



Employment Lands Site Readiness Toolkit **Project Overview**

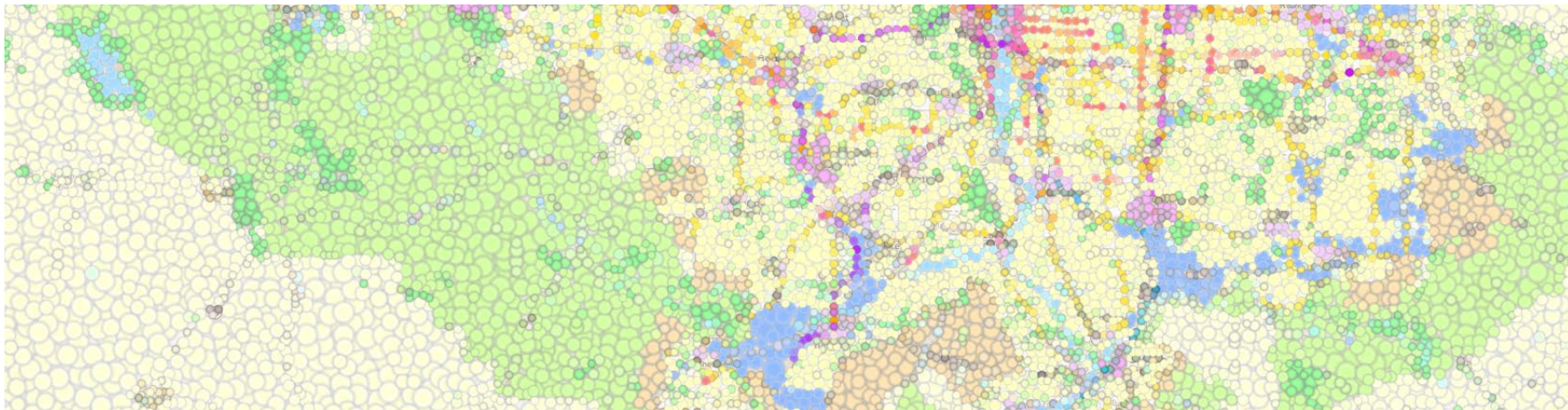
Stakeholder Presentation
September 2020



Project Purpose

The **Employment Land Readiness Toolkit project** is designed to help find tools to move challenged industrial and commercial employment sites within the Metro urban growth boundary to development-readiness to accommodate projected population growth.

The project is funded by a Metro Community Development and Planning Grant with matching funds from 18 regional partners.



Project Advisory Team

Project Managers

Lise Glancy and Ken Anderton, Port of Portland

Jeffrey Raker, Metro

Brittany Bagent and Matt Miller, Greater Portland Inc.



Regional Partners

Michael Williams, *City of Beaverton*

Jon Legarza, *Clackamas County*

Ryan Wells, *City of Cornelius*

Sarah Selden, *City of Fairview*

Jeff King, *City of Forest Grove*

Erika Fitzgerald, *City of Gresham*

Joseph Briglio, *City of Happy Valley*

Dan Dias, *City of Hillsboro*

Kelly Ross, *NAIOP Oregon chapter of National Association of Industrial and Office Parks*

Erin Maxey, *City of Milwaukie*

Alma Flores and Lori Bell, *City of Oregon City*

Isaac Barrow and Melissa Rogers, *Portland General Electric*

Joana Filgueiras, *Prosper Portland*

Julia Hadjuk, *City of Sherwood*

Jonathan Taylor, *City of Tualatin*

Christina Deffebach, *Washington County*

Jordan Vance, *City of Wilsonville*

Consultant Team

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Alex Joyce, Cascadia Partners



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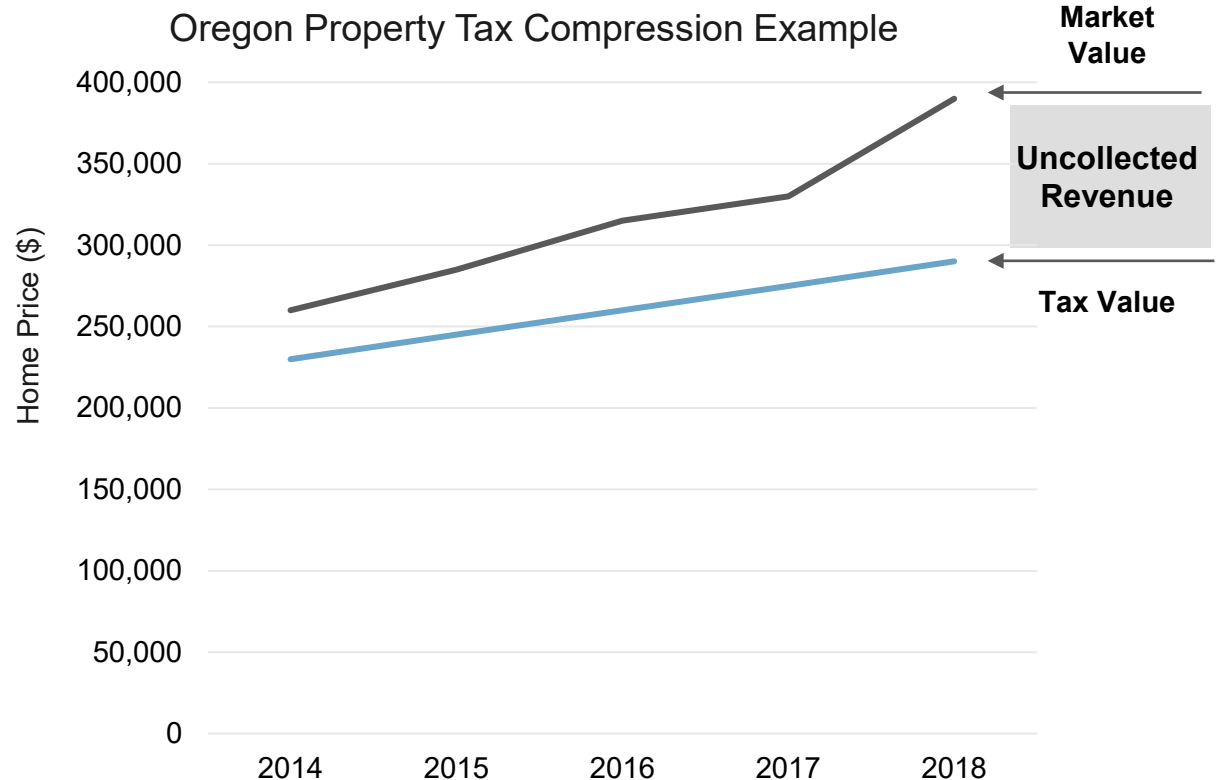
 **FCS GROUP**
Solutions-Oriented Consulting



