



MONTGOMERY PARK AREA PLAN

PROPOSED DRAFT

Planning Commission Work Session

June 25, 2024

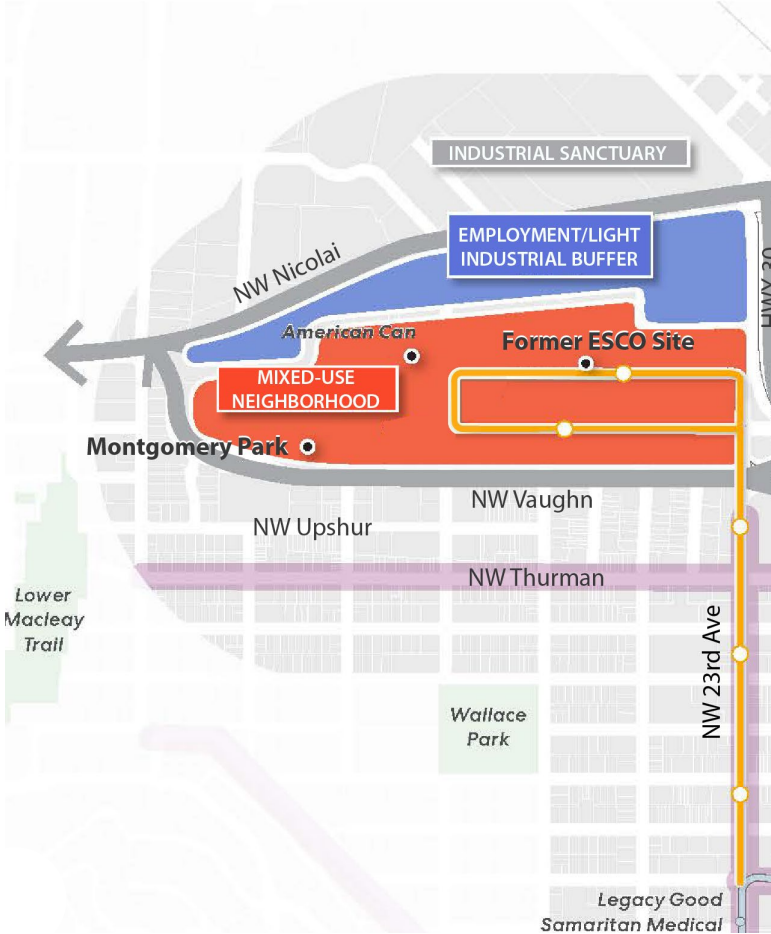
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Shawn Canny, Mauricio Leclerc, PBOT; Dan Bower, PSI



THE BUREAU OF
**PLANNING &
SUSTAINABILITY**

PBOT
PORTLAND BUREAU OF TRANSPORTATION



AGENDA

Work session schedule + topics

Today's topics

- Equity and Investment
- Value Capture / Public Benefits
- Economic Opportunities Analysis (EOA)
- Transportation/Streetcar Funding and Local Improvement District Process and Timing
- Proposed Amendments

Next steps

Work session schedule + topics

6/11 – Work Session Topics

- Housing and affordable housing
- Industrial Land and Employment Opportunities Analysis (EOA)
- Benefits Agreements
- York Group Testimony

6/25 – Work Session Topics

- Equity and Investment
- Value Capture / Public Benefits
- Economic Opportunities Analysis (EOA)
- Transportation/Streetcar Funding and Local Improvement District Process and Timing
- Proposed Amendments

7/9 – Work Session – deliberations

Equity and Investment

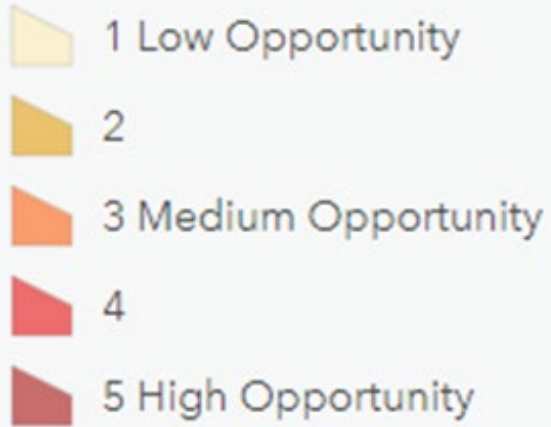
Why plan and invest here?

