

# **Portland Comprehensive Plan Update: Industrial Land Capacity Working Group Working Group Review of Preliminary Industrial Land Policy Concepts and Capacity Options**

**August 10, 2012**

Industrial Land Capacity Working Group (ILCWG) members submitted comments on preliminary policy concepts and capacity options following their July 5, 2012 meeting. Summary lists of those comments are shown below in “bullet format” organized by topic. In response, preliminary staff suggestions for revisions to policy concepts and capacity options are shown (indented) in marked-up format for working group discussion. Please review the suggested revisions for discussion at the ILCWG meeting on August 16, 2012.

## **Overall Approach on Industrial Land Capacity**

### **How to consider limits to industrial growth?**

ILCWG summary comments: consider the tightening land supply, multiple community objectives, Portland’s competitive advantages, and state planning requirements.

- The region expects Portland to provide for residential and employment growth. And Portland, as a policy, has historically competed for more growth than was assigned by Metro. Portland has competitive advantages for growth in its unique attributes.
- The City needs to take a hard look at how it is going to balance Goal 9 with other land use planning goals and community aspirations over the long term. A landlocked city such as Portland cannot continue to expand its industrial land base indefinitely without compromising its environment and neighborhoods.
- There is no provision in Goal 9 to accommodate employment land need in another jurisdiction or another state. In a different context, there is no suggestion that Portland fulfill its Goal 5 habitat obligations or Goal 10 housing needs by looking to Vancouver or other communities.
- The tone of the discussion seemed to focus on a menu approach of options to reach Goal 9 compliance. Focus instead on the benefits of maximizing the available supply of industrial land in Portland, which is the typical approach of other jurisdictions to Goal 9.
- Concurrent with addressing the short term deficit, the city must also engage with the region and the state in looking at how landlocked cities without the ability to expand should deal with Goal 9 mandates.
- Public policy that drives industrial uses to office or higher rent uses can benefit property owners and educated workforce. But it can also increase working class unemployment and increase the costs of products at a net loss in social welfare.

### **What is the optimum mix of options to meet capacity shortfalls?**

ILCWG summary comments: protect existing capacity; emphasize intensification that realistically considers fiscal limits and development challenges; opinions vary on expansion.

- We would suggest adoption of a “no net loss” policy for industrial lands. We would support both expansion and intensification where supported by market reality and expected capital resources.

- Land Intensification alternatives should be the primary focus of BPS work to address the issue before us.
- All approaches should be considered in Portland’s “tool kit” to devise creative combinations of applications.
- All of the assumptions about how to address the industrial land shortfall should be made in a fiscally constrained model. Most of the suggestions can not be achieved given declining tax increment, transportation budgets, and other resources.

## Industrial sanctuaries and retention

*Draft policy concept on industrial land use overall:*

**7. Industrial areas** – *Foster the retention, growth potential, and traded sector competitiveness of Portland’s industrial areas as the Columbia Basin’s international trade and distribution a West Coast trade and freight hub, and a regional center of diverse manufacturing, and a widely accessible base of family-wage jobs.*

ILCWG summary comments:

- Acknowledge the public benefits of industrial investment, such as environmental upgrades and income tax base.
- There is an equity link to industrial land capacity. Lost industrial jobs particularly impact the lower skill strata of the labor force, whose other employment options are generally limited to lower paying service sectors. This loss exacerbates the trend of growing income inequality and the “hollowing out of the middle”.
- I question why we modify growth with “potential”.
- Make sure the language enhances timely access to industrial lands for business development.
- Discouraging industry in Portland would have a number of negative consequences, from a fiscal, economic and environmental perspective.

*Draft policy concepts on industrial land use and retention:*

*a. Industrial sanctuaries – Encourage the growth of industrial activities in Portland by providing industrial sanctuaries that preserve industrial districts primarily for manufacturing and distribution facilities. Reduce incompatibility, increase synergy, and guide appropriate infrastructure in these areas.*

ILCWG summary comments:

- Land use designations are a means to reduce incompatibility, increase synergy, and guide appropriate infrastructure. They are based on where uses choose to be and are reinforced over time by public and private investment. These areas develop their own ecology of clustered uses.
- Consider transportation to and from industrial areas by workers and product.
- We would suggest adoption of a “no net loss” policy for industrial lands.

