

IMPACT STATEMENT

Legislation title: Direct the Bureau of Planning and Sustainability, Bureau of Environmental Services and Prosper Portland to Evaluate Development of a Brownfield Redevelopment Tax Incentive that benefits the City of Portland (Resolution)

Contact name: Jenn Bildersee, BES and/or Andy Reed, Prosper Portland

Contact phone: Jenn: 503.823.7764; Andy: 503.823.7053

Presenter name: Jenn Bildersee and Andy Reed

Purpose of proposed legislation and background information:

The 2016 Legislative Session enacted House Bill 4084 (Chapter 96 Oregon Laws 2016) which authorized certain local governments to adopt a property tax incentive program for brownfields as defined in ORS §285A.185. The authorization was tailored to work with a variety of local jurisdictions and to allow cities, counties, and ports to initiate a property tax incentive for specified improvements related to cleanup of brownfield properties.

All State of Oregon House of Representatives and Senate members present collectively voted 100 percent in favor of HB 4084 and the Oregon Brownfield Coalition provided input into the development of HB 4084. The Coalition included the City of Portland, 1000 Friends of Oregon, Association of Oregon industries, Association of Oregon Counties, Columbia Corridor Association, League of Oregon Cities, Metro, Multnomah County, Northwest Environmental Business Council, Oregon Economic Development Association, Oregon State Building & Construction Trades Council, Port of Portland, Portland Business Alliance, Special Districts Association of Oregon, among many other statewide organizations and jurisdictions.

Under this new law, the incentive can help offset risks and costs of brownfield cleanup, especially for sites that would otherwise remain contaminated. Under this legislation, the tax incentive program can:

- be enacted at the discretion of the local jurisdiction;
- address the barriers to brownfield redevelopment presented by the costs of environmental assessment and cleanup;
- have a set of conditions attached for participation; and
- offer levels of benefit to further incentivize the jurisdiction's local development priorities

Brownfields are three times as likely to be located in underserved communities, and approximately 50 percent of reported brownfields are within 1,000 feet of environmentally sensitive areas such as wetlands and streams. Portland's Economic Opportunity Analysis projects a shortfall of industrial land supply within the Urban Growth Boundary in the next 20 years and estimates that brownfield properties account for about one-third of the growth capacity.

There are approximately 910 acres of potential brownfield properties in Portland alone with an estimated that the total cleanup cost of all potential Portland brownfield properties at approximately \$240 million;

Redevelopment of all potential brownfields identified in Portland could result in 31,000 new jobs and over \$40 million in additional annual Portland tax revenues and redevelopment of brownfields in industrial areas accounts for approximately 30 percent of future potential jobs.

Financial and budgetary impacts:

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This action does not amend the FY2016/17 budget, but the evaluation of the development of brownfields programming at the City will likely lead to a General Fund budget ask within the next year.

It is expected that a program could be modeled similarly to the City-sponsored Portland Enterprise Zone Program, which is fully self-sustaining with administrative fees paid through program requirements by the recipient of the tax abatement. Such self-sustaining funds take time to develop and would only be collected once tax abatements are being realized, so General Fund or another funding source would be needed to fund the work initially.

We estimate that once the program is being marketed and implemented, a 0.5 FTE will be more than sufficient to manage the program. Further detail about ultimate program costs will be developed as one action resulting from this Resolution.

Community impacts and community involvement:

This tool would be implemented city-wide, and is based on a framework recommended by the Oregon Brownfield Coalition that was developed in a multi-year inclusive process with participation from a broad spectrum of stakeholders statewide representing community, business, government, and environmental interests. Staff and leadership from The City of Portland, Prosper Portland, Metro, Multnomah County, and the Port of Portland have worked in concert to identify the best method to implement this tool to reflect our current local priorities. As we continue to vet the proposed program model, these entities will continue to be involved. This team has also worked in conjunction with the Oregon Brownfield Coalition to create and refine the concepts.

Social: Brownfields are three times as likely to be located in underserved communities. Parts of North and Northeast, the Cully Neighborhood and Columbia River corridor, and a large area of East Portland exhibit high health inequity. Brownfields in these communities add to the environmental burden. As currently proposed, the incentive is designed to address the barriers of neighborhood brownfield sites and to assist with the cleanup of these properties into clean, functional neighborhood assets. The tool is further tailored to Portland's community priorities, including additional levels of incentive provided for affordable housing and brownfield cleanup in high-poverty areas.

Environmental: Approximately 50% of reported brownfields are within 1,000 feet of environmentally sensitive areas such as wetlands and streams. Addressing brownfield contamination keeps pollutants out of surface and groundwater, and protects watershed health.

Economic: Portland's Economic Opportunity Analysis projects a shortfall of industrial land supply within the Urban Growth Boundary in the next 20 years and estimates that brownfield properties account for about one-third of the growth capacity in Portland's industrial, commercial, and other employment areas. Brownfield redevelopment creates jobs both during and after cleanup, and returns long-vacant properties to the tax rolls.

We expect testimony from Metro Councilor Sam Chase, Senator Lew Frederick, and Multnomah County Commissioner Jessica Vega Pederson.

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Bob Sallinger from Audubon is not available to testify, but asked that we share that Audubon supports the proposal and is actively engaging on this issue, particularly for the role of brownfield cleanup in addressing industrial land deficit.

We do not expect significant objections or concerns with this legislation. We believe this legislation will continue to garner support from entities in the Oregon Brownfield Coalition and public jurisdictions that overlap with the City of Portland.

Budgetary Impact Worksheet

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Does this action change appropriations?

- ☐ **YES:** Please complete the information below.
☒ **NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount