

Portland Comprehensive Plan Update: Economic Development PEG Initial PEG Review of Preliminary Industrial Capacity Alternatives August 14, 2012

Economic Development Policy Expert Group (PEG) members were given the opportunity to provide written comments on a preliminary draft list of industrial capacity alternatives discussed at their July 18 meeting. The comments below are the results to date submitted by 5 PEG members. Each member's comments are shown below in "bullet" format.

Since capacity options can involve tradeoffs among multiple community objectives, PEG members were asked to consider the rationale for their recommendations in terms of the core set of community priorities set out in the Portland Plan, specifically for a prosperous, educated, healthy, and equitable city. Comment forms were circulated to PEG members that included space for comments on how the alternatives relate to these 4 Portland Plan priorities. Most respondents left these categories in the form blank and commented instead in the "recommendation" and "other implications" categories.

1. **Limit industrial sanctuary conversion to**
 - (a) **No net loss in "prime" industrial areas and 3% loss in other areas by 2035;**
 - (b) **1% loss in "prime" industrial areas and 5% loss in other areas by 2035.**

Your recommendation:

	Options		
	(a)	(b)	Something else
Responses	2	0	1

- No net loss in all industrial areas - some flexibility could be allowed on Economic opportunity sites
- For the Central Eastside, it is important to maintain the industrial sanctuary - this ensures that the rents are low enough to provide incubator space as well as other industrial uses in the Central City. These areas provide a significant number of jobs. Recently, Stumptown Coffee was able to relocate from an area adjacent to a residential neighborhood and move into the Central Eastside. The move will allow the company to consolidate operations (saving money from more efficient space utilization) and have room to expand from the current level of 70 jobs to 200 jobs over time. Being in an industrial sanctuary allows more efficient freight operations as well. I would recommend that there is no net loss of industrial lands in both prime and other industrial areas. A small amount of flexibility is allowed through the existing policies related to the Employment Overlay process that is limited to a case by case analysis and supported by the surrounding district.

Priority: Prosperous

- Do we want to limit industrial land to some measurable condition, like compared to national averages? See attached for Portland's ranking of current industrial building vacancies compared to other markets. Portland is tight compared to national average. This translates to higher occupancy costs for users...[The attachment shows 7.3% vacancy in the industrial

market in Portland compared to a 9.4% national average in 2nd Quarter 2012 (Colliers International).]

- We must attract more businesses to Portland - available sites are important to the overall formula.

Priority: Educated

- Educated workforce is important - technical school(s) within industrial area advised to be strategically located for access to multiple industrial areas.

Priority: Healthy

- Seek private health client company(ies) willing to locate in 1 or more industrial sites to provide "immediate care" services. Incorporate trails and natural areas into the grid system within industrial areas.

Priority: Equitable

- Always, and creative uses of existing federal/state/local laws can encourage and grow small businesses, MB/WBE firms. Develop a policy strategy that provides opportunity for small business owners, minority and women owned business to participate in the planning, construction, and maintenance of industrial investment opportunities.

Other priorities and implications:

- Creating an industrial environment in which businesses want to invest.
- Protection of industrial sanctuaries is critically important. In applying this alternative, an implication would be the need to develop and use a mechanism to manage "no net industrial loss" such as is applied for no net housing loss to ensure mitigation.

2. Restrict new non-industrial uses in industrial zones

(a) Limit office, institution, recreation, and retail;

(b) Limit only retail development.

Your recommendation:

	Options		
	(a)	(b)	Something else
Responses	2	0	1

- The city should use metro's Title 4 requirements and not create new policy on this topic.
- The assumption on this recommendation is that uses directly related to the industrial user (for example, the office headquarters for the industry) are not affected by the limits.

Priority: Prosperous

- Create an industrial environment that does not conflict with other uses that may detract from large corporations industrial functions (shipping, rail to highway, etc.).

Priority: Educated

- See #1.

Priority: Healthy

- See #1.

Priority: Equitable

- See #1.

Other priorities and implications:

- Large industrials have particular needs and they generate sounds, scheduling of work force, and other activities that may conflict with other land uses. Their environment needs to be particular to the uses.

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

(a) Make a large public investment to cleanup a lot of brownfields;

(b) Make a moderate public investment to fund a moderate cleanup.