*Draft policy concepts on industrial land use and retention:*

- b. Prime industrial land and freight hub - Preserve the multi-modal freight-hub industrial districts at Portland Harbor, Columbia Corridor, and Brooklyn Yard as prime industrial land. Prevent net loss of industrial land and maximize use of multimodal freight infrastructure in these areas.*

ILCWG summary comments:

- The Willamette/Columbia industrial waterfronts are unique and are not replicated anywhere in America. Portland is at the confluence of two great rivers with national road and rail access and the only at-grade, West Coast crossing of the Cascade, Sierra, and Rocky Mountain ranges.
- We agree. Portland Harbor, Portland International Airport, port and private rail yards and intermodal facilities cannot be replicated anywhere else in the region and should be designated as prime industrial lands.

*Draft policy concepts on industrial land use and retention:*

- c. Dispersed industrial areas – ~~Expand~~ Provide convenient access to family living-wage jobs and industrial services by ~~providing~~ designating small, dispersed areas of industrial and mixed-employment land.*

ILCWG summary comments:

- Policy concepts for dispersed industrial areas and neighborhood buffers may be at cross-purposes. Dispersed industrial locations may increase industrial-neighborhood conflicts, require increased freight infrastructure, and reduce opportunities for industrial clustering.
- Change living-wage jobs to family-wage jobs.

*Draft policy concepts on industrial land use and retention:*

- g. Neighborhood buffers – Reinforce the use of major natural or man-made features as boundaries and buffers for ~~these~~ the Portland Harbor and Columbia Corridor industrial areas.*

ILCWG summary comments:

- Dispersed industry and neighborhood border are in conflict and creating proper buffers difficult, if not impossible.
- Policy “g”. While we support the concept of buffers, the creation of buffers needs to be balanced with providing sufficient industrial lands. In other words, the acres used to create buffers should not all come from the industrial side of the ledger.

*Draft policy concepts on industrial land use and retention:*

## *6. Central City*

- a. Central City Industrial areas – Preserve and foster the long-term success of Central City industrial areas as affordable centers of business ~~incubator~~ innovation and startup activity, while supporting diverse commercial growth along civic corridors.*

ILCWG summary comments:

- A new type of urban industry is emerging. These firms desire vertical buildings. A firm can conceive of a product, manufacture it anywhere, and ship it anywhere. High-end distribution companies with showrooms also thrive in inner cities. Some begin as incubator businesses and others are reinventions of traditional business.

*Alternative capacity approach on industrial retention:*

1. Limit industrial sanctuary conversion to
  - (a) no net loss in “prime” industrial areas and 3% loss in other areas (Central City Incubator and Dispersed Industrial Areas) by 2035;
  - (b) 1% loss in “prime” industrial areas and 5% loss in other areas by 2035.

ILCWG summary comments:

- Audubon strongly supports preventing the conversion of industrial zoned lands to other uses.
- Keeping industrial sanctuaries from conversion limits our flexibility to change. Now that the Willamette River is clean, and the Superfund will address sediments in the next few years, maybe we want to revisit public access to the water, transitioning industrial uses that are not river dependent. Cities all over the world are finding people want access to water and water views.
- We suggest the no net loss provision be applied to all industrial land, not just prime industrial lands.

*Alternative capacity approach on industrial retention:*

2. Restrict new non-industrial uses in industrial zones-areas
  - (a) identify and substantially reduce allowances for land-intensive non-industrial uses (e.g., refinement planning), meet only 50% of demand for office, institution, recreation, and retail;
  - (b) limit industrial conversion (per alternative 1 above) meet only 50% of demand for retail;

ILCWG summary comments:

- We would like to understand better option # 5 as it pertains to recreation. Does this proposal anticipate for example reducing or eliminating greenway requirements?
- Headquarter office buildings such as Columbia Sportswear, Adidas, and Nike could be compatible in industrial area such as the Columbia Southshore.