- Northwest Portland is high opportunity area with community services/amenities
- Opportunity for new affordable housing in proximity to Central City and Industrial jobs
- Opportunity for affordable housing provided sooner or beyond required amount
- Opportunity to support continued employment growth in the area
- Ability to create cost-effective public transit and transportation improvements



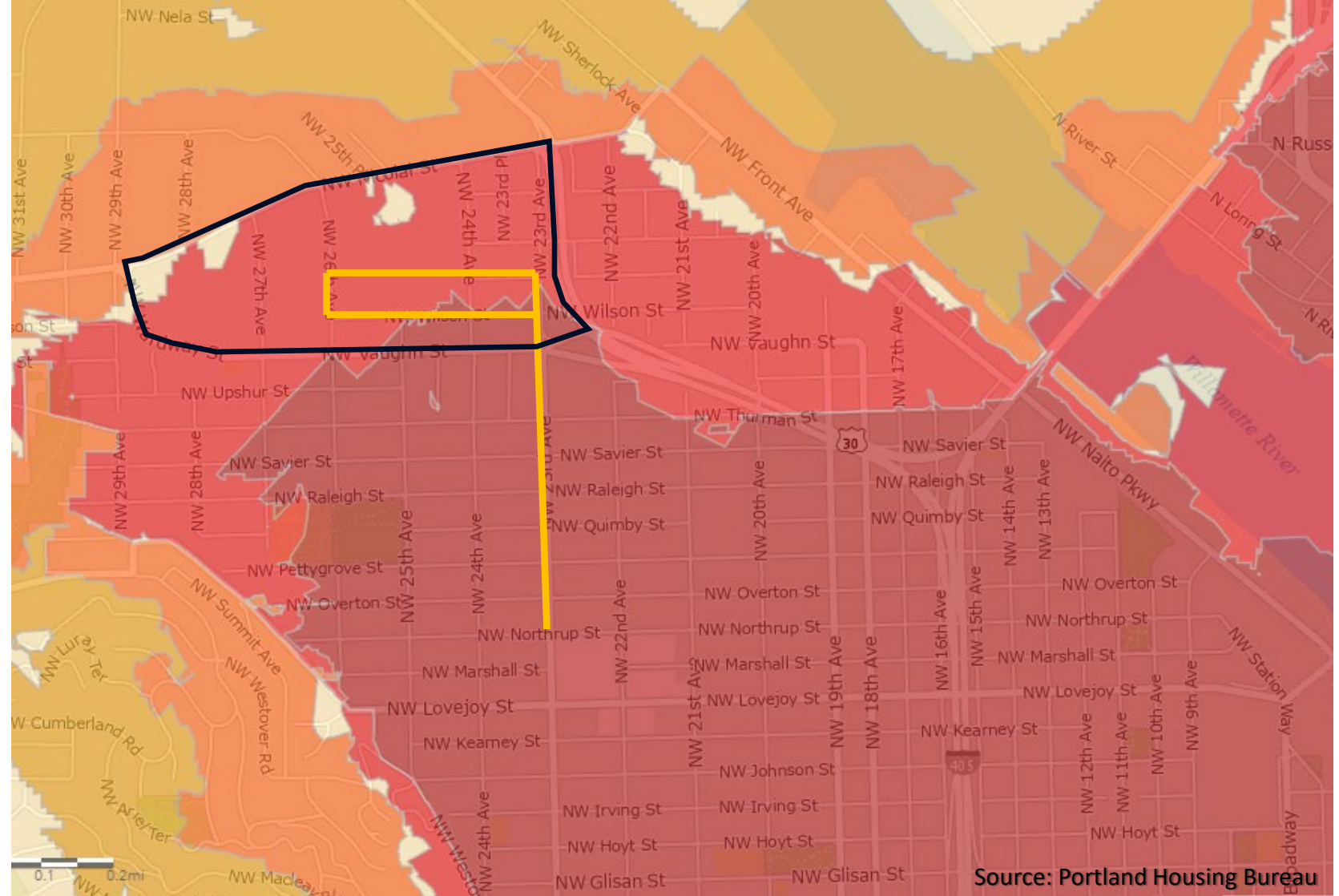
Opportunity Mapping

Combined_Indicators



Indicators:

- Childhood education
- Employment
- Transportation (transit + sidewalks)
- Access to family wage jobs
- Healthy Eating, Active Living (parks, food, health care)



Equity and Investment

High opportunity area with relatively low household displacement risk

- Lower non-white population than Citywide:
 - Northwest 20% vs City 29%
- More educated: 65% 4-year+ degree
- Fewer children: 8% under 18 years
- Housing tenure: 71% renter
- Housing type: 80%+ multi-dwelling
- Streetcar extension not expected to increase market pressure in broader area as streetcar already present in area
- Few existing homes in MPAP area

NW Area Race and Ethnicity		
Persons	NW Area	Portland
% White	80%	71%
% Asian	10%	10%
% Black	2%	7%
% Native American	2%	2%
% Other	1%	3%
% Nat. Hawaiian/Pac Is	0%	1%
% Hispanic	8%	10%

Population & Income	NW Area	Portland
Persons	6,735	630,331
Families	1,108	135,543
Median Household Income	\$68,834	\$63,032
Per Capita Income	\$64,295	\$37,382

Equity and Investment

Plan allows for existing businesses to continue and supports employment

- MPAP proposes Employment zones: EX and EG1
- MPAP anticipates 4,000+ new jobs in a wider array of types
- Larger MP2H NW Study Area:
 - 44% of jobs are in Office
 - 28% of jobs are Production and Distribution
 - Manufacturing, production and distribution are declining



Table 6: Businesses

Sector	MP2H NW Study Area	Portland
Total	1,115	34,401
Production & Distribution	19%	18%
Education & Healthcare	10%	11%
Office Services	45%	35%
Retail & Related Services	26%	36%

Table 7: Jobs

Sector	MP2H NW Study Area	Portland
Total	16,860	455,478
Production & Distribution	28%	22%
Education & Healthcare	10%	24%
Office Services	44%	30%
Retail & Related Services	17%	24%



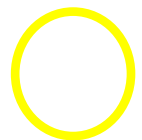
Equity and Investment

2035 Comp Plan Investment Strategies for Complete Centers

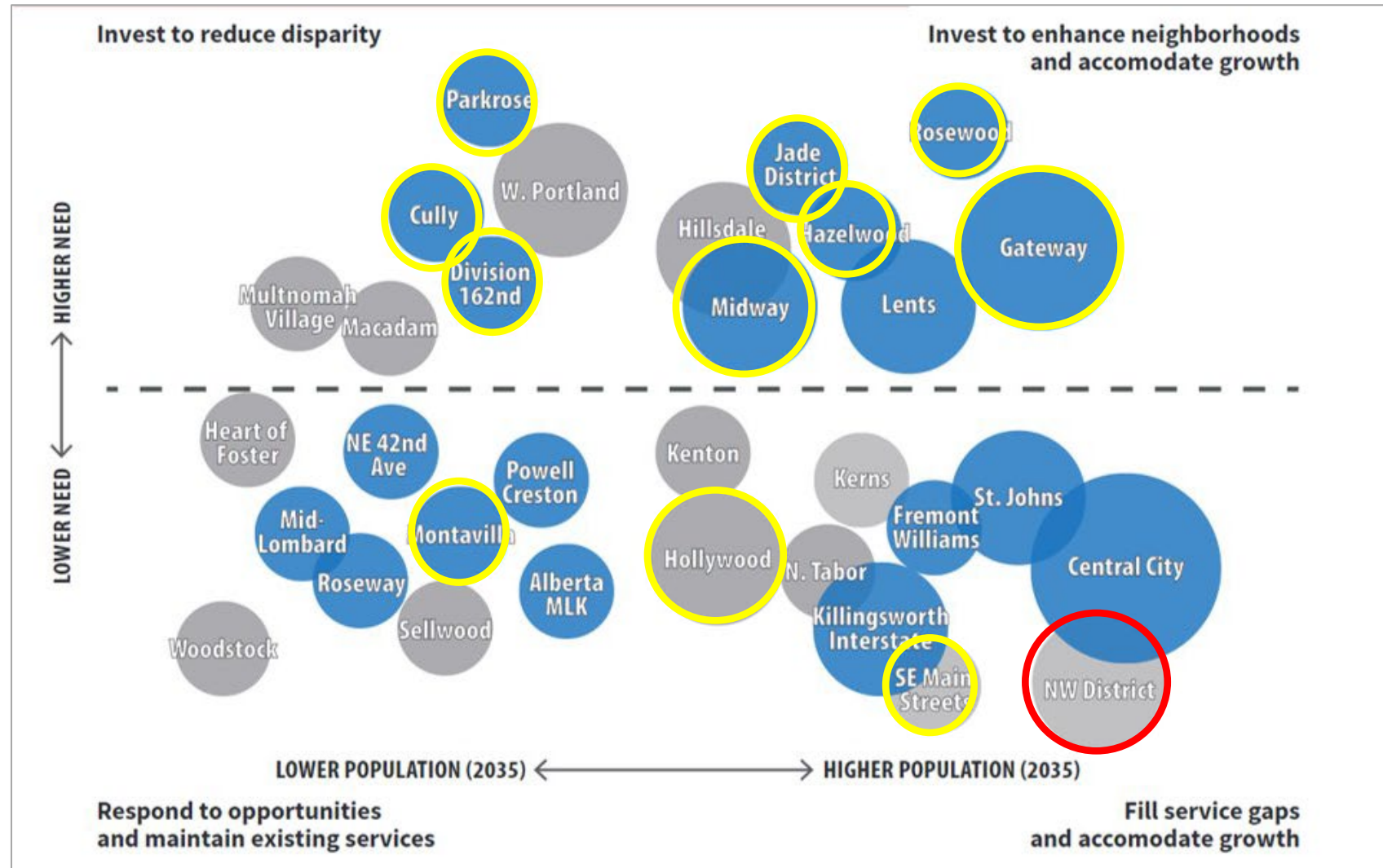
- NW District is high population: strategy to fill gaps and accommodate growth.
- Other centers, some with higher need, have different strategies.