Your recommendation:

	Options		
	(a)	(b)	Something else
Responses	1	1	1

- Or Option C if it included a large amount of cleanup funding dedicated to orphan sites; and/or funding for brownfields redevelopment more broadly, and not just for cleanup, but where the private party is doing the cleanup.
- Brownfield clean-up should be a priority but when you apply this to industrial sites, it's clear that subsidies will be required because many sites are "underwater" or out of market. So until a certain funding source and strategy is defined we should not counting as a feasible approach to ensuring an adequate supply of industrial land.
- Brownfield cleanup can add to the land available for many types of uses and can have important environmental and health benefits. But it is critical for planning purposes to have industrial land that can be counted on for industrial development. I do not see brownfield redevelopment as a significant source of additional industrial land. Many of the brownfield redevelopments that have occurred over the last 20 years have been converted to other uses such as housing or commercial development. It was reported by staff that approximately 50 sites have been recovered over the last 12 years but it is not clear to me how many acres that represents or how many acres remained in industrial use. The planning assumptions need to take into account the costs of reclaiming brownfield lands, likely funding mechanisms and sources, and other issues that may affect specific parcels unrelated to the brownfield issues (transportation, wetlands, infrastructure costs and other barriers to industrial land development).

Priority: Prosperous

- Going from contaminated industrial land to clean industrial land requires subsidy. Note South Waterfront. The contaminated industrial land was cleaned up (with subsidy), THEN zone-changed to create a higher and better use. Helps to pencil...
- Clean sites attract new investment.

Priority: Educated

- See #1.

Priority: Healthy

- See #1.

Priority: Equitable

- See #1.

Other priorities and implications:

- Brownfield legislation is an important tool as well as other state legislation that may exist to enhance land available for development/redevelopment.
- Tackling the brownfields issue is critically important. However, promotion of brownfields redevelopment is not only about "funding clean up."
- Investment in staff time to provide technical assistance, in environmental assessments, and in projects/loans to enable the private market to better drive redevelopment of brownfields is a more palatable public role, without the perception of any clean up subsidy for the "polluter".

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

(a) Meet 40% of demand on non-vacant sites;

(b) Meet 30% of demand on non-vacant sites.

Your recommendation:

	Options		
	(a)	(b)	Something else
Responses	2	0	1

- Not sure what this means...
- Or an Option C. Why propose a limit to intensification at all? Consider re-wording: Encourage site intensification on non-vacant sites.
- This may be possible on some sites but the larger issue is how to make the city industrial land market ready and viable, not to make it less approachable for the market. Cost per sq. foot of industrial land has not changed substantially in the last ten years largely because we are not competing with ourselves but with other states and sometimes other countries for business. So intensification can occur if it meets the markets requirements. I think it is unrealistic to assume even 30% is viable. As identified in the EOA many of the industries rely on all of their site for 1 or more stages of the process to move or use the product. Removing the ability of business to perform that function on site creates a demand elsewhere in the system, another cost to the business and possibly and unintended consequence.
- Site intensification is not a reliable strategy that can produce additional land supply. Economics specific to each business operation will determine if intensification occurs. While the City could encourage intensification, there is not enough reliable evidence that indicates it would be cost-effective for industrial applications to be able to count on intensification for additional land supply.

Priority: Prosperous

- Reciprocal use of land is smart for companies and the city providing services.

Priority: Educated

- See #1.

Priority: Healthy

- See #1.

Priority: Equitable

- See #1.

Other priorities and implications:

- Density creates value; reciprocal use of property creates effective land use management and value as well. Shared utility corridors, access to sites, and consolidated storage areas also conserve space and allow more space for development of new facilities.
- Land intensification seems like a "win-win" for everyone. This will require a fresh look at the public policy and funding incentives in place to promote intensification of industrial land. It will also require analysis to better understand and identify other compatible uses and/or users that would accommodate/enable land intensification of industrial sites.

**5. Expand incentives for low-cost "industrial office" development
(a) To occur on 15% of Incubator/Dispersed Area acres by 2035;
(b) To occur on 10% of Incubator/Dispersed Area acres by 2035.**

Your recommendation:

	Options		
	(a)	(b)	Something else
Responses	2	0	1

- Not sure what this means.
- Intensification of industrial land is a win-win.
- While desirable for some reasons, neither of these options creates more industrial land.
- This policy option does not appear to add land for industrial jobs but instead to reclassify office jobs to industrial. It is important to maintain the industrial sanctuary in the Central City to encourage traded sector jobs in manufacturing and distribution, especially of small format spaces for startup and existing businesses. These businesses can provide a diversity of jobs, many at above average wages and skill levels, which can increase economic opportunities for all Portland residents.

Priority: Prosperous

- Good policy considers all market driven development investment.

Priority: Educated

- See #1 Above.

Priority: Healthy

- See #1 Above.

Priority: Equitable

- See #1 Above.

Other priorities and implications:

- The challenge is to not overbuild any concept whether it is industrial, commercial or residential. Catering to one type development (low-cost industrial or mini-apartments for example) can create oversaturation of the marketplace and have the reverse results sought

by all. Working with industrial developers should keep emerging market demand in perspective.

- This will require a fresh look at the public policy and funding incentives to promote intensification of industrial land.