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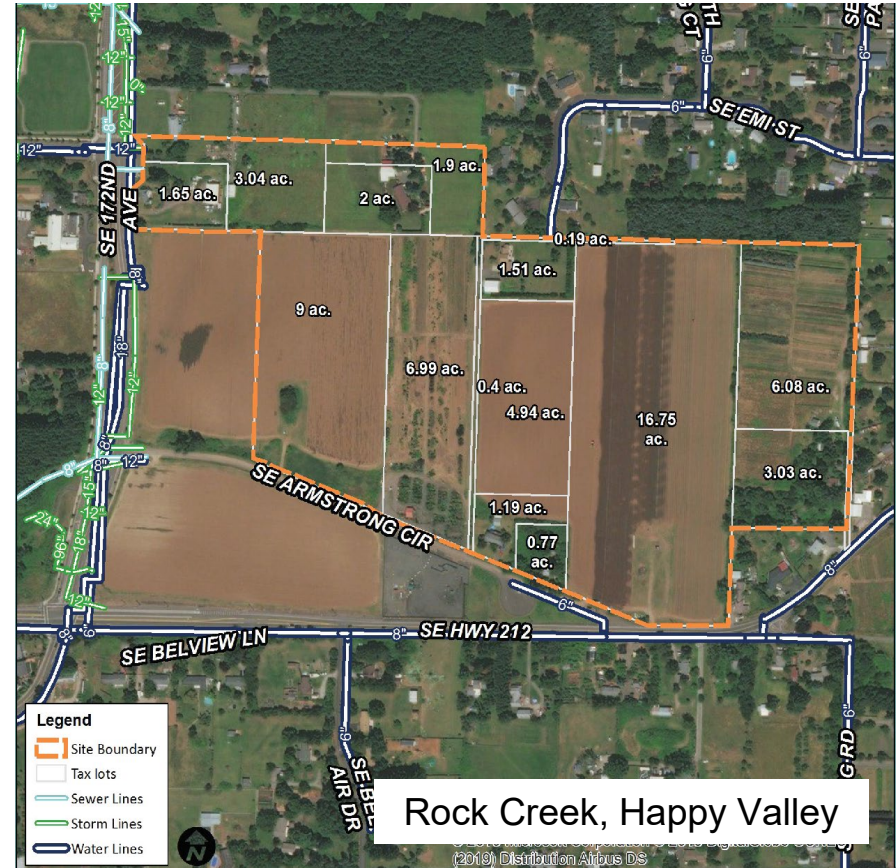
Oregon is Particularly Revenue Challenged

- Property tax revenue growth is limited over time
- Does not keep up with market changes
- No sales tax
- Few economic development financing tools and districts
- Lack of seed capital or revolving loan funds at the state or regional level



