

- Purpose: Provide Council with the opportunity to discuss possible policy implications of the residential analysis found in the draft 2014 Urban Growth Report (UGR).
- Outcome: Council identifies topics related to the residential analysis on which they would like MPAC's policy advice.

TOPIC BACKGROUND & FRAMING THE WORK SESSION DISCUSSION

Metro plays a key role in guiding the development of the Portland metropolitan region by striking a balance between the preservation of the farms and forest that surround the Portland region, revitalizing existing downtowns, main streets and employment areas, and ensuring there's land available for new development on the edge of the region when it is needed. Many regional and local policy and investment decisions are used to achieve those ends.

The regional growth management decision is one of those tools and provides a venue for the region to assess its performance. The draft UGR, released by staff in July, provides the Council and others with an opportunity to review challenges and opportunities associated with implementing regional and local plans. A core element of the UGR is to assess whether the urban growth boundary (UGB) has enough space for housing and job growth.

Staff has presented aspects of the draft UGR to the Council and MPAC over the last several months and will continue to bring forward aspects of the draft UGR for discussion this fall. At the September 23 work session, councilors will have the opportunity to discuss the residential analysis portion of the draft UGR, including the correction to that analysis that staff recently made.

Those discussions will culminate on December 4, 2014, when staff will ask that the Council consider a resolution accepting the 2014 UGR as the basis for its subsequent growth management decision. The core question that the Council will be asked is whether the 2014 UGR provides the Council with a reasonable basis for the growth management decision it will make in 2015. MPAC will have a formal role in making a recommendation to the Council.

QUESTIONS FOR COUNCIL CONSIDERATION

Does Council have any questions about the draft 2014 UGR for staff or MPAC?

PACKET MATERIALS

- Would legislation be required for Council action x Yes ¨ No
- If yes, is draft legislation attached? ¨ Yes x No
- What other materials are you presenting today?
    - A revised version of the 2014 Draft UGR will be made available at the work session. This revised version will reflect the recent corrections made by staff. A memo from John Williams to MPAC is included in the Council packet and describes the nature of this correction.

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Metro | *Memo*

Date: September 10, 2014

To: MPAC

From: John Williams, Deputy Director for Community Development

Re: Corrections to the draft 2014 Urban Growth Report's housing needs analysis

Overview

In July, Metro staff issued a draft of the 2014 Urban Growth Report. It contains population and employment forecasts for the next 20 years and assesses the region's capacity for accommodating anticipated growth with existing plans and policies at the local, regional and state levels.

Metro staff have identified two corrections that need to be made to the report's estimate of future regional housing needs. First, in one step of the report's calculations for housing demand, household data for the entire seven-county metropolitan area were used instead of data limited to the area within the Metro urban growth boundary. As a result, the draft report overestimated demand for single-family housing within the urban growth boundary.

A second correction relates to lands added to the urban growth boundary by the Oregon Legislature in March 2014 under House Bill 4078, which addressed the designation of urban and rural reserves and made changes to the urban growth boundary. At the request of staff from the city of Forest Grove, the revised draft report will count lands added near Forest Grove as industrial, rather than residential. This has the effect of increasing the regional surplus of industrial land.

Taken together, these corrections result in a larger surplus of single-family housing capacity than previously identified in the draft report, while the multifamily surplus is reduced. The corrected numbers are provided below and replace the numbers in tables 2 and 3 on page 22 of the July 2014 draft Urban Growth Report. Metro staff will issue a revised draft of the report as soon as possible to allow time for review by MTAC and MPAC before making recommendations to the Metro Council later this fall.

Background

There are many ways that this region could accommodate future population growth. The housing need numbers included in the draft 2014 UGR describe how existing plans and funding realities may play out in the future. This analysis should not be understood as prescribing a future for the region. It remains up to policy makers to decide whether these projected outcomes are desirable and, if not, what plans and investments are needed to achieve a different outcome that matches the public's preferences, values, and funding priorities.

For the last couple of decades, Metro, local jurisdictions and many other partners have been working to implement the 2040 Growth Concept and all of the local plans that are based on that vision. Those plans call for efficient use of land inside the urban growth boundary and a finite supply of land that may be available for future urban growth boundary expansions. Implementation of those plans takes place in the context of state laws governing growth management policy in both Oregon and Washington, which place an emphasis on efficient use of lands.

The policy and financial context that exists today, along with demographic changes, steers a greater share of growth towards multifamily housing than has been observed in the past. Likewise, this context leads to a greater share of seven-county growth being drawn to the Metro area than observed in the past. Different policy and funding assumptions would produce different results. For instance, if zoning for multifamily housing were limited, state law allowed more urban growth boundary expansion and there were additional funding sources to pay for outward growth, these numbers would place more emphasis on single-family capacity needs. For this analysis, staff has not second-guessed local and regional policies, but is reporting back that those policies and plans do provide a way of accommodating additional households and jobs.