## **Industrial land intensification**

*Draft policy concept on industrial land intensification:*

- d. Industrial land intensification – Emphasize approaches to increase land efficiency for industrial output as Portland’s primary-a first option and critical long-term opportunity to expand industrial growth capacity.

ILCWG summary comments:

- Encourage new businesses to want to remain in Portland and invest capital. For instance, the North Reach planning process was not encouraging to existing businesses.
- I’m not comfortable saying intensification is the “primary” opportunity. West Hayden Island and conversion of existing golf courses will be significant opportunities and will probably add more acreage than can be effectively gained by intensification for some years to come.

- Measures of intensification must accurately reflect how industrial sites operate. In the past, suggestions of minimum FAR for industrial sites ignored the fact that warehouse/distribution and most manufacturing uses cannot operate in multistory buildings. It also ignored the fact that many industrial users require a significant amount of exterior space either for fabrication and storage. Too often this critical site feature is misperceived as “underutilized” or “vacant” industrial land.
- Audubon strongly supports intensification of use of existing industrial land including incentives to increase capacity on existing land while maintaining competitiveness. We would also like to see a clearer focus on strategies such as verticalization.

*Alternative capacity approach on industrial intensification:*

3. *Increase brownfield redevelopment (e.g. incentives)*

(a) make a large public investment to incentivize widespread cleanup and reuse of brownfields from 40% to 90% of total brownfield acres by 2035 (100% in Incubator areas);

(b) make a moderate public investment to moderately increase brownfield cleanup and reuse from 40% to 50% of total brownfield acres by 2035.

ILCWG summary comments:

- If the city is determined to increase industrial land capacity, then it ought to make readying brownfields a budget priority.
- Rethink how the city calculates short- vs. long-term costs and benefits. It is in our long term interest to increase industrial capacity by refill and brownfield remediation.
- Brownfield Redevelopment should be a top priority of the city and are pleased to see it at the top of the list.
- The best way to deal with industrial land supply is to put brownfields back into productive use. It will not be cheap, but it is foolish to say land contaminated by past industrial activity is now unavailable.
- A primary barrier for redevelopment in brownfields is risk. A property owner may clean a site to DEQ’s risk based requirements and then find more contamination in the process of construction. Also, contamination that extends across right-of-way can create incredible difficulty in assigning blame and responsibility.
- Sites within the Harbor Superfund site should have very low redevelopment assumptions applied to them. While we would like to believe that this issue will be resolved within the planning horizon, given the history of the process, it’s not clear it will be resolved. Examples of issues ahead include higher cleanup costs, likelihood that easier sites will redevelop first, uncertainty with owners who are not in a position to develop, uncertain availability of EPA prospective purchaser agreements, and uncertainty in how monitoring and risk obligations will carry forward to new owners.

*Alternative capacity approach on industrial intensification:*

4. *Encourage site intensification (e.g., freight infrastructure, business climate)*

(a) greatly increase public reinvestment levels and regulatory/fee streamlining in industrial areas meet 40% of demand on non-vacant sites;

(b) maintain current levels of public reinvestment and regulatory/fee requirements in industrial areas meet 30% of demand on non-vacant sites.

ILCWG summary comments:

- The city needs to make an effort to streamline processes and enable businesses to have a shorter time-frame to get their property up and running. If the city is already doing this then it needs to have a better PR so people know.
- This alternative needs to be fiscally constrained. PBOT resources are severely constrained. TIF is declining. What percentages of the City's capital investment plan and regional flexible transportation dollars would be needed to achieve these results?
- Using historical development and redevelopment rates to predict future rates is problematic because the most desirable parcels, those with the fewest constraints, develop first. Unless there are new resources made available to offset the increasing challenges of the remaining sites, the rate of redevelopment may decline.

*Alternative capacity approach on industrial intensification:*

*3. Expand incentives for low-cost "industrial office" development (e.g., gap financing, parking investment, fee revisions)*

*(a) ~~greatly increase incentives to expand industrial office development to occur on 15% of Incubator/Dispersed Area acres by 2035;~~*

*(b) ~~maintain current levels of incentives to support industrial office development to occur on 10% of Incubator/Dispersed Area acres by 2035.~~*

ILCWG summary comments:

- Industrial offices are not Class C office buildings. The space is different from traditional offices with concrete floors, no ceiling, open and flexible, and with an advanced infrastructure. The greatest barrier for development is the requirements for seismic upgrades for existing buildings and the cost of new construction.
- We would support incentives for new Class C but need to better understand what types of incentives would be needed to generate the increases shown in the table.

## **Industrial area expansion**

*Draft policy concept on industrial area expansion:*

*e. District expansion – Provide opportunities for expansion of industrial areas that optimize community support objectives for a prosperous, educated, healthy, equitable city and incorporate additional natural area.*

ILCWG summary comments:

- We would support both expansion and intensification where supported by market reality and expected capital resources.
- Not sure what "optimize community objectives" means.

*Alternative capacity approach on industrial area expansion:*

*6. Annex and rezone West Hayden Island for*

*(a) 300 acres of marine terminal area and 500 acres of natural area;*

*(b) no additional industrial acres.*

ILCWG summary comments:

- While the acreage assumptions are correct based on the City Council resolution, they will only become realized if the costs and burdens of development do not become so difficult to preclude development.

- This alternative is an important one to expand the City's industrial land supply.
- It is premature to designate West Hayden Island to fill 300 acres of industrial land need. While council has indicated some preference to see this approach move forward, that process has hit some significant turbulence. The working group should not prematurely presume the outcome of the WHI process.

*Alternative capacity approach on industrial area expansion:*

7. Update industrial and open space zoning of large open spaces in industrial areas without decreasing overall open space zoning (e.g., refinement planning). Designate airport area golf courses for rezoning, if proposed, to a combined  
 (a) 2/3 1/3 industrial and 2/3 1/3 open space use (4 courses, 560 total acres);  
 (b) 1/3 industrial and 2/3 open space use 48 industrial and 90 open space acres at Colwood Golf Course.

(Note: Approximately 330 acres of large open spaces with industrial/employment zoning in the Columbia Corridor include the former St. Johns landfill, the area east of Ramsey Rail Yard, Vanport Wetland, and Thomas Cully Park. Approximately 560 acres of commercial golf courses there with primarily open space zoning include Colwood, Broadmoor, Riverside, and Columbia Edgewater.)

ILCWG summary comments:

- It may be reasonable to consider LIMITED rezoning of some Open Space in the Columbia Corridor. But, without knowing specifically what land is being considered it's impossible to give an opinion responsibly, given the sensitive nature of land along the Columbia Slough and the potential for restoring Open Space to improve fish and wildlife habitat, recreational opportunities, and parks.
- There is great interest on the part of local neighborhoods to create significant new park land and wildlife habitat at Colwood Golf Course. We should be focused first on the five categories of Land Intensification first.
- I would like more information on #7 (golf course rezone) and #11 regarding pros and cons and potential negative environmental consequences.
- We agree that golf course conversion should be an important alternative to expand the City's industrial land supply. Why require that only one third of the acreage be industrial and two thirds must be kept as open space. The reverse situation (conversion of industrial land to open space) does not require a similar ratio.
- In general, Audubon opposes conversion of open space to other uses, especially in areas that are deficient in park and natural area access and in areas of high ecological importance such as the Columbia Slough. We have tentatively considered this approach at Colwood, to move things forward at this specific site, but our strong preference would be to see the entire site continue as open space. Industry would not view conversion of 1/3 of currently zoned industrial parcels to fulfill access needs as reasonable. That said, we are interested in gaining a better understanding of how this proposal might play out on a site specific basis.
- Golf Courses. We support this proposal.