MPAP area



Other areas of planning or investments



Key Public Benefits

- **Housing Opportunity** – market rate and affordable housing; possible nearer-term or greater amount of affordable housing development.
- **Job Opportunity** – including requirements for non-residential space and targets for middle wage jobs.
- **Public Open Space or Park** – 40,000 square foot green space centrally located in the project area.
- **Climate Responsive Elements** – additional greening and sustainability features in new development.
- **Affordable Commercial Space** – opportunity for small or underserved community businesses.
- **Cultural Features** - including ways to commemorate York, an enslaved member of Lewis and Clark expedition, for whom NW York is now named.

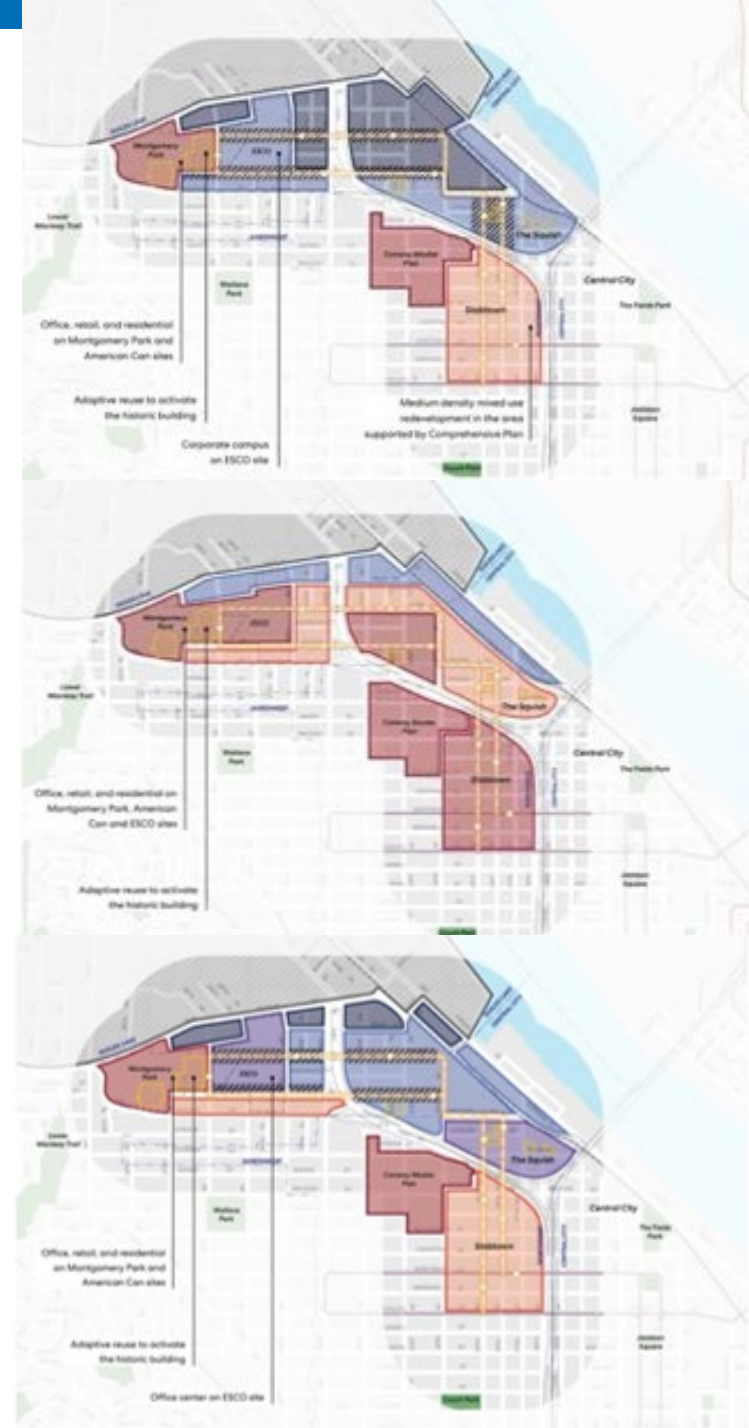


Value Capture - touchstones

- Current economic conditions preclude value capture
- Assumptions for the next economic cycle
- Our regulations include value capture mechanisms: Inclusionary Housing, Eco roofs, open area requirements, non-residential use requirements
- Public Benefits Agreement includes additional measures: up-front affordable housing, middle-wage jobs, open space
- Infrastructure including streetcar, public streets and below grade utilities are essential parts of value capture

Scenarios Studied

- Financial analysis for several scenarios
- The proposal was amended to respond to community input and the findings from the analysis
- The route of the streetcar also changed
- Financial analysis was done earlier in the project and reflects different market conditions
- Financial analysis is a snapshot in time and is as much an art as it is a science



Scenario 4: Industrial and Mixed-Use Hybrid

	Baseline	Scenario 1: Enhanced Industrial	Scenario 2: Employment	Scenario 3: Mixed Use (with 10% affordable housing)	Scenario 4: Hybrid: Industrial and Mixed Use (with 10% affordable housing)
Residual Land Value	\$607M	\$629M	\$667M	\$757M	\$710M
Industrial Jobs	370	1,300	1,300	630	930
Office Jobs	550	1,940	1,940	1,040	1,510
Retail/Restaurant Jobs	400	410	450	730	660
Market Rate Housing Units	10,810	10,990	11,630	13,920	12,840
Affordable Housing Units	940	960	990	1,250	1,130

“Residual Land Value” the estimated value of land after development

The residual land value “created” by the change in regulations would be this over the baseline - \$103M in this scenario

Estimates are based on a larger geography and different market conditions

Value Generated



Analysis more focused on the Montgomery Park Area Plan, with some refinements suggest about \$96 million in value generated by the land use changes and infrastructure investments.

This is another snapshot in time, focused on the area.

Estimates for some of the areas are refined with actual sales data and some are not.

Area	Additional Residual Land Value
1	\$0.7M
2	\$40.9M
3	\$31.9M
4	\$15.1M
5	\$7.4
	\$96M

Infrastructure Value Capture

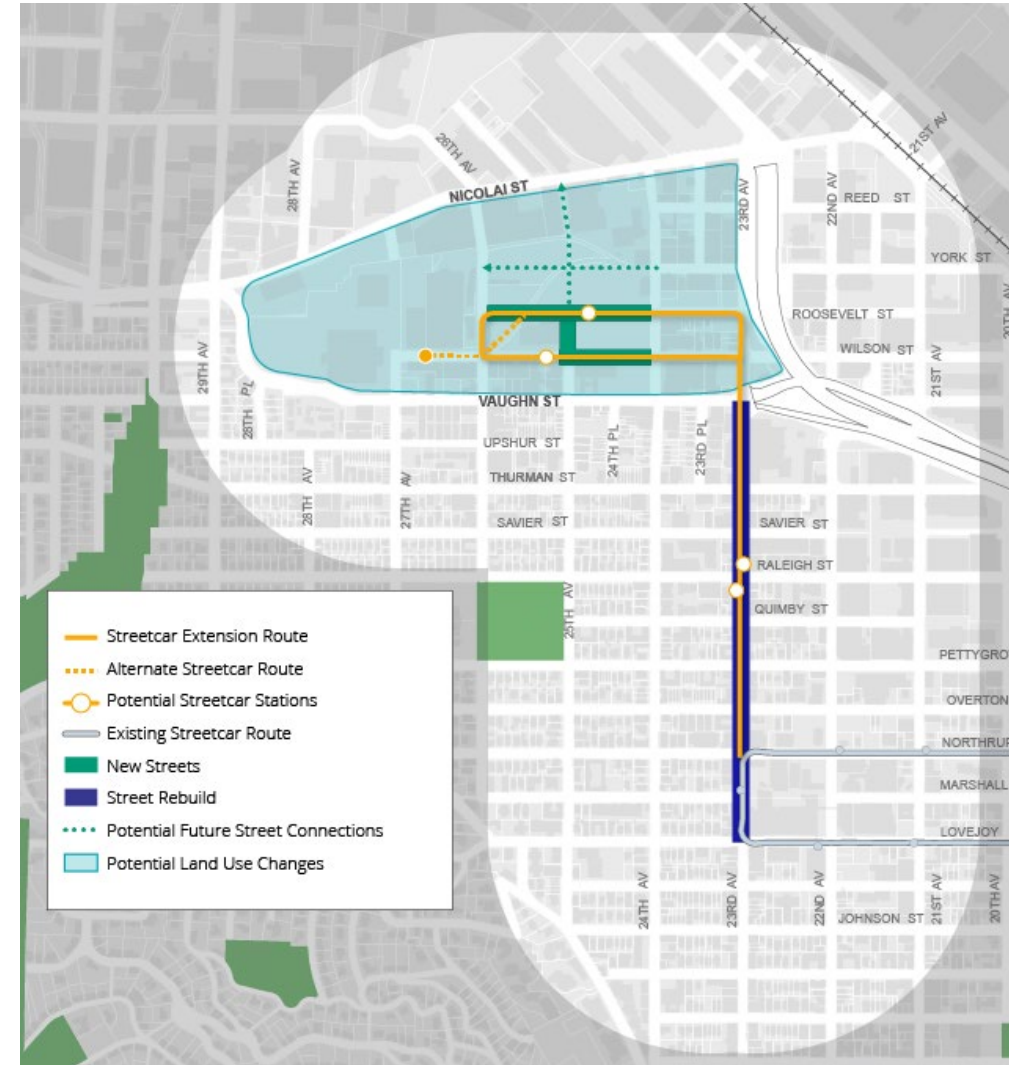
The cost estimate for the entire streetcar extension project is **≈\$120M**

- Includes streetcar, new streets, utility upgrades/relocations, accessibility upgrades, and rehabilitation of NW 23rd Avenue

Property owner contribution for the streetcar extension amounts to **≈\$30M**

- Includes right-of-way dedication for new streets, Local Improvement District participation, and additional contributions toward required infrastructure

The value to the public is represented by the total cost of the streetcar: **\$120M**



\$30M + \$1.9M = \$31.9M

Housing Value Capture

Difference in rent between market rate and income restricted units for 200 units delivered up-front is about \$1.9M annually.

Applying a 7% annual discount the difference in rents amounts to \$21M over 20 years.

The public realizes a greater value – development costs in Portland are about \$423,000 per unit.



\$30M + \$1.9M + \$4M = \$35.9M

Middle-Wage Jobs

A conservative value of \$4M for the middle-wage jobs piece.

A proportionate payment of \$5,000 for each job in the public benefits agreement provides a “value” for the jobs.

Research suggests that these types of jobs have a high multiplier effect – a conservative multiplier effect of 3 means that 800 middle-wage jobs results in 1,600 additional jobs.