Revised tables for draft Urban Growth Report

Table 2: Metro UGB single-family residential market analysis of existing plans and policies (2015 to 2035)

	Single-family dwelling units			
	Buildable land inventory	Market-adjusted supply	Market-adjusted demand	Surplus or need
Low growth forecast	118,000	75,900	64,000	+11,900
Middle (baseline) growth forecast		90,000	76,900	+13,100
High growth forecast		97,000	90,800	+6,200

Table 3: Metro UGB multifamily residential market analysis of existing plans and policies (2015 to 2035)

	Multifamily dwelling units			
	Buildable land inventory	Market-adjusted supply	Market-adjusted demand	Surplus or need
Low growth forecast	273,300	118,400	89,300	+29,100
Middle (baseline) growth forecast		130,100	120,500	+9,600
High growth forecast		165,100	145,900	+19,200

Agenda Item No. 3.0

2015 STATE LEGISLATIVE AGENDA

Metro Council Work Session
Tuesday, September 23, 2014
Metro, Council Chamber

METRO COUNCIL

Work Session Worksheet

PRESENTATION DATE: September 23, 2014 **LENGTH:** 30 minutes

PRESENTATION TITLE: 2015 State Legislative Agenda

DEPARTMENT: Government Affairs and Policy Development

PRESENTER(s): Randy Tucker, (503) 797-1512, randy.tucker@oregonmetro.gov

WORK SESSION PURPOSE & DESIRED OUTCOMES

- **Purpose:** This work session is the first opportunity to discuss the 2015 legislative session and the Metro Council's objectives for the session. Proposed legislative principles and concepts will be presented; additional concepts will be presented at subsequent work sessions.

- **Outcome:** The Council may wish to discuss specific legislative concepts or principles or direct staff to develop additional concepts.

TOPIC BACKGROUND & FRAMING THE WORK SESSION DISCUSSION

Preparations are under way for the 2015 legislative session, which convenes in January but starts in earnest in February. The Council is aware of the extensive work being undertaken by many parties to develop a transportation package to propose to the Legislature; this has been discussed at previous work sessions on September 2 and September 9, and will be discussed again in the future. Today's work session is for the purpose of opening the conversation on other potential 2015 issues.

The deadline for requesting drafts of legislation for pre-session filing is September 22. Staff has submitted a couple of smaller or placeholder concepts for drafting in order to meet this deadline, pending Council's input about whether to pursue these concepts. Those concepts will be described in separate issue sheets to be included in a supplemental submittal for this work session.

QUESTIONS FOR COUNCIL CONSIDERATION

- Does the Council wish to endorse the concepts to be presented today?
- Are there other topics on which the Council would like to adopt legislative positions?
- Does the Council wish to make changes to the Legislative Principles that guide the actions of staff on issues that may arise during the 2014 session?

PACKET MATERIALS

- Would legislation be required for Council action þ Yes ¨ No
- If yes, is draft legislation attached? þ Yes ¨ No

- What other materials are you presenting today? Legislative issue sheets

Materials following this page were distributed at the meeting.

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Metro | *Memo*

Date:	August 15, 2014
To:	MPAC
From:	Ted Reid, project manager for 2015 urban growth management decision
Re:	2015 growth management decision: policy considerations

Background

The 2014 Urban Growth Report (UGR) will be a basis for the urban growth management decision that the Metro Council intends to make before the end of 2015. Under state law, the Metro Council needs to adopt a final UGR by the end of 2014. MPAC plays a role by making a formal recommendation to the Metro Council on the UGR as well as the growth management decision.

In late July 2014, Metro staff released a draft UGR for discussion by the Council, MPAC, and others. The draft UGR is the result of a year-and-a-half of technical engagement with public and private sector experts on the region's population and employment growth forecast and its buildable land inventory. At MPAC's July 23, 2014 meeting, Metro staff provided an overview of the draft UGR. MPAC will continue its discussion of the draft UGR this fall, leading to a formal recommendation to the Metro Council on November 12, and currently has discussions scheduled for the following dates:

September 10:	Results of the residential preference survey; input on questions to discuss at October and November meetings
October 8:	Draft UGR assessment of housing needs (begin formulating recommendation to Council; identify any remaining technical questions for MTAC)
October 22:	Draft UGR assessment of employment capacity needs (begin formulating recommendation to Council; presentation on updated regional industrial site readiness report; identify any remaining technical questions for MTAC)
November 12:	Formal recommendation to Council on whether the draft UGR provides a reasonable basis for a subsequent urban growth management decision

MPAC discussion priorities

The draft UGR highlights a number of policy considerations proposed for MPAC and Council discussion. They are listed here in no particular order of importance. Please see the draft UGR for additional context around these policy considerations. Additional notes are provided on other policy considerations that have been brought up by MPAC members. Staff is looking for guidance from MPAC on its priorities for its discussions this fall:

- Of the policy considerations listed below, which are most important for MPAC to discuss in advance of providing the Metro Council with a recommendation on the UGR? Are there some considerations that can be discussed at a later date?
- Aside from the policy considerations listed below, are there additional policy considerations that MPAC would like to discuss this fall, leading up to its recommendation to the Metro Council on the 2014 UGR?

