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March 13, 2023

Joint Committee on Semiconductors
Oregon State Legislature
Salem, Oregon

Re: Testimony on Senate Bill 4, Semiconductors

Co-Chairs Sollman and Bynam,
Co-Vice Chairs Knopp and Wallan
Members of the Joint Committee,

My name is Gil Kelley and I am a resident of Hood River County, in the Mt. Hood Parkdale area. I am a practicing urban and regional planner and economic development professional. It is my pleasure to testify to today regarding Senate Bill 4, Semiconductors.

Introduction

- By way of background, I have served as Planning Director/Community Development Director/City-wide Policy Director for several west coast cities over the years, including as Portland's Planning Director from 2000-2009 during which time I also represented the City at the Metro planning table (MTAC) when we considered a number of UGB expansion policies and actions.
- Subsequently, as Practitioner-in-Residence at Portland State University's Nohad Toulan School of Urban Studies and Planning and Senior Fellow at the Institute for Portland Metropolitan Studies there, I advised Metro and Clackamas County on methods to build great communities, including authoring a report on Strategies for holistic development of Centers and Corridors throughout the region, which became the basis for much of Metro's subsequent planning work.
- From 2012 to 2016, I served on a Governor-appointed task force to review and update rules for UGB expansions.
- I presently run an independent planning and economic development consulting practice and serve on the Boards of the Oregon Investment Board (Chair) and 1,000 Friends of Oregon (Chair of that Board's Policy Committee). I want to be clear that I do not represent either of those organizations here today. I represent only my professional opinion and my passion for Oregon's future.

Overview

First, as an economic development professional, I am very supportive of efforts to expand upon Oregon's semiconductor and technical equipment industry, as well as related research and education functions. These are potential building blocks for the future economy here, providing well-paying jobs, as well as spin-off business and professional advancement opportunities. However, I believe we can accomplish this within Oregon's noteworthy land use planning system without the need for special super-siting authorities that are included in this Bill. Therefore, I speak to you today in **opposition to Senate Bill 4 as currently drafted**, with particular concerns about **Sections 10 and 11** of the Bill which I will explain:

In summary, I think these two sections are:

1. **Unnecessary**
2. **Potentially problematic for implementation** and
3. **Potentially harmful**

These two sections are *unnecessary* because:

- We already have adequate sites existing UGBs in the Metro area (Wilsonville and Hillsboro), The Willamette Valley (McMinnville and Corvallis), as well as Central and Southern Oregon (Redmond and the Medford/Talent/Phoenix area). These include sites of 10, 40, 100 and 500 or more acres. These are sites that are already pre-zoned for industrial use and where proximate infrastructure investments have already been made and can be more easily and cheaply extended than to virgin lands outside and are within the desired proximity to an airport.
- One important note on key assumptions underlying these sections: I believe the previous Governor's **Task Force on Semi-conductors' look into potential sites** – on which OED has based its rationale for giving super-siting authority to the Governor the ability to bypass the usual processes for public review and legal challenges - **was incomplete**. There are least 7 compelling sites that were not listed in their findings and a study is presently underway by **students at PSU's School of Urban Studies and Planning** that is looking into the shortcomings of that Task Force assessment and the potential for other qualified sites. That study should be complete this week and transmitted to you on Wednesday prior to your vote on this Bill.
- Sections 10 and 11 are also unnecessary because **tried and true processes already exist for bringing lands into a UGB** for urgent or extraordinary economic needs and opportunities. These have been **used successfully several times** where the situation demands it. In the Metro area a decade or more ago we also created **Urban and Rural Reserves** to create enhanced clarity and certainty about possible **50-year land supply needs outside of UGBs**.

Lands within those areas designated as Urban Reserves are to be given priority over Rural Reserves.

Why is the focus on UGB expansions potentially *problematic* when it comes to implementation of the Bill's intent?

Some aspects of “super-siting” for facilities outside of existing UGBS that may have been downplayed in testimony that you have already heard by proponents include:

- **Aggregation of parcels under different ownerships can be difficult and time consuming;** in general, those lands already brought into existing UGBs have relatively fewer and better sheared understanding of the specifics of future development of newly applied zoning designations.
- **Extension of infrastructure is also typically time consuming and expensive and can be at odds with other planned local infrastructure expansions.** These factors can ultimately compromise Oregon companies’ efforts to be competitive for CHIPS Act funds. This can also unnecessarily diminish the funds available through the Governor’s proposed \$200 million for readiness preparation at sites that are already better served.
- **Infrastructure is only one of many services that will likely be needed** by substantial new employment investments. **Proximity to transit, to commercial and visitor services** – and, very importantly, **to educational and training opportunities** for the state’s youth, young professionals and emerging workforce are also critical to long-term success of these investments in production facilities. Education and workforce training is a critical State need and my experience has shown me that close physical proximity and active partnerships between private businesses and schools/universities is an invaluable way of developing a new skilled local workforce and profound community development.

There is no reason why the State’s **Employment Development Department and Business Oregon** should not be starting work with cities, landowners and potential investors **right now to enhance site readiness for appropriate site already inside existing UGBs. This will be the fastest and surest track to competitiveness for CHIPS Act funds.**

Why are Sections 10 and 11, in particular, *potentially harmful?*

- By giving priority to lands outside existing UGB this Bill **pastes a target farmlands proximate to urban areas and feeds speculation** for flipping those and surrounding lands in contravention of the intent of the Oregon land use planning system that centers thoughtful, rational planning for all parts of the economy – it values farm and forest lands as much as urban lands for good reason: agriculture is the State’s second largest economic sector and

requires long term investments by farmers to be productive, efficient and sustainable over the long term.

- It tells Cities and Counties who have done thoughtful planning over decades to plan for and reserve lands for industrial purposes – as well as to more recently invest funds to extend critical infrastructure to these areas - **that those efforts don't count**. Again, there are many qualified sites that are well located and could be ready to serve as quickly or even more quickly (and therefore be more competitive) than sites outside the UGB. They would also greatly assist those local economies and reward their dedicated efforts to expand employment.
- A fatal flaw with regard to the stated purpose of this Bill – and a potential bait-and-switch embedded in Section 11, Subsection 2 – is that lands brought in under this Bill, ostensibly for semi-conductor or related “device” research and manufacture are time limited for that purpose, **may otherwise be brought into the UGB and used for any other purpose within the time limit**. (Think shopping malls, big box commercial, sports and entertainment facilities and low density housing, etc. which could be accommodated in more compact forms in areas already close to services and customers.)
- This all means that the **public trust** in the State’s land use planning – a hallmark of this State’s livability and long-term economic success **will be diminished**. This will be **doubly true if extraordinary measures to bypass local and judicial review**, like those alluded to by EDD staff at your last hearing, **are implemented**. In my view, attempts to bypass local and judicial review will **further erode public trust** and potentially **raise the specter of even larger threats** to the implementation of this Bill and to the intentional land use planning system that is a core value and way of thoughtful decision-making in Oregon.

Request

For these reasons, I urge you to strip Sections 10 and 11 from SB 4 and forward the other important sections as drafted as the Bill.

Secondly, I would urge you to add a provision to the Bill requiring the appropriate State agencies to *begin work immediately* with cities, land owners and potential semiconductor investors to advance the readiness of suitable sites that already exist within adopted Urban Growth Boundaries. Again, I believe this is the surest and fastest way to take advantage of the CHIPS Act funding.

Thank you.



Gil Kelley, FAICP