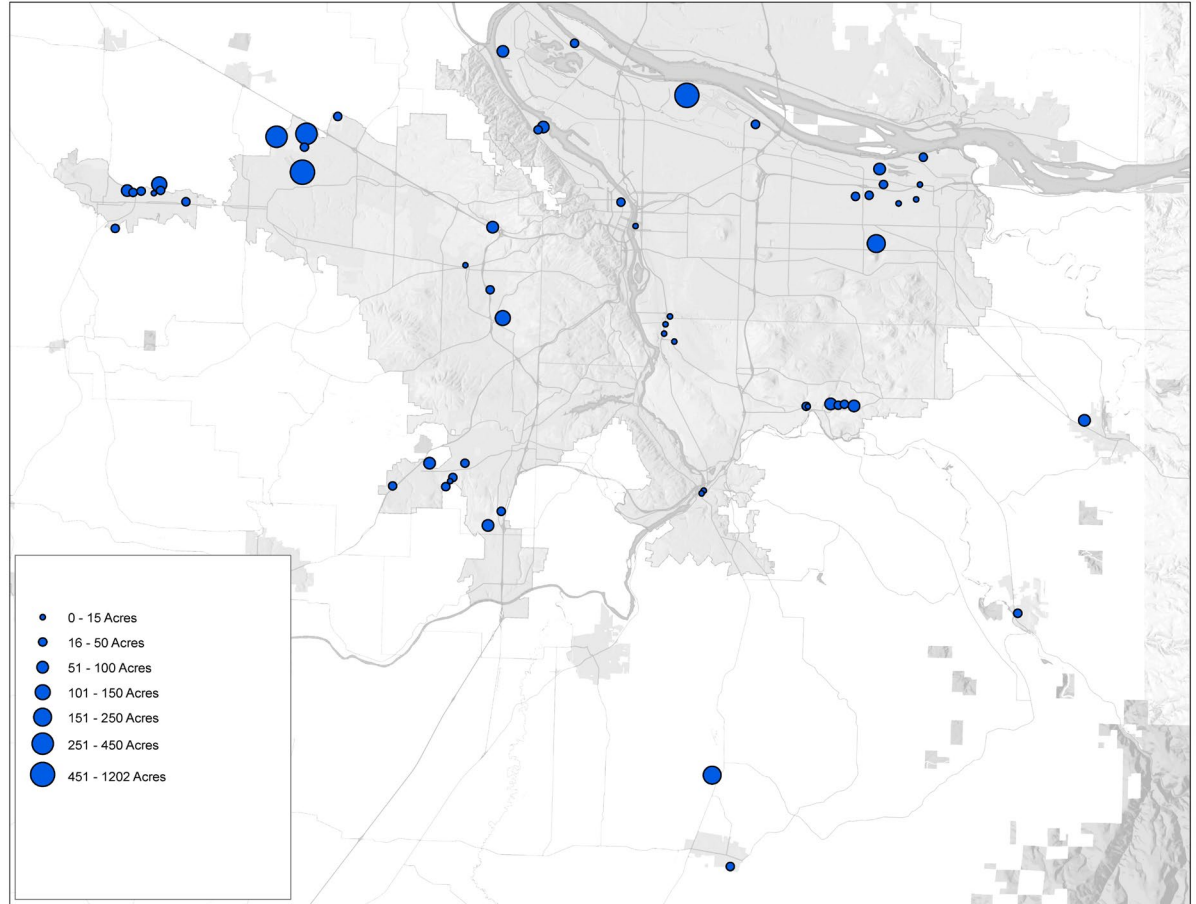
Seven Recurring Development Challenges

- Site assembly/aggregation
- Infrastructure (i.e., transportation, water, sewer, fiber, stormwater)
- Natural resource mitigation
- Local entitlements (i.e., annexation, zoning, concept planning)
- Redevelopment
- Brownfield remediation
- Gravel pit conversion

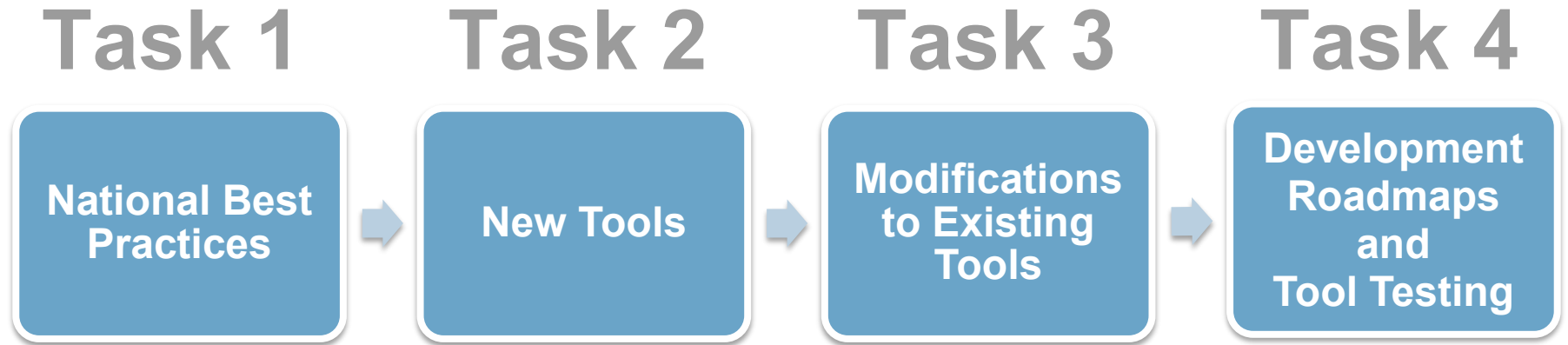


New Tools & Action is Needed

- Large cost challenges facing regional employment land development
- New, innovative approaches and resources needed to enable investment and job growth
- State, regional and local leadership and action needed



Site Readiness Toolkit



Task 1 – National Best Practices Research

Purpose: Identify tools, strategies, and policies that could expedite the creation of development-ready employment lands and support equity outcomes.

Key Findings

- 28 tools to support key site readiness challenges
- Access to financing for development-readiness costs is a major challenge
- “Low hanging fruit” opportunities exist
(9 of 28 tools require low effort to implement)
- National models available for integrating equity into process



Mixed-Use / Industrial Density Bonuses

Cross Subsidize

- Industrial uses have locational disadvantage and lower rents compared to other uses
- Susceptible to gentrification
- Cross subsidize use mix:
 - - NYC 5-to-1 bonus
 - - SFO 3-to-1 bonus
- Solution for core area industrial locations



Case Study

Name / Location:

Hundred Hooper / San Francisco, California

Description:

Hundred Hooper is a 400,000-square-foot mixed-use development that includes 53,000 square feet of leasable, finish-to-suit “production space” made possible through the San Francisco Production, Design and Repair (PDR) bonus policy. The bonus program requires 33% of new development in the district to be PDR uses which enables up to 67% (2-to-1 ratio) of new uses to be higher valued, such as office, retail, and hotel.



Streamlined Adaptive Reuse / Building Code

Incent Adaptation

- Two-track Building Code permitting
- Fast-track adaptive reuse
- Allows rapid repositioning of old structures at lower rents levels
- Alleviates demolition pressure



Case Study 1

Name / Location:

Old Bank District / Los Angeles, California

Description:

One block with four formerly abandoned historic office buildings in Los Angeles was redeveloped into a mix of office, retail, services, loft apartments, and event space.

Problem:

Abandoned buildings in a prime location were not being used.



Case Study 2

Name / Location:

WebPT / Phoenix, Arizona

Description:

A 6,600-square-foot building in Phoenix, originally used as tortilla factory, was converted for use as tech offices.

Problem:

Abandoned buildings in a prime location were not being used.