*Alternative capacity approach on industrial area expansion:*

8. Expand the Employment Opportunity Subarea EOS overlay for industrial office uses ~~overlay to all Incubator Area and~~  
 (a) apply to all Central City Industrial Areas ~~expand allowed industrial office uses;~~  
 (b) apply to selective Central City Industrial Areas ~~do not expand allowed industrial office uses.~~

ILCWG summary comments:

- The Employment Overlay in the Central Eastside was purposely created to provide for industrial office. The experiment has worked very well. Unfortunately, when created, it was located in the office category. It belongs in the Industrial category.

*Alternative capacity approach on industrial area expansion:*

9. Expand dispersed industrial areas in East Portland and other areas (e.g., refinement planning)

(a) substantially expand small-scale industrial and office areas add 60 acres of EG General Employment zone;

(b) moderately expand small-scale industrial and office areas add 40 acres of EG zone.

ILCWG summary comments:

- The review of where industrial designations should be created or expanded should be citywide and all designations should be examined. There are inconsistencies throughout Portland.

## Relation of industrial land use to watershed health

*Draft policy concept on relation to watershed health:*

- f. *Relation to watershed health – Improve watershed health concurrently with industrial growth in industrial districts.*

ILCWG summary comments:

- Consider “ecosystem services” analysis in considering the contribution of open spaces and natural resources to overall economic prosperity.
- The single most important public policy in Oregon for the protection of watershed health is the establishment of an urban growth boundary. The emphasis inside the UGB should be on development and intensity of use.
- Statewide Planning Goals (Goal 15 Willamette River Greenway; Goal 5 fish and wildlife habitat, wetlands, open space, etc; Goal 6 water quality; and Goal 7 natural hazards) all apply within the UGB and are not subservient to other land use goals, including Goal 9. Unfortunately, there has long been a misconception that natural resources were “expendable” within the UGB.
- Watershed protection measures in industrial areas should not reduce the utility and affordability of those uses.
- I would like a better understanding of how development constraints numbers were derived to determine capacity. How are sites with varying ROI considered? Can average industrial constraints be applied to marine land? How do acreage-based development constraints reflect environmental mitigation costs? How are the interaction of city, state and federal regulatory constraints considered?

*Alternative capacity approach on relation to watershed health:*

11. *Protect additional Natural Resource Inventory (e.g., overlay zoning, acquisition)*

(a) *allow for and limit net new area protected ~~up~~ to 200 new acres on prime industrial land by 2035 (placeholder amount);*

(b) *~~up~~ to 400 new acres on prime industrial land by 2035 (placeholder*

amount).

ILCWG summary comments:

- I do not understand #11. It's impossible to imagine there are 100 to 200 NEW acres of sensitive land in the Columbia Harbor that are not already P or C zoned because they are floodplain, wetland or significant fish and wildlife habitat.
- We are concerned that the NRI applied consistently on a Citywide basis could eliminate substantially more than 400 acres of industrial land. For example, industrial land at PDX consisting of habitat classified as "barren weedy fill" for ground nesting birds triggered the need for mitigation before development can occur.
- It is not clear to us what this alternative is actually proposing.
- By definition, prime industrial land can not be replaced anywhere else in the region. How can we justify an NRI overlay that would eliminate 200 or 400 acres of land that can't be replaced?

### **Additional approaches to overcome industrial land capacity shortfalls**

- 11. Assemble 50+ acre sites with environmentally sensitive design (e.g., acquisition, site preparation)*
- (a) greatly increase public investment to fully meet rail yard, marine terminal, general industrial demand for large sites;*
  - (b) assist large-site development of accommodate 1 large general industrial site for a target industry.*

ILCWG summary comments:

- Marine terminals, rail yards and large general industrial uses need to be organized around particular infrastructure. You can't just drop a 50+ acre site somewhere in the city, zone it heavy industrial, and expect it to satisfy the demand.
- Where would the resources come from and what authority would be used to do site assembly. Recent regional analysis indicates that most large sites face multiple challenges, so assembly alone is not likely to generate the suggested acres.