**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.**

Your recommendation:

	Options		
	(a)	(b)	Something else
Responses	4	0	0

- Isn't it all designated as industrial?
- Annex and rezone 300 acres of MUF-19 on WHI to industrial and set aside 500 acres for open space
- I support option A - annexation and rezoning of West Hayden Island for 300 acres of marine terminal areas and 500 acres of natural area. This is regionally significant industrial land for which there is no substitution. It is important that additional restrictions beyond state and federal requirements not impede development to the point that it is not cost-effective for industrial uses.

Priority: Prosperous

- Adjacency to the existing airport facility and the dedication of hundreds of acres of natural land set within a conservation district makes this an important consideration. Planning related to required infrastructure to serve this area and its connection (or possible upgrade or expansion of existing transit investment) maybe an important leverage for future infrastructure investment.

Priority: Educated

- See #1 Above.

Priority: Healthy

- See #1 Above.

Priority: Equitable

- See #1 Above.

Other priorities and implications:

- Development on what I assume to be an aggregated island may require extension engineering and transportation upgrades which may work to the advantage of existing transit options. The creation of a large, natural conservation on the river is very important. The development of the land and the conservation area should be planned as a world-wide model for such land uses within the river environment.

**7. Designate airport area golf courses for rezoning, if proposed, to
 (a) 1/3 industrial and 2/3 open space use (4 courses, 560 total acres);
 (b) 48 industrial and 90 open space acres at Colwood Golf Course.**

Your recommendation:

	Options		
	(a)	(b)	Something else
Responses	1	2	1

- Either A or B. If the private market is willing and ready to drive golf course conversion, rezoning should be allowed.
- Look for opportunities to rezone area golf courses as industrial within the context of the land itself. Don't make arbitrary proposals and acreages without considering the sites specifically.
- The conversion of Colwood Golf Course to industrial land should be supported as a way to add to the industrial land inventory. The golf course is surrounded by other industrial uses and has close proximity to the airport and other transportation infrastructure. I understand that some portion of the property would have restrictions to protect environmental concerns but these could be based on actual site conditions rather than on an assumed share of space. I have also heard that the owners of another golf course (Broadmore) in the area are interested in selling their property. The same principal could be used to assess the opportunity for additions to industrial land for the Broadmore golf course. It does not seem likely that all four courses in the area will convert to industrial land. The acres should not be counted on for meeting the shortfall of industrial land.

Priority: Prosperous

- Proximity to the airport, rail, river, and road systems makes this a candidate for industrial development unavailable in many cities throughout the world. Masterplanning the entire site for "high-end" industrial use can result in competition among industrial developers to locate in this area. Masterplanned infrastructure, including access to Rail, River and Road networks off-site, build ready sites, amenities for employee/employer needs, health and education options and natural areas all make this area highly desirable in the world market place.

Priority: Educated

- See #1.

Priority: Healthy

- See #1.

Priority: Equitable

- See #1.

Other priorities and implications:

- Make this the premier industrial development area on the West Coast by understanding market driven demand for high-end industrial development. Let the master planning reflect market demand.

8. Expand the EOS industrial office overlay to all Incubator Area and
(a) Expand allowed industrial office uses;
(b) Do not expand allowed industrial office uses.

Your recommendation:

	Options		
	(a)	(b)	Something else
Responses	2		2

- Support policy to allow flexibility on a site by site basis.
- I would not support expansion of the EOS overlay to the whole Central Eastside Industrial District. This tool is very valuable but should be applied on a case by case basis. While it may be a useful tool for job creation, it should not be considered a strategy for adding to the industrial land supply.

Priority: Prosperous

- Understand market demand and let policies reflect the demand.

Priority: Educated

- See #1.

Priority: Healthy

- See #1.

Priority: Equitable

- See #1.

Other priorities and implications:

- Do not overbuild one market trend - policy and development opportunities need to support and facilitates multiple business needs.

9. Expand dispersed industrial areas in East Portland by an area plan to
(a) Add 60 acres of EG General Employment zone;
(b) Add 40 acres of EG zone.

Your recommendation:

	Options		
	(a)	(b)	Something else
Responses	2	0	1

- The difference between 40 and 60 is not great. Moreover, this is for EG and not I. Concept would facilitate access to employment opportunities for working families.
- Support concept to add acres but caution against counting for industrial use, also think acreage estimate is overly optimistic given neighbor hood concerns for most industrial uses.

Priority: Prosperous

- East Portland has several existing industrial areas that can be well served by consolidation opportunities, expansion for new development, and upgrade of infrastructure to make these

areas appealing to the marketplace. The dense urban area that exists around these areas call for sensitive planning and policy to weave together the needs of industrial sites with small commercial and residential neighborhoods. Issues such as shift changes, heavy truck traffic, and noise all require careful planning and development strategies in order for East Portland industrial areas to be attractive to the marketplace and to assure long term success.