Task 1 = 28 Tools Summarized



Entitlements

- Expanded Uses in Commercial Zoning
- Industrial Mixed-Use Zone & Bonus
- Denser Industrial Entitlements
- Adaptive Reuse Incentives

Redevelopment

- Metropolitan Districts
- Major Public Site Repurpose
- Land Value Tax
- Single Parcel URA/TIF Districts
- Title to Foreclosed Properties
- Micro Commercial Spaces

Site Assembly / Aggregation

- Enhanced Redevelopment Authority
- Graduated Density Bonus
- Industrial Land Bank

Infrastructure

- Major Streets Transportation Improvement Program
- Community Facilities District (CFD)
- Transportation Benefit Districts
- Enhanced Finance Infrastructure District
- Reimbursement District

Brownfield Remediation

- Tax Incentives
- Surcharge-based Cleanup Funds
- Non-governmental Technical Assistance Provider

Gravel Pit Conversion

- Aggregating Sites
- Required Exit Planning
- Strategic Phasing and Reuse
- Local Government Collaboration / Planning Assistance

Natural Resource Mitigation

- Regional Advance Mitigation Planning
- Wetland/Floodplain Mitigation Bank
- Regional Green Infrastructure

A Resource for State and
Local Actions

Level of **Effort** and
Impact Provided for
Each Tool

Models for Considering Equity

Three Case Studies Evaluated

1. King County Equitable Impact Review - King County, WA
2. Equitable Development Scorecard - Twin Cities, MN
3. Collective Impact – Accelerate Change Together - Anaheim, CA

Incorporating Equity in Site Development

- Large sites represent major opportunities
- Consider equity at each stage: planning, development, and operations



Economic development opportunities and land use on the West Side should reflect residents and small business of the West Side as a priority. Equitable economic development and land use positively impact livability on the West Side. Projects should create and provide job opportunities that drive long-term wealth opportunities for individual residents and the community. Upward mobility* for the low-income residents and residents of color in the West Side is essential for economic justice*.

ECONOMIC DEVELOPMENT/ LAND USE

____ / 40 Add up scores below for Economic Development and Land Use Practices

SCORE Give each score on a scale of 1 (low) to 5 (high)

____ / 5	a. New capital and investment opportunities are created to promote local small business development, arts/cultural-based businesses, and entrepreneurial opportunities, especially for women and people of color. These opportunities include affordable rental spaces for new businesses and skill-building for residents interested in starting their own business.
____ / 5	b. A diverse array of businesses owned by people of color are created and provide job opportunities for full-time employment of diverse skill sets.
____ / 5	c. Lease agreements give priority to neighborhood business opportunities.
____ / 5	d. Developers use workforce/education programs, such as HUD Section 3*, to connect residents to jobs and long-term employment and offers West Side residents first chance at these opportunities.
____ / 5	e. Developers give local community preference when hiring consultants, contractors, sub-contractors and developers.
____ / 5	f. Public funding decisions reward applicants who ensure that workers have living wage* jobs with benefits and the right to organize for labor agreements without fear of retaliation. Contractors must agree to sign the Sub-contractor Certification (see Exhibit A).
____ / 5	g. Project will ensure that there is a community-supported plan to maintain neighborhood affordability and avoid cultural and physical displacement.
____ / 5	h. Design contributes to distinct identities of local cultural heritage* through the presence, preservation, or addition of architectural assets with a Universal Design*.

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Example of page from Twin Cities Equitable Development Scorecard

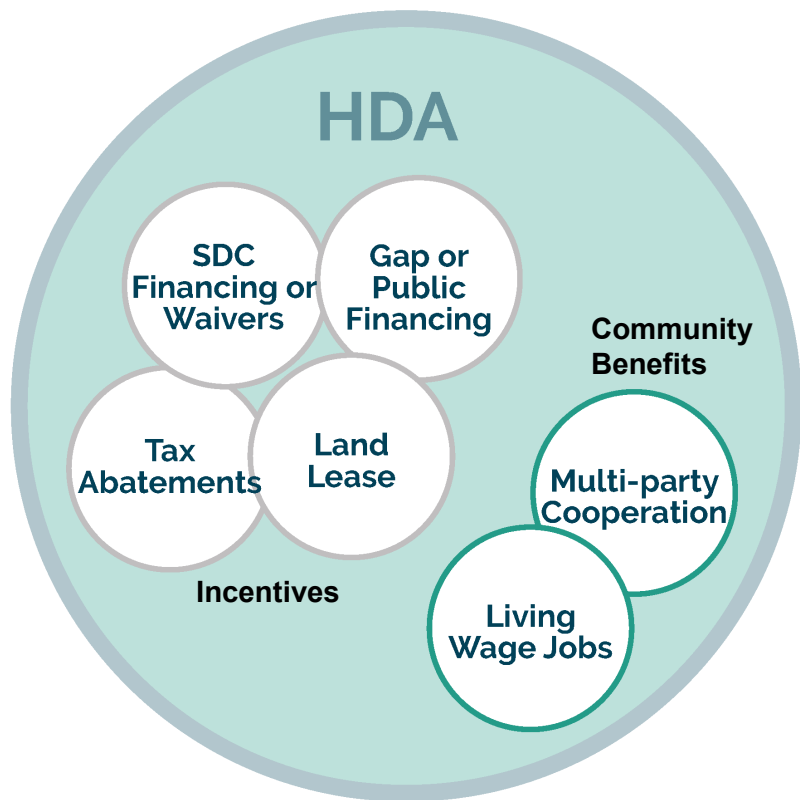
Task 2 – New Tools

Purpose: Develop new tools to help jurisdictions overcome land assembly and infrastructure development challenges.