Policy considerations for discussion

Overarching policy consideration for fall 2014

Does the draft UGR provide a reasonable basis for the Metro Council to make a growth management decision (the growth management decision will happen after consideration of the UGR and before the end of 2015)?

Land readiness or land supply?

The often frustrating experience of real estate brokers and developers looking for developable land that is for sale today is different than what Metro must, under the law, consider in completing its 20-year growth capacity assessment. Is the primary challenge faced by developers land supply or land readiness? Related to this question, MPAC members expressed an interest in discussing:

- Brownfields challenges
- Governance and finance expectations for any future urban growth boundary expansions
- Whether voter-approved annexations are an ongoing challenge
- The update of the Regional Industrial Site Readiness project (scheduled for presentation at the October 22 MPAC meeting)

Changes in our communities

With population growth expected to continue, change is inevitable. What policies and investments are needed to ensure that change is for the better?

Opportunities for workforce housing

What policies, investments, innovative housing designs and construction techniques could provide additional workforce housing in locations with good transportation options? Who has a role? What is the role of land supply vs. land readiness?

A bigger picture

Regional and local policies and investments interact with actions taken in neighboring cities, Clark County, and Salem. What are the best policies for using land efficiently and reducing time spent in traffic?

Managing uncertainty

Even though we have a good track record with our forecasts, we know some of our assumptions about the next 20 years will be wrong. What are the risks and opportunities of planning for higher or lower growth in the forecast range?

What about Damascus?

The draft UGR calls out the challenges in urbanizing Damascus and predicting its future with technical analysis. How much growth capacity should be counted in Damascus? What's a reasonable basis for making that estimate? Does the region have other options for making up for Damascus' capacity if less is counted?

Providing housing opportunities

- For a variety of reasons, developing housing in UGB expansion areas has proven challenging. What is a reasonable timeframe for seeing results in past and future expansion areas?
- Today, it is challenging to find housing in downtowns and main streets that is appealing to families with children (multiple bedrooms, storage areas, access to playgrounds, etc.). Are there ways to provide more family-friendly housing in downtowns and main streets?
- Over the years, little multifamily housing has been built in UGB expansion areas.[1] What is the right mix of housing types in areas added to the UGB in the future and how are they best served?
- How might policymakers balance residential preferences with other concerns such as infrastructure provision, transportation impacts, affordability, and environmental protection?

Investing in job creation

- Are there areas where the region should focus its investments to ensure that the lands inside the urban growth boundary generate job growth?
- MPAC members expressed an interest in creating family-wage jobs. What are the challenges that need to be addressed to accomplish that goal? Of those challenges, how important is land supply vs. land readiness?
- If the Council chooses to plan for high growth rates, it would mean that there are industrial capacity needs. Are there places in urban reserves where it makes sense to expand the UGB for industrial uses?

The Portland harbor

[1] 58 out of the 12,133 multi-family units built inside the UGB from 2006 through 2012 were in post-1979 UGB expansion areas.

The harbor needs to be cleaned up to continue providing economic, environmental, and recreational benefits that cannot be replaced elsewhere in the region. What investments and policies can advance economic and environmental goals? To what extent do these questions need to be resolved for the Metro Council to make an informed growth management decision?

Keeping shopping and services close by
If the Metro Council were to choose to plan for a high growth scenario, it would mean that there are residential and commercial capacity needs. Are there places in urban reserves where it makes sense to expand the UGB for a mix of uses?

Achieving desired outcomes
On MPAC's recommendation, the Metro Council's policy is to make decisions that advance the region's six desired outcomes (see draft UGR page 6). Which growth management options might do that?

Regional vs. local perspective
MPAC members and others have pointed to the difference between regional vs. subregional needs for growth capacity. Though the draft UGR is the result of extensive peer review by local jurisdiction staff, its conclusions on growth capacity are, as required by state law, for the region as a whole. How can the growth management decision balance legal requirements to perform a regional analysis with local aspirations?

METRO COUNCIL 2014 LEGISLATIVE PRINCIPLES[1]

LOCAL AUTHORITY

1. **Pre-emption:** With respect to issues related to solid waste management, land use, and other matters of regional concern, Metro's authority should not be pre-empted or eroded.
2. **Funding:** To ensure a prosperous economy, a clean and healthy environment, and a high quality of life for all of their citizens, Metro and the region's counties, cities, and other service providers must have the financial resources to provide sustainable, quality public services. Accordingly, the Legislature should remove existing restrictions on local and regional revenue-raising authority and avoid enacting new limitations or pre-emptions, and all state mandates should be accompanied by funding.

LAND USE AND URBAN GROWTH MANAGEMENT:

3. **Local Authority:** The Legislature should take no actions that reduce or compromise Metro's land use and urban growth management authority.
4. **Oregon's Land Use System:** Oregon's land use planning system provides an important foundation for the prosperity, sustainability and livability of our region. The Legislature should exercise restraint and care when considering changes to Oregon's land use system.
5. **Successful Communities:** Metro supports legislation that facilitates the achievement of the region's six desired outcomes for successful communities: vibrant, walkable communities; economic competitiveness and prosperity; safe and reliable transportation choices; leadership in minimizing contributions to global warming; clean air, clean water and healthy ecosystems; and equitable distribution of the burdens and benefits of growth and change.[2]
6. **Local Land Use Decisions:** Management of the urban growth boundary is a complex undertaking that involves extensive analysis, public input, and a balancing of many factors. Urban growth management decisions have profound impacts not just on land at the boundary, but on communities within the boundary and on farms and other rural lands outside the boundary. For these reasons, the Legislature should establish the process and policy framework for local land use decisions and should affirm the authority of local governments, including Metro, to make specific decisions on local land use matters.
7. **Efficiency:** Land within the urban growth boundary should be used efficiently before the boundary is expanded.[3]
8. **Need:** The UGB should not be expanded in the absence of demonstrated need.[4]
9. **Transportation:** Land use and transportation planning should be coordinated so land uses do not undermine the efficiency and reliability of the transportation system and transportation investments do not lead to unintended or inefficient land uses.[5]
10. **Annexation:** Cities are the preferred governing structure for providing public services to urban areas, and the inability to annex land brought into the urban growth boundary to accommodate urbanization prevents efficient development of livable communities. For these reasons, Metro supports reforms that will facilitate, or reduce barriers to, orderly annexation and incorporation.
11. **Rules/Statutes:** Administrative rules should not be adopted into statute.
12. **Non-Regulatory Tools:** State efforts at regulatory streamlining should include funding to support development of non-regulatory tools for achieving desired land use outcomes.[6]

13. **Fiscal Responsibility:** Funding to support urban development should be generated at least in part by fees on those who directly benefit from that development.

SOLID WASTE:

14. **Product stewardship:** Metro supports efforts to minimize the health, safety, environmental, economic and social risks throughout all lifecycle stages of a product and its packaging, and believes that the producer of the product has the greatest ability, and therefore the greatest responsibility, to minimize those adverse impacts.

TRANSPORTATION:

15. **Transportation Governance:** The Legislature should take no actions that reduce or compromise Metro's or JPACT's authority in the areas of transportation policy and funding.
16. **Transportation Funding:** Metro supports an increase in overall transportation funding, investments in a balanced multimodal transportation system, and flexibility in the system to provide for local solutions to transportation problems.

PARKS AND NATURAL AREAS:

17. **Parks and Natural Areas:** Metro supports measures to increase local and regional authority to raise revenues to support parks and natural areas and to increase the level of state funding distributed to local governments for acquisition, capital improvements, and park operations.

SUSTAINABILITY:

18. **Climate Change:** Metro supports efforts to combat and adapt to climate change and to meet the state's goals for reducing greenhouse gas emissions.
19. **Conservation Education:** Metro supports efforts to provide stable and reliable funding to conservation education.

ECONOMIC PROSPERITY:

20. **Infrastructure Finance:** Metro supports measures, including funding or revenue measures, which facilitate state, regional or local investments in the public structures needed to accommodate population and economic growth in a way that helps the region achieve its six desired outcomes for successful communities.
21. **Metro Venues:** Because the Oregon Convention Center, Expo Center, Portland'5 Centers for the Arts and Oregon Zoo are assets that contribute millions of dollars to the state and regional economies, Metro supports legislative measures that facilitate the success of these venues in attracting visitors and enhancing the quality of their experiences.

AGENCY OPERATIONS:

22. **Firearms and public facilities:** Metro supports legislation that increases Metro's authority to regulate the carrying of firearms on Metro properties and public venues, and opposes legislation that limits or reduces that authority.

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[1] Footnotes refer to applicable policy statements in Metro's Regional Framework Plan (RFP).
[2] RFP Chapter 1 (Land Use).

[3] RFP Policy 1.1 (Compact Urban Form).

[4] RFP Policy 1.9 (Urban Growth Boundary).

[5] RFP Policy 1.3.13 (Housing Choices and Opportunities); Transportation Goal 1 (Foster Vibrant Communities and Efficient Urban Form).

[6] Policy 1.1 (Compact Urban Form); Policy 1.2 (Centers, Corridors, Station Communities and Main Streets).

METRO
2015 LEGISLATIVE ISSUE IDENTIFICATION

Department: Planning & Development **Date:** September 16, 2014

Person completing form: Miranda Bateschell **Phone:** x1817

ISSUE: Brownfield Redevelopment

BACKGROUND: A brownfield property experiences redevelopment complications due to the presence or perceived presence of hazardous substances or pollutants. These sites exist throughout the region and constitute unrealized assets with the potential to help the region meet multiple goals relating to livability, economic development, environmental protection, equity, and efficient use of land and existing infrastructure. At the local level, these vacant and underutilized properties undermine neighborhood livability and can threaten human health and environmental quality. Redeveloping these sites enables local governments to generate greater tax revenues due to the increased value of the redeveloped and neighboring properties.

