

IMPACT STATEMENT

Legislation title: Accept the Governor's Letter of Designation of the Lents Stabilization and Job Creation Collaborative as an Oregon Solutions Project. (Resolution)
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Presenter name: Rep. Jeff Reardon & Michelle Rudd,
Oregon Solutions Project Co-Conveners

Purpose of proposed legislation and background information:

Through Oregon Solutions, the Lents Stabilization and Job Creation Collaborative will build a foundation for improving community stability, equity, natural resource restoration and economic growth in flood-prone areas of the Lents and Powellhurst-Gilbert neighborhoods. These neighborhoods are comprised of largely under-served communities.

For over 75 years, considerable employment and residential development has occurred in Johnson Creek's 100-year floodplain. Within the Lents and Powellhurst-Gilbert neighborhoods, about 330 acres are designated by FEMA as flood hazard areas. The real and perceived impacts from this designation undermine development and job creation, and significantly burden hundreds of residents with the rising costs of flood insurance. Flooding of Foster Road and industrial land also impacts the health of Johnson Creek.

The Lents Stabilization Project will provide multiple and interrelated benefits for the economy, community and the environment. A foundational aspect to this project is determining the feasibility, policy and process for developing a local floodplain cut-and-fill bank. A fill mitigation bank would support job creation in the district by making underutilized land available for industrial development and business growth. The residential stabilization aspects of the project, along with the cut-and-fill strategy, will enable vulnerable households to remain in the neighborhood, preserving affordable housing. The project will restore and reestablish floodplain habitat, with connections to Johnson Creek and previously restored sites, including the Foster Floodplain Natural Area. This will enhance fish and wildlife habitat, improve water quality and expand the network of natural areas in East Portland connected along the Springwater Corridor Trail.

The Lents Stabilization and Job Creation Project brings together myriad stakeholders to address these issues and improve community conditions in a way that can be replicated in other parts of the region and the state. Few places in region and state offer the same potential to leverage actions toward the triple bottom line of sustainability – economy, equity and environment – in one location.

Financial and budgetary impacts:

This Resolution covers a two-year collaborative effort between City bureaus, state and regional agencies, and local neighborhoods and businesses. The long-term financial impacts of the project following the two-year Oregon Solutions process are not yet defined. It is likely that a combination of funding from City, Regional, State, Federal and Foundation entities will come into play for implementation.

The City Council has declared its support by providing a \$460,000 special appropriation in the FY 2016-2017 adopted budget. There is a very high-level of confidence in this expenditure.

One element of the project is to look at creative funding mechanisms for a Floodplain Mitigation Bank and alternatives to providing flood insurance. The potential for these elements and the financial opportunities or impacts to the City will be researched, reported on, and brought to Council for consideration should viable options be identified.

Additional City staff is not needed for this effort. Please see the attached project budget for in-kind staff time, bureau budget allocations, special appropriations allocations and Partner contributions. Total City staff time is estimated at approximately 2.5 FTE per year across several bureaus. An IAA is being developed with Oregon Solutions for this project.

Community impacts and community involvement:

A 2013 cost-benefit analysis showed the potential economic benefits of the Lents Stabilization and Job Creation Project for areas north of Foster Road, as follows:

- 520 new jobs; \$24 million in new wages
- \$105 million increase in employment property value
- 400 single-family properties no longer in the floodplain (71 acres)
- 31 acres of multi-family properties no longer in the floodplain
- 60+ acres of industrial land no longer in the floodplain
- 30 acres of additional natural areas

The study estimated initial costs for land acquisition, restoration and street improvements at about \$89 million. This did not include potential cost recovery through a Floodplain Mitigation Bank.

Through the Oregon Solutions process, further analysis will refine costs and benefits of the project, including:

- The economic value of the mitigation bank to industrial property owners
- Methods to leverage mitigation bank benefits to offset floodplain restoration costs
- Impacts of not taking action, including:
 - Flooding impacts on regionally-significant industrial and employment lands
 - Development and flooding impacts on watershed health
 - Flood insurance costs on a per-household and area-wide basis
 - Impacts on the local housing market, including affordability and potential displacement
 - Impacts on the demand for industrial sites in the context of pending changes to floodplain regulations
- The market for developable industrial land and potential for job creation, if it is no longer in the floodplain

Within the project area, 81 acres of employment, industrial and commercial land, and 142 acres of residential property are in the 100-year floodplain. Frequent flooding and revisions to floodplain regulations hamper industrial development. Recent federal actions taken to stabilize

FEMA’s budget will result in flood insurance premiums rising to more than triple pre-recession levels. For some homeowners this could mean rates as much as \$4,000¹ a year in an area where the annual per capita income is about \$19,500 compared to a Portland average of almost \$32,000. Without action, some floodplain homeowners risk losing their homes. If nothing is done, the area’s industrial lands – now dominated by auto salvage yards and recycling – will remain underutilized, in areas regularly flooded by Johnson Creek.

Budgetary Impact Worksheet

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

¹ Based on a Lents homeowner’s reported annual insurance rate of \$1,800 a year, calculated at an 18% increase annually over a five year period.