- Two new tools created
- ***One is legal and available today:***
Horizontal Development Agreement (HDA)
- ***One is big lift with big potential impact:***
Regional Employment Land Investment Fund (RELIF)



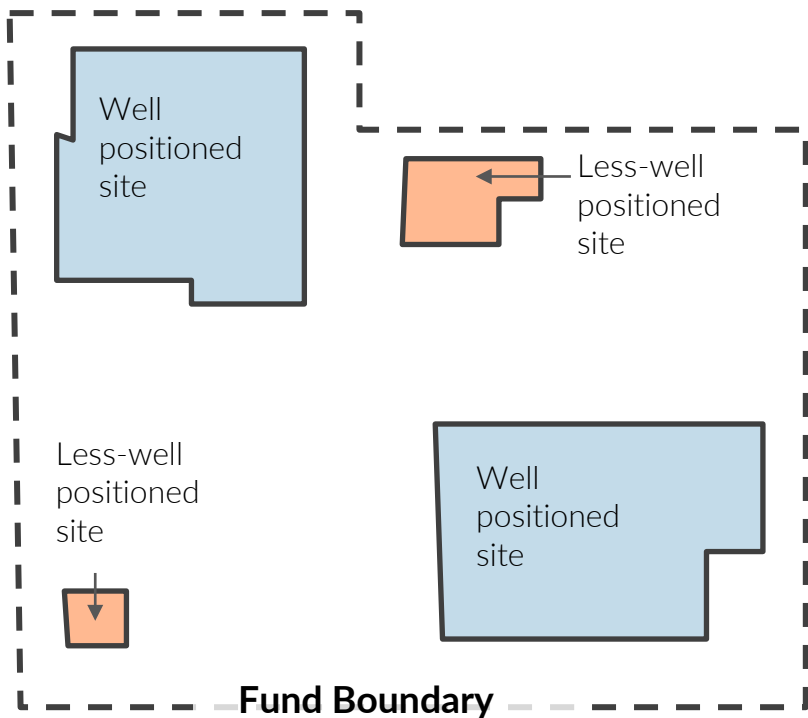
Horizontal Development Agreement (HDA)



Incentivize assembly of parcels and property owner cooperation by leveraging a package of tools

- Leverage is the greatest when there are incentives to offer (i.e., earlier in the planning process)
- Incentives include pre-development funding, annexation, zoning and other development entitlements, and infrastructure planning and construction
- Pressure can be put on uncooperative landowners to motivate development with a common vision

Regional Employment Land Investment Fund (RELIF)



Pool and focus funds

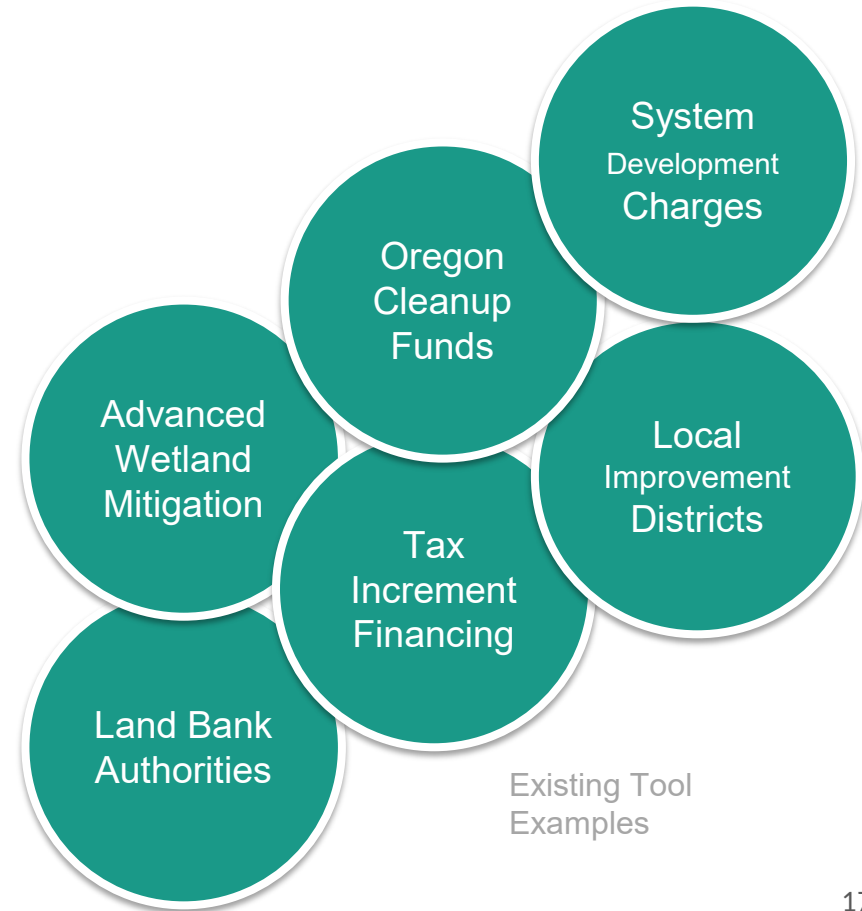
– Share upside, mitigate risk

- Modeled after traditional investment fund: shared risk and reward; diversified geography and portfolio
- Pool investment funds from public and / or private partners for developing sites
- Invest in full spectrum of development, not just site readiness to enable up-side
- Diversification of location, investors and holding types mitigates downside risks
- Can prioritize larger, pooled fund dollars to jumpstart well-positioned sites, share up-side with all investors

Task 3 – Modifications to Existing Tools

Purpose: Explore modifications to existing tools to make them more effective at creating development-ready employment lands.

- Changing existing programs can be faster and less costly than inventing new programs
- 8 existing tools evaluated
- Both light and heavy lift changes proposed



Enhanced Redevelopment Authority

Enhanced Revenue and Scope

Broader ability to raise funds:

- Capture frozen base
- Fees
- Comingle private sources
- Generate profit
- More flexible geographic boundaries
- Condemnation Authority



Menomonee Valley Industrial Center | Milwaukee WI

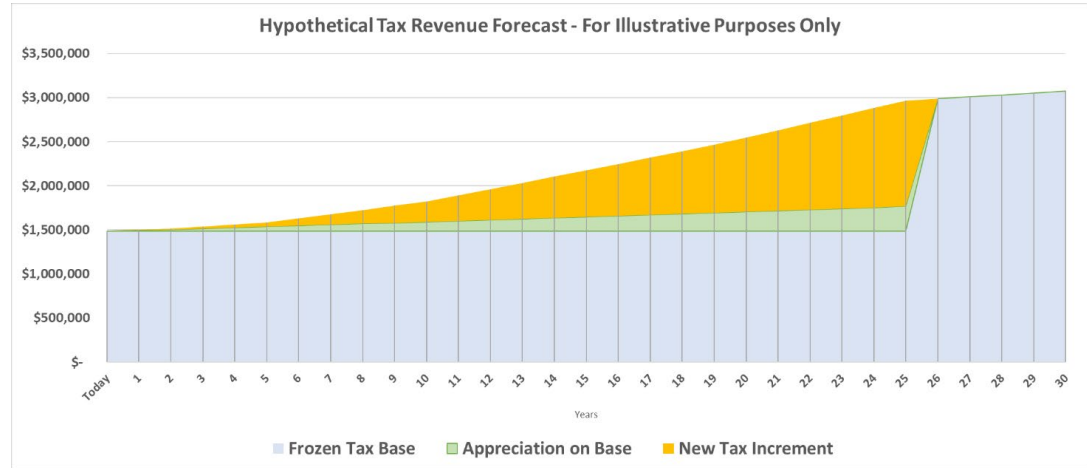
Region-wide Revolving Loan Fund

Jumpstart with Seed Funds

- *Seed capital would greatly enhance power of RDAs, LBAs, LIDs*
- TIF revenue is backloaded
- Capital needs often frontloaded
- Early stage financing is a major limitation

Existing programs could be expanded:

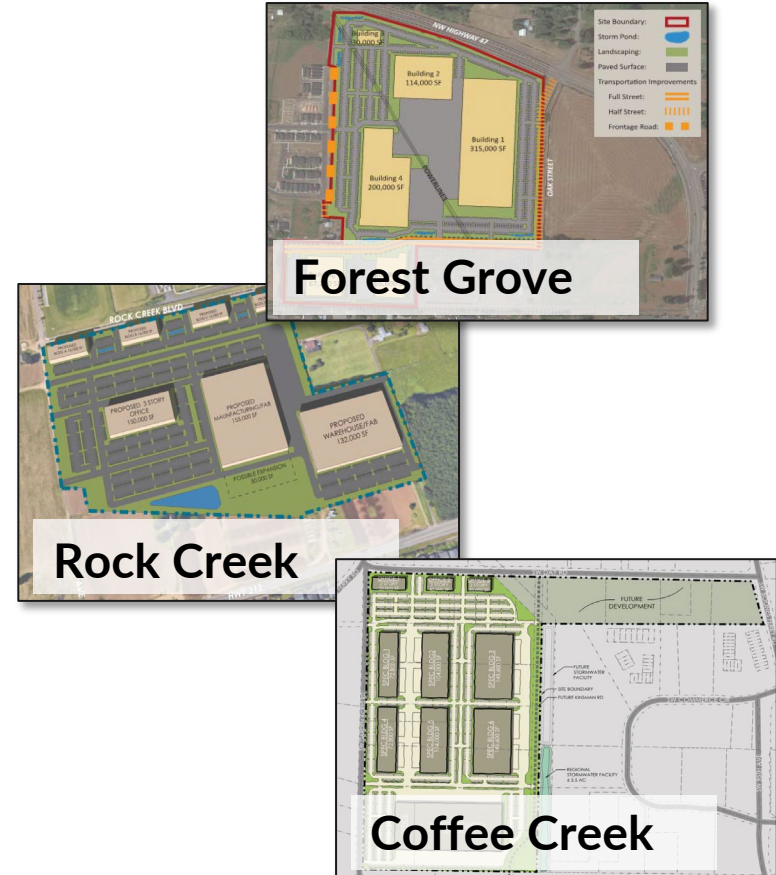
- Oregon Transportation Infrastructure Bank
- Brownfields Revolving Loan Fund
- Oregon Business Development Fund



Task 4 - Site Readiness and Development Roadmaps

Purpose: Create site readiness and development roadmaps with an equity lens for three sites, and model the impact of tools on development feasibility

- 3 representative employment sites
- Large, vacant, suburban
- Common issues: inadequate infrastructure, multiple owners
- Significant site readiness cost hurdles limit development potential



Example of Development Roadmap

ROCK CREEK SITE (HAPPY VALLEY) - BASE DEVELOPMENT SCENARIO

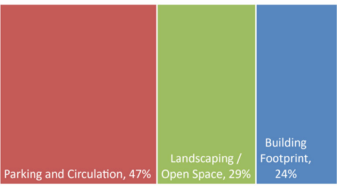
Development Concept



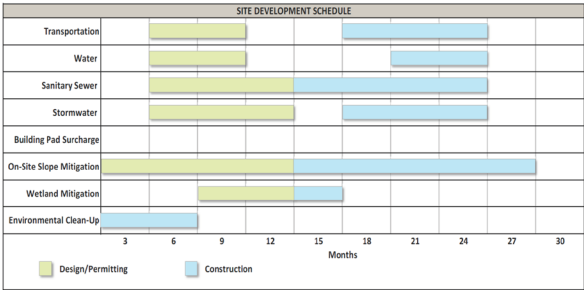
Multi-building single user high tech campus; includes office and clean room manufacturing buildings; similar uses such as Novellus Systems

Buildings	Size (sq ft)	Use
Building A	16,000	Office
Building B	16,000	Office
Building C	16,000	Office
Building D	12,000	Office
3-Story Office	150,000	Office
Manufacturing / Fabrication	155,000	General Manufacturing/Flex
Warehouse / Fabrication	132,000	Warehouse
Total	497,000	

Site Use	Size (sq ft)	%
Building Footprint	397,600	24%
Parking and Circulation	769,808	47%
Landscaping / Open Space	483,516	29%



Development Timeline



Total Development Timeline: 27 months

Site Readiness Challenges

On-site Issues	Off-site Issues	Land Use Issues
<ul style="list-style-type: none">Brownfield CleanupWetland FillFloodplain FillSlope Mitigation	<ul style="list-style-type: none">WaterSewerStormTransportation	<ul style="list-style-type: none">AggregationAnnexation

Development Programs Details

DEVELOPMENT PROGRAM

	Size (ac)	Size (sq ft)
Lot Area	37.9	1,650,924
Net Development Area	37.9	1,650,924
Office	4.1	178,500
General Industrial	3.0	131,750
Warehouse	2.6	112,200