Metro's 2012 Regional Brownfields Scoping Report estimated that there are up to 2,300 brownfield properties in the region covering 6,300 acres of land. Findings include:

- Half of the known brownfields are in, or within 1,000 feet of, sensitive environmental areas.
- Brownfields are highly likely to be located in underserved communities.[1]
- There are over 1,800 brownfield sites in centers and corridors with the maximum potential of providing 38,000 net new jobs and up to 138,000 new dwelling units at full buildout.
- Over 4,000 acres of industrial land face redevelopment barriers related to environmental contamination. At full buildout these properties could produce 27,500 jobs and $108,000,000 of net new annual personal income tax revenues.
- Existing tax structures, lack of incentives, and a shortage of designated funds for brownfield redevelopment keep most of these sites from redeveloping.

Return on investment analysis shows that 47% of all brownfield sites are within close range of the tipping point from infeasible to feasible. Each policy tool tested as part of the Regional Brownfields Scoping Project moved sites from infeasible to feasible, resulting in significant redeveloped acres, new jobs and dwelling units, and property and personal income tax revenue. Every tool tested also has a revenue-to-cost ratio that breaks even within one to five years. However, no single incentive moved all brownfields to feasibility, meaning that a coordinated set of policy tools needs to be adopted to address multiple challenges and different types of brownfields.

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[1] According to Metro's Equity Composite, underserved communities are communities that simultaneously have a high underserved population (nonwhite, elderly, low-income, non-English speaking, youth), a low density of essential services (food, essential retail, health, civic, financial/legal), and low proximity to non-auto transportation.

In early 2014, a Brownfields Coalition formed with the goal of making brownfield cleanup and redevelopment easier. Metro serves as the convener and facilitator of this group. The efforts of the Coalition are focused both on regional programs and actions as well as statewide actions that can create more tools for local partners and an improved system for reclaiming these properties. The Brownfields Coalition has spent the last several months further researching and assessing various tools and prioritizing them based on magnitude of impact and potential feasibility here in Oregon.

RECOMMENDATION: Staff recommends support of the Brownfields Coalition's 2015 legislative agenda, which includes a range of policy and funding tools to address multiple challenges and different types of brownfields:

1. Support recapitalization of the state **Brownfields Redevelopment Fund**
2. Enhance local brownfield redevelopment tools:
    a. Enable **Land Banking** authority
    b. Enable brownfield **Tax Abatement** incentive
3. Refine statewide brownfield redevelopment tools:
    a. Implement / study a **Brownfield Tax Credit** program
    b. Study enhancements to liability and accountability regulations

LEGISLATIVE HISTORY: Brownfield-related bills have been introduced over the past few sessions, including a tax credit for job creation on brownfield sites in 2011, recapitalization of the state Brownfield Redevelopment Fund in 2013, and a tax assessment valuation incentive for brownfield cleanup in 2013. It has been a decade since the Oregon Brownfield Redevelopment Fund was last recapitalized.

OTHER INTERESTED PARTIES:
The Brownfields Coalition consists of various regional and state-wide public, private and non-profit organizations including cities, counties, the Port of Portland, Business Oregon, Oregon Opportunity Network, Oregon Health Authority, ODEQ, Groundwork Portland, Oregon Environmental Justice Task Force, 1000 Friends of Oregon, Audubon Society of Portland, Upstream Public Health, Community Housing Fund, Verde, Northwest Environmental Business Council, Columbia Corridor Association, Oregon Economic Development Association, Association of Oregon Industries, and the Oregon Business Association.

IMPACT IF PROPOSED ACTION OCCURS:
Impacts will vary depending on the specific tools that are established and implemented, but in general, these changes are intended to result in the cleanup and redevelopment of brownfield properties, which in turn will lead to job creation and increased tax revenues at the local and state levels, in addition to the environmental and social benefits of eliminating contamination. In addition, each of these tools showed a positive financial return on public investment within a short time frame (1-5 years).

POTENTIAL ELEMENTS OF A BROWNFIELDS LEGISLATIVE AGENDA

Brownfields Redevelopment Fund (BRF): Administered by Business Oregon, the BRF issues grants and loans to facilitate cleanup and redevelopment of brownfields around the state. It was last recapitalized in the 2005-2007 biennium. Despite (or maybe because of) increasing demand, the fund's unobligated balance has declined to less than $150,000 – not enough to fund a significant cleanup. Business Oregon has requested $50 million to recapitalize the fund; this request is working its way through the Governor's budget development process and may be reduced. Metro and a number of other public, private and community organizations recently wrote to the Governor in support of recapitalization, though not at any particular funding level.

Land Bank: Authority for cities, counties, regions, and port districts (individually or collectively) to create land banks to acquire and dispose of real property in their geographic boundaries to address brownfields, set land use priorities, and promote redevelopment. Land banks can particularly help make industrial-to-industrial redevelopment financially feasible, facilitate community-based redevelopment efforts, and address properties with negligent land owners.