Priority: Educated

- See #1.

Priority: Healthy

- See #1.

Priority: Equitable

- See #1.

Other priorities and implications:

- Preservation of some historic buildings may be important.

- 10. Protect additional Natural Resource Inventory (e.g., overlay zoning)**
(a) 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).

Your recommendation:

	Options		
	(a)	(b)	Something else
Responses	1	0	3

- None of the above. Why is this targeting the additional natural resource land only on "prime industrial land"? Shouldn't the overlay zoning be targeted for the natural resources involved, regardless of land type?
- Do not support further constraining prime industrial acreage through overlays or other mechanisms. In a constrained urban environment we need a functional approach to natural resource management rather than a case by case approach dictated by ratios.
- The assessment of industrial land supply should take into consideration current restrictions that impact and diminish industrial uses, often effectively limiting the actual operative supply of land. Given the shortfall identified, the city should not make the shortfall worse by adding additional restrictions beyond state and federal laws.

Priority: Prosperous

- Natural areas are important. Plan these areas as part of a larger industrial development provides opportunities for creative funding resources to create and maintain natural areas. Public access to the areas may create issues of safety within an industrial area, so planning of trail locations and areas of restricted access may need to be considered.

Priority: Educated

- See #1.

Priority: Healthy

- See #1.

Priority: Equitable

- See #1.

Other priorities and implications:

- Placement within industrial areas, access, maintenance, and synergistic placement of services near the natural areas for health and exercise all provide opportunities for funding resources and increased success for long term investment.

11. Assemble 50+ acre sites with environmentally sensitive design to

(a) Fully meet large-site demand for rail yard, marine terminal, and general industrial;

(b) Accommodate 1 large general industrial site for a target industry.

Your recommendation:

	Options		
	(a)	(b)	Something else
Responses	2	0	1

- Neither. It is not clear what is meant by environmentally sensitive design in this case. How can a rail yard be environmentally sensitive? Why not have a goal to assemble or facilitate assembly of as many large sites as possible?
- Assembly is good but it does create additional industrial land.
- Many studies have identified the need for additional 50+ acre sites. I would support land-assembly efforts to support development of these sites.

Priority: Prosperous

- Target markets can change due to technology and invention. Providing sites that can accomodate various businesses and not one targeted industry seems more compatible with the costs associated with assembly, infratructure improvements, and marketing of property.

Priority: Educated

- See #1.

Priority: Healthy

- See #1.

Priority: Equitable

- See #1.

Other priorities and implications:

- The placement of 50+ acre sites into an existing landscape will require detailed master planning of existing conditions and future needs of such a large user(s). Impact on Rail usage opens up an opportunity to negotiate with the RRs for not only train service and access but usage of rail right of way, for instance, River port development. And the need for extensive enhancement to Roads and LRT will require creative funding options that may not exist today. Use of well planned designed development areas and the "design" of legislation

to support such development can create a unique and market desirable industrial development complex.

Additional general comments on industrial land capacity

- I just want to convey that we believe industrial land is such a vital part of the City's fabric and that the city needs a 20 year supply because we are in competition with many other regions for traded sector business. It is these kinds of jobs that provide part of the means for achieving objectives we all share and are identified in the Portland Plan, such as economic prosperity, household self-sufficiency, and equity.
- **High Wage Jobs:** The manufacturing sector has the region's second highest annual average wage. Removing retail from the trade, transportation, and utilities sector, it becomes the region's third highest paying sector. Adding more of these well-paying jobs in the City of Portland depends on a supply of available, developable industrial land.
- **Low Barriers to Entry:** Industrial jobs, particularly those in manufacturing and trade, transportation and utilities, have a smaller proportion of jobs that require a bachelor's degree than do most other sectors of the economy. Residents without a college degree, or without computer skills, or for who English is not a native language can find gainful employment on industrial land. While on the job they get training and learn skills that help them climb the ladder to even better paying jobs.
- **Growing Personal and Household Incomes:** A Brookings Institution study identified Portland among 29 US cities in which there were more lower-middle and low income households than upper-middle and high income households. Jobs on industrial land can help raise income levels, economic prosperity, and household self-sufficiency.
- **Improving Our Public Financial Outlook:** This state and region are highly dependent on corporate and personal income taxes as well as property taxes to fund a variety of state and local services. Industrial land makes substantial and important contributions to local government finances. Taxes on corporate income, payroll, and personal income contribute to everything from education to social services and transit to public safety. Manufacturing firms, in particular, make sizable investments in capital and equipment that then generate additional property tax revenue for local governments.