Rent Assumptions

Office: \$28 / Sq Ft
Industrial: \$15 / Sq Ft
Warehouse: \$14 / Sq Ft

Detailed Individual & Layered Tool Financial Testing

- No silver bullet tools – Layering needed
- Not all tools created equal
- Biggest Impact: Tackling infrastructure costs (specifically transportation), SDCs and Tax Abatements

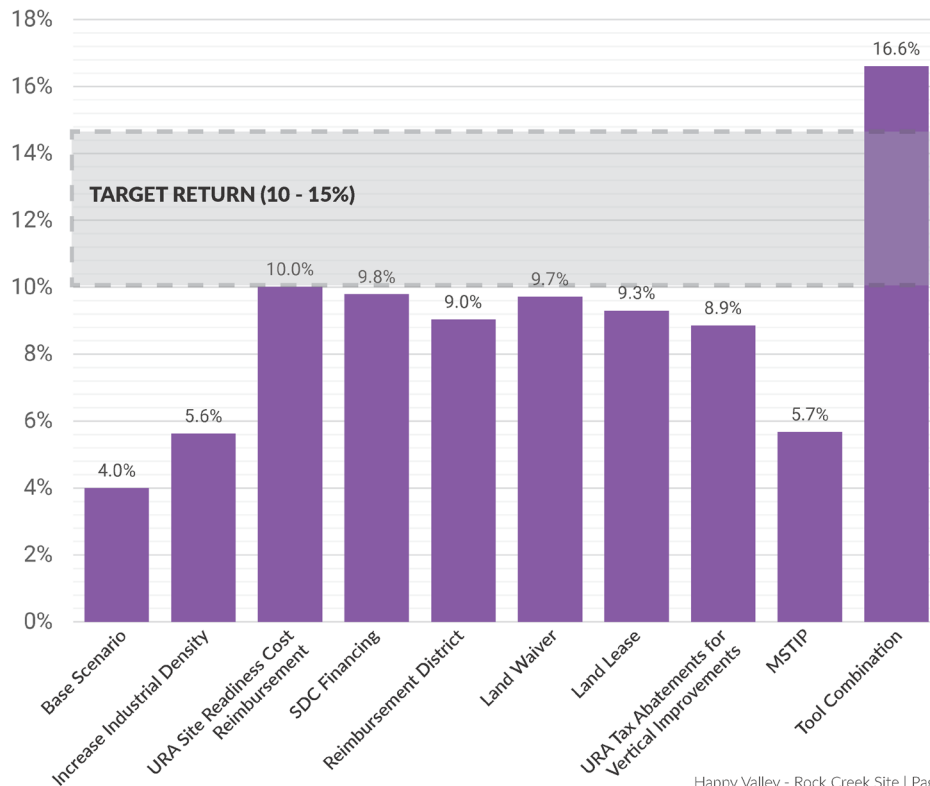
SITE READINESS COSTS

Site readiness costs represent all the costs prior to vertical construction of buildings

2020 Dollars		
Off-Site	Sanitary Sewer	\$2,596,250
	Water	\$687,500
	Storm Water	\$2,045,750
	Transportation	\$5,030,000
On-Site	Wetland Mitigation	\$70,600
	Slope Mitigation	\$0
	Building Pad Surcharge	\$0
	Floodplain	\$0
	Environmental Cleanup	\$153,450
Total On-site and Off-site Costs		\$10,583,550



Rock Creek - Leveraged IRR



Tool Impact & Public ROI

- None of three sites is feasible today: negative land value
- Layered incentives required for feasibility
- Current tools are too small
- Public Return On Investment (ROI) Range: 9x to 35x economic impact
- ~20-year payback on property tax revenue

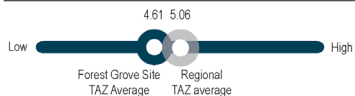
TOOL COMBINATION • PUBLIC INVESTMENT IMPACT

	Woodfold West	Rock Creek	Coffee Creek
Baseline IRR	-2.3%	4.0%	-8.0%
Tool Combination	<ul style="list-style-type: none"> • Increased Industrial Density • SDC Financing • URA Tax Abatements for Vertical Improvements • MSTIP 	<ul style="list-style-type: none"> • Increased Industrial Density • SDC Financing • URA Tax Abatements for Vertical Improvements • MSTIP 	<ul style="list-style-type: none"> • Increased Industrial Density • SDC Financing • URA Tax Abatements for Vertical Improvements • MSTIP
Ending IRR	16.7% (10-15% TARGET MET)	16.6% (10-15% TARGET MET)	12.3% (10-15% TARGET MET)
Public Investment			
<ul style="list-style-type: none"> • Property Tax Abatement (10 years) • Off-site transportation costs 	\$20,080,552	\$14,286,685	\$28,057,929
Economic Impact			
<ul style="list-style-type: none"> • Direct and indirect labor income generated 	\$186,869,540 (\$1 Public Investment = \$9.3 Economic Impact)	\$489,624,292 (\$1 Public Investment = \$34.3 Economic Impact)	\$469,296,456 (\$1 Public Investment = \$16.7 Economic Impact)
Years to Recover Public Investments via Property Taxes	19.3 Years	22.4 Years	19.9 Years

Demographic Comparison: Site, City, Region

WOODFOLD WEST SITE (FOREST GROVE) - EQUITY AND ECONOMIC SNAPSHOT

Access to Opportunity



PERCENT IN POVERTY

REGIONAL TAZ AVERAGE	13.1%
FOREST GROVE SITE (TAZ AVERAGE)	27.7%

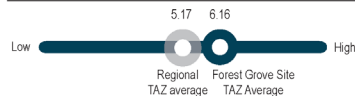
MEDIAN HOUSEHOLD INCOME

REGIONAL TAZ AVERAGE	\$68,084
FOREST GROVE SITE (TAZ AVERAGE)	\$28,552

HIGH SCHOOL GRADUATION %

REGIONAL TAZ AVERAGE	85.0%
FOREST GROVE SITE (TAZ AVERAGE)	81.2%

Affordable Housing



HOME OWNERSHIP %

REGIONAL TAZ AVERAGE	61.7%
FOREST GROVE SITE (TAZ AVERAGE)	34.7%

MEDIAN GROSS RENT PER MONTH

REGIONAL TAZ AVERAGE	\$1,141
FOREST GROVE SITE (TAZ AVERAGE)	\$806

MEDIAN SALES PRICE

REGIONAL TAZ AVERAGE	\$318,300
FOREST GROVE SITE (TAZ AVERAGE)	\$202,700

Site-Specific Key Takeaways

Access to opportunity is limited in the site TAZ.