Tax Abatement: A partial exclusion of property tax for brownfield redevelopment projects provides an incentive for redevelopment and offsets the financial burden associated with cleanup of these properties. This helps all property owners redeveloping their properties but is especially valuable to community-based development corporations that would not be able to take advantage of non property-based tax incentives.

Tax Credit: Allow property owners and developers to reduce income taxes by a percentage of the documented qualifying costs of cleanup. This is particularly helpful for employment-based redevelopment properties and sites with longer cleanup time frames as the credit can be taken during years when cleanup dollars are spent and not just at the end of the project.

Liability and accountability: There is a recognition that too much liability passes to owners not responsible for contamination, making these sites too risky to redevelop. Meanwhile, mechanisms to recover funds from responsible parties could also be strengthened. There are a number of ideas on the table at this time, but no clarity on which would work best in Oregon given our existing legal structure. We hope to study these issues and develop specific policy language to address these issues in the next legislative session (2017).

METRO
2015 LEGISLATIVE ISSUE IDENTIFICATION

Department: Office of the Metro Auditor **Date:** May 9, 2014

Person completing form: Suzanne Flynn, Metro Auditor **Phone:** 503-797-1891

ISSUE: Metro Auditor is the only elected official in city, county and regional government not required to file a Statement of Economic Interest to the Oregon Government Ethics Commission.

BACKGROUND:
ORS 244.050 identifies persons required to file a statement of economic interest with the Oregon Government Ethics Commission. ORS 244.050 (i) requires every elected city or county official to file. However, regarding Metro, a metropolitan service district, ORS 244.050 (m) requires only that every member of the governing body and the executive officer file, which by omission excludes the Metro Auditor. As Metro Auditor, I filed a SEI in 2007 and 2008. After that point I was not required to file.

I checked with the Oregon Government Ethics Commission to determine why the auditor was no longer required to report. They responded that it appeared that the historic language of the statute had not changed. Further, they stated it is possible that at one point they audited the list of required filings, determined that the auditor did not have to file, and notified Metro.

RECOMMENDATION:
As an elected official, the Metro Auditor should be held as accountable as all other elected officials in Oregon and be required to file a statement of economic interest to the Oregon Government Ethics Commission. I would recommend Metro support legislation to change ORS 244.050 to add this requirement for the Metro Auditor, as follows:

> "(m) Every member of a governing body of a metropolitan service district and the auditor and executive officer thereof."

LEGISLATIVE HISTORY: Unknown

OTHER INTERESTED PARTIES: None known

IMPACT IF PROPOSED ACTION OCCURS:
Metro Auditor will have to file a statement of economic interest annually by the filing deadline.

METRO
2015 LEGISLATIVE ISSUE IDENTIFICATION

Department: Planning & Development **Date:** September 18, 2014

Person completing form: Meganne Steele **Phone:** 503-797-1736

ISSUE: Vertical Housing Development Program sunsets 2016

BACKGROUND: Oregon's Vertical Housing Development Program (VHDP) provides local jurisdictions with the option of allowing limited-term partial tax exemptions to encourage mixed-use commercial/residential developments. Localities may authorize establishment of a VHDP zone delineated on a parcel-by-parcel basis, or over a broader downtown area. Oregon Housing and Community Services administers the program, which makes it extremely attractive to medium size and smaller jurisdictions around the State. The exemption varies in accordance with the number of residential floors on a project, with a maximum property tax exemption of 80 percent over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area median income or below).

Seventeen (17) jurisdictions across Oregon have chosen to participate in the VHDP program. Seven (7) jurisdictions in the Metro region have established VHDP zones: Beaverton, Gresham, Hillsboro, Milwaukie, Oregon City, Tigard, and Wood Village. Metro's Department of Planning and Development has highlighted the program in its "Community Investment Toolkit: Financial Incentives" publication. VHDZ partial tax exemptions have been critically important in stimulating the construction of six (6) transit oriented development projects in the Metro region with a cumulative value of over $52 million. The program could be even more effective if certain eligibility requirements, which are not statutorily mandated but reside in the administrative rules, could be eased.

The VHDP will sunset on January 1, 2016, unless extended by the 2015 Legislature.

RECOMMENDATION: Extend the Vertical Housing Development Zone legislation sunset date for 10 years by amending the law as follows:

> The Housing and Community Services Department may not issue a certification under ORS 285C.450 to 285C.480 [renumbered 307.841 to 307.867] on or after January 1, *[2016]* **2026**.

Consider additional statutory changes to ease program eligibility requirements.

LEGISLATIVE HISTORY: The program was authorized most recently by HB 2199 (2005), which amended the program and extended the sunset for ten years. The statute can be found at ORS 307.841 to 307.867.

OTHER INTERESTED PARTIES: As noted above, seven jurisdictions in the Portland metropolitan region have established VHDP zones: Beaverton, Gresham, Hillsboro, Milwaukie, Oregon City, Tigard, and Wood Village.

IMPACT IF PROPOSED ACTION OCCURS: This is simply enabling legislation that allows local elected officials to decide whether (or not) their jurisdiction, after consultation with other affected taxing jurisdictions, wishes to establish a program that provides a financing tool for mixed-use commercial/residential districts. This legislation has no direct effect, in and of itself. Indirectly, this legislation provides an important tool to stimulate the private investment that creates vibrant and walkable communities.

METRO
2015 LEGISLATIVE ISSUE IDENTIFICATION

Department: Planning and Development **Date:** July 14, 2014
Person completing form: Megan Gibb, Manager, Development Center **Phone:** 503-797-1753

ISSUE: Passage of a 25% state Rehabilitation Tax Credit (RTC) to restore and reuse historic commercial and apartment buildings. (See attached fact sheet).

BACKGROUND:
Many of Oregon's historic downtowns are at a tipping point and in urgent need of reinvestment. Restore Oregon spent four years researching and conducting workshops analyzing solutions to revive our Main Streets. (see *Special Report: Revitalizing Main Street: Economic Development & Job Creation through a Rehabilitation Tax Credit*; published Jan. 2014)

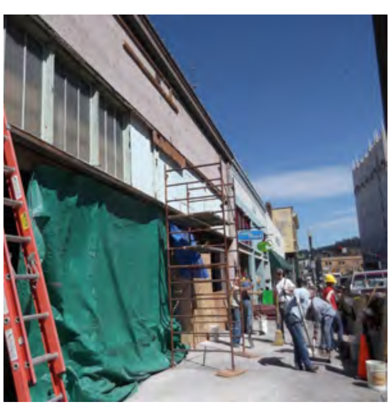
RECOMMENDATION:
Support this important legislation. Oregon is behind the times in terms of offering this incentive.

LEGISLATIVE HISTORY: In most states, investment in the restoration and reuse of historic buildings is supported at the federal, state, and local levels. In Oregon, we have the federal historic tax credit and local support in the form of Urban Renewal dollars or Special Assessment, but the state is a missing partner. 35 other states have a state rehabilitation tax credit. It can be paired with the federal Historic Tax Credit to close the development gap and attract private investment.

OTHER INTERESTED PARTIES: the 70+ members of the Oregon Main Street program; mayors; counties; Oregon Business Assn; Chambers of Commerce; Oregon Economic Development Assn; Thousand Friends of Oregon; Oregon Conservation Network; Oregon Cultural Advocacy Coalition; Oregon Historical Society; AIA; Oregon State Building & Trades Council; Building Owners & Managers Assn (BOMA); Oregon Seismic Resilience Plan/OSPACC members; developers and contractors. Anyone who would benefit from job creation, increased restoration and reuse of historic buildings, increased property values, and a revived Main Street.

IMPACT IF PROPOSED ACTION OCCURS:
2040 Implementation, more construction jobs, new tenants and businesses moving downtown, increased property tax and income tax revenues, improved seismic safety, code compliance, and energy efficiency, and more heritage tourism. Current estimate is that 2600 historic buildings in over 70 communities would be eligible.

Jobs & Economic Development on Main Street Through a Rehabilitation Tax Credit



The Challenge: Attract Investment in Our Historic Downtowns

- Oregon's traditional Main Streets are suffering, their buildings in a downward spiral of disinvestment and demolition-by-neglect.
- Too often the price tag of restoration, code upgrades, and seismic reinforcement creates a development gap, placing rehabilitation financially out of reach.
- From Astoria to Ontario, **significant capital investment is needed** to revitalize our historic downtowns and commercial buildings, creating desirable places to live, work, and shop.

The Solution: A Rehabilitation Tax Credit (RTC)

- Thirty-five other states are attracting significant investment through Rehabilitation Tax Credits, spurring redevelopment of historic downtowns as centers of business incubation, housing, shopping, and heritage tourism.
- Features of a proposed RTC for Oregon include:
  - **A 25% income tax credit** for certified rehabilitation of historic commercial and apartment buildings – those designated on the National Register or contributing to a historic district. (Would not apply to single family homes.)
  - Tax credit may be taken by the property owner over 10 years, or directly transferred to a financial partner to provide funds for the rehabilitation work.
  - Requires a minimum investment of $25,000 and work must meet the Secretary of Interior's *Standards for Rehabilitation.*

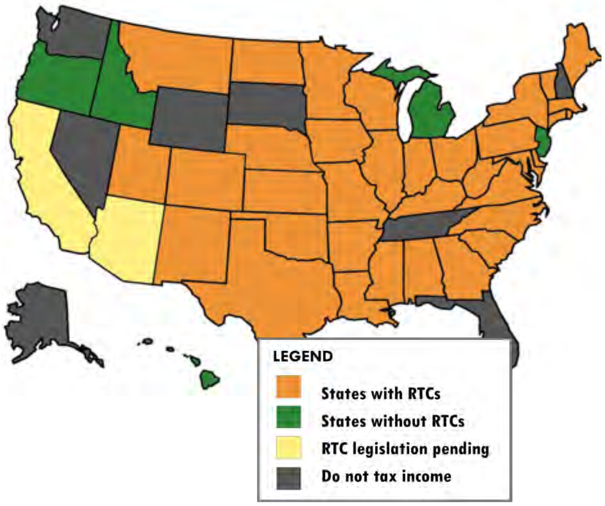
Why a Tax Credit?