With a relatively high poverty rate (15% higher than region), significantly lower median household incomes (\$39,000 lower), and slightly lower than average graduation rates (3.8% lower), people residing within the site TAZ have more limited access to opportunities than the average resident living in the region.

Housing within the site TAZ is relatively more affordable.

Housing within the site TAZ is generally more affordable for both renters and home buyers. Despite a lower than average median sales price, home ownership rates remain 27% lower than the regional average, indicating a higher than average percentage of renters residing within the site TAZ.

Compared regional and site metrics for:

- Access to Community Change
- Walkability and Transit Access
- Access to Opportunity
- Affordable Housing

Identified Site Specific Key Takeaways

The Economic Value Atlas and Equitable Development Index Tool are offered as a public service, integrating various government records into a region-wide mapping system. Metro assumes no legal responsibility for the compilation of multi-source government information displayed herein. Users of this information are cautioned to verify all information with Metro staff.

Identify Local Equity Efforts, Capacity, Issues

WOODFOLD WEST SITE (FOREST GROVE) - SPECIFIC EQUITABLE DEVELOPMENT

COMMUNITY ASSETS & NEEDS

Site Considerations

- The site is located in an Opportunity Zone and also an Enterprise Zone.
- A new roundabout and intersection improvements on Hwy 47 at NW Martin is planned for construction in the near future. Under the Forest Grove Transportation System Plan, an extension of 23rd/24th Ave is to bisect the Woodfold site and connect to the Hwy 47/Martin roundabout at a future unknown date.
- There is a rail line that abuts the site at Oak Street and the operator of the Forest Grove-Hillsboro short line has abandoned this track. This presents an opportunity for a bike/pedestrian trail, dedicated bus service or fixed rail bus, especially given that the track is within a quarter mile of a frequent bus line.

Affordable Housing Initiatives

- The Forest Grove City Council identified two objectives: "Promote Affordable Housing including completion of a housing needs analysis" and "Partner to Address Homelessness" in its 2019 Goals and Objectives Plan.
- The city completed a Housing Needs Analysis.
- City Council approved a Non-profit Affordable Housing Property Tax Exemption and a SDC Deferral Program for affordable housing.
- City Council passed a modification to the standard Vertical Housing Tax Credit allowing it to be adapted to affordable housing.
- The city completed an analysis of city-owned vacant lots to determine if any could be viable for an affordable housing project.

Diversity & Inclusion Initiatives

- The Forest Grove City Council identified Equity Assessment and Education including an Equity Plan in its 2019 Goals and Objectives statement.
- Economic Development has translated a "Starting a Business Brochure" into Spanish and its broader "Starting a Business in Forest Grove Guide" into Spanish.
- Economic Development helped fund a Small Business Equity Research Project. The purpose of this research is to identify the successes, needs, and barriers to market entry for Latino owned small businesses in the area.

Local Organizations

- *Adelante Mujeres - the Empress Small Business Development program* - teaches and supports small business owners to create a vibrant local economy and open up opportunities for all individuals to pursue their business goals.
- *Bienestar* is a local housing development corporation based in Hillsboro that builds affordable housing in the metro area.
- *GroveLink* is free public transportation for the Forest Grove community.
- *Centro Cultural* is an organization that provides business training, workshops and other social services.
- Other local organizations offer programs that provide workforce training and General Education Diploma for High School classes.

KEY EQUITY CONSIDERATIONS

- Most existing initiatives revolve around housing production and affordability. More support for the program that boosts equitable economic development is needed.
- Area is lower income than average Forest Grove census tract and experiencing higher than average community change.
- Walkability and transit access scores in the site area are well below the regional average.

POTENTIAL EQUITY ACTIONS

Engagement + Empowerment (ability for diverse community groups to exercise power and benefit from development outcomes)

- Consult the "Equity in the Context of Employment / Industrial Lands" of Task 4 for a general approach to community involvement and empowerment.
- Continue and expand on affordable housing equity work to provide larger context for industrial development equity strategies including but not limited to Community Benefit Agreements.

Workforce and Business Stability (access to finances, resources, and programming that help establish new employment uses)

- Foster relationships with local organizations that can help support small, minority-owned businesses that can provide services and supplies to site businesses.
- Connect Latino workforce and other communities of color with job opportunities, and affordable housing, workforce support and transit support.

Access (geographic access and increased mobility options)

- Include a bike/pedestrian trail to increase site access with the rail line abandonment.
- Consider opportunities to expand GroveLink services to regional employment sites to provide better access, especially to populations without access to vehicles.

Community Assets & Needs:

- Brainstormed and researched existing initiatives, local organizations, and other considerations

Key Equity Considerations

Potential Equity Actions:

- Steps the city can take to improve equitable results

Conclusions & Recommendations

- Infrastructure costs are the single largest cost hurdle
- Current tools are too small in scale to move needle on these large sites
- State and regional action is needed to grow the toolbox and the revenue sources

Recommendations for Local and State Action

1. Secure greater flexibility and funding for existing tools
2. Secure administrative and legislative support for a prioritized set of new tools
3. Develop a plan of action and next steps for 3 city roadmap sites
4. Explore ways to secure equitable development outcomes in employment land policies, programs and projects



Questions?