- Oregon's current financial toolkit falls short. State incentives are the missing piece needed to **close the development gap** preventing rehabilitation and reuse.
- Rehab tax credits have a **proven track record** for economic development and they are not earned until *after* the work is completed.
- Because a state Rehab Tax Credit is often paired with the 20% federal Historic Tax Credit, Oregon will **attract far more Federal dollars**. In some states federal HTC dollars doubled or tripled.

How Would the State Benefit?

- When it comes to job creation, **rehabilitation creates more jobs** dollar-for-dollar than new construction, manufacturing, mining, or timber.
- **Main Streets will be re-activated** as property owners rehab their storefronts, convert upper floors, do seismic upgrades, and bring their buildings up to code.
- Business incubator spaces become available to **attract start-ups and small businesses** looking for creative, affordable rentals.
- **Income tax revenues will rise** from the new jobs created through construction, suppliers, services, and the businesses that go into the refurbished buildings.
- As property values rise, **local tax revenue will increase** to help pay for schools and services.
- Local governments save money by **utilizing existing infrastructure**.
- And **IT'S NOT JUST ABOUT PORTLAND!** An estimated 2,600 buildings in **77 Oregon cities** could leverage the credit.

Data Shows a Rehab Tax Credit is a Profitable Investment



- 35 states offer a Rehabilitation Tax Credit (RTC). In 2013 Texas and Alabama joined the list, and Wisconsin quadrupled their tax credit. California and Arizona are currently considering an RTC bill.
- The Federal Rehabilitation Tax Credit (also known as the Historic Tax Credit) has generated a 26% return for the government's investment. $21 billion in credits generated $26.6 billion in federal tax revenues.
- State RTCs create a ripple effect in local economies. In North Carolina, every dollar generates $12.51 in economic benefit.
- According to a 2013 Rutgers University study, a $1 million investment in historic rehabilitation yields markedly better effects on employment, income, Gross State Product, and state and local taxes than an equal investment in new construction, manufacturing, or services.

VIRGINIA – In the first decade of their program, $355 million in tax credits spurred:

- Rehabilitation of more than 1,200 landmark buildings.
- An economic impact of nearly $1.6 billion in the state.
- More than 10,700 jobs.
- 93% property owners indicated state tax credits were essential to their decision to undertake the project.

MINNESOTA – The first year after passage in 2010, an investment of $49.1M in tax credits generated:

- 14 rehabilitation projects totaling $343M of expenditures.
- Every $1 of tax credit matched by $7 in private investment.
- Each $1 of tax credit generated $8.32 in economic activity.
- State economic output increased $451M.
- 2,948 new jobs were created with income of $152.4M.

MARYLAND – From 1996–2008, $213.0M in tax credits resulted in:

- 407 commercial projects and 2,300 residential projects.
- $172.2M in federal Historic Tax Credits.
- Commercial project expenditures over $1B.
- Each $1 tax credit yielded $8.53 in total economic output
- 15,120 new jobs
- Each $1M in state credits created 72.5 jobs.
- Over one-third of state's investment was paid back before construction was complete or the credits paid out.

OHIO – For the $246.4M invested between 2007–2013:

- Every $1 in tax credit generated $8.24 in construction spending
- Every $1M in tax credits created 83 new construction jobs.

Projected long-term impact including building operations:

- State revenues of $318.7M (a 29% profit).
- A total state economic impact of $10B.
- An increase in Gross State Product of $7.04B.
- 6,976 new jobs annually with wages totaling $5.41B.

RESTORE OREGON

This proposal is brought to you by the Coalition to Revitalize Main Street and Restore Oregon
Contact : Peggy Moretti, Restore Oregon | 503 243-1923 | PeggyM@RestoreOregon.org

Sources: Economic Impact of Historic Preservation Tax Credits in Virginia; Virginia Commonwealth University Center of Urban & Regional Development, January 2014. An Analysis of Economic & Environmental Impacts of the Maryland Historic Tax Credit Program by Joseph Cronyn and Evans Paull, Abell Foundation, 2009. Maryland Dept. of Planning, Jan. 2014. Economic Impact of Projects Leveraged by Minnesota Historic Rehabilitation Tax Credit; University of Minnesota Extension Center for Economic Vitality, 2011. Estimates of the Economic Impact of the Ohio Historic Tax Credit Program on the State of Ohio; Great Lakes Environmental Finance Center, Cleveland State University, May 2011. Rutgers University, Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2012 (Washington: National Park Service, 2013).