Park Value

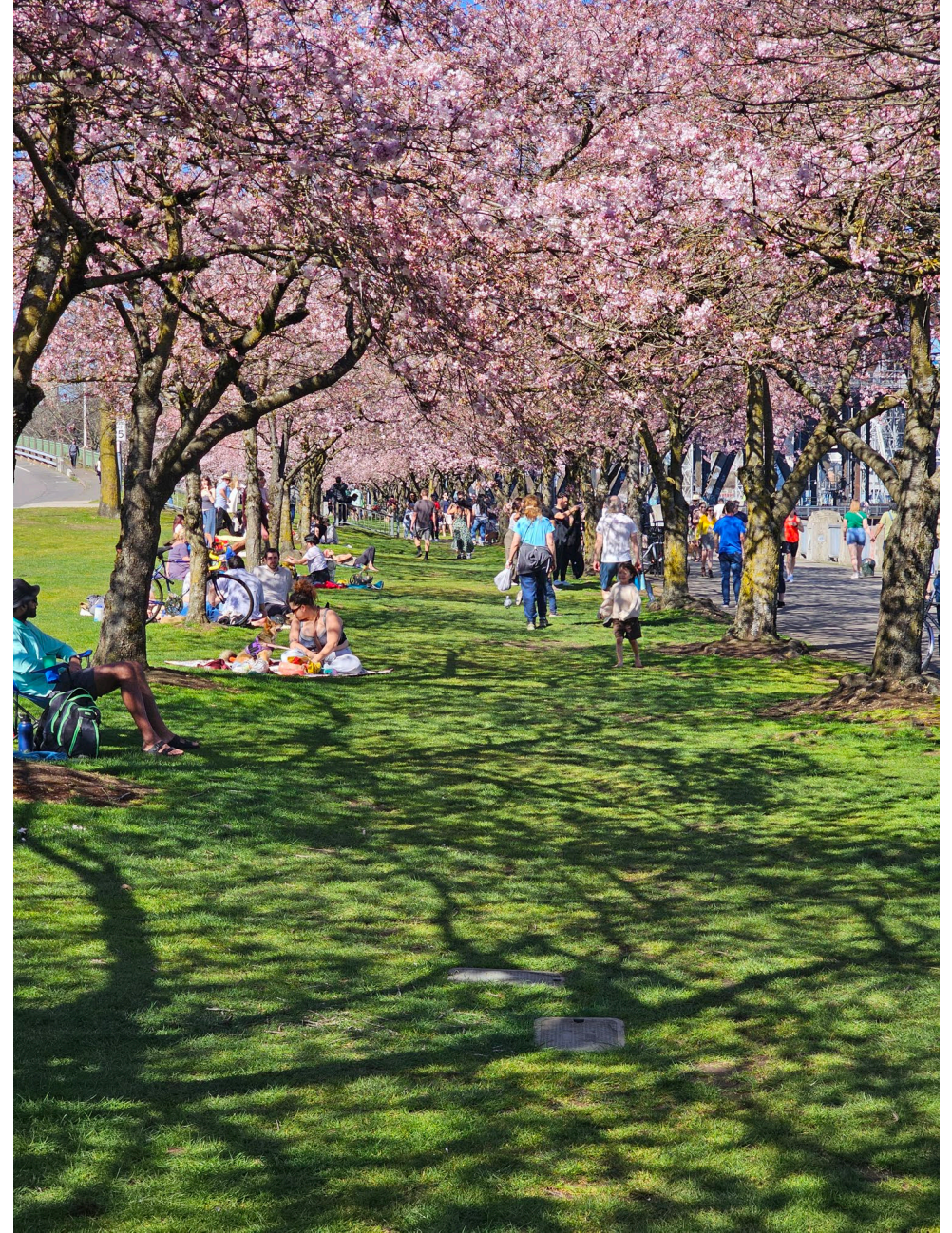
Estimated land value, accounting for location, forgone value of development, catalytic value (no-land-no-park) is \$4M.

Conservatively, the cost to develop the park would be \$10M, offset by SDC reductions.

Property owners have committed to enhanced maintenance of the park.

Value to the public includes improved health outcomes, property value, tourism, and environmental benefits.

$$\$30M + \$1.9M + \$4M + \$4M = \$39.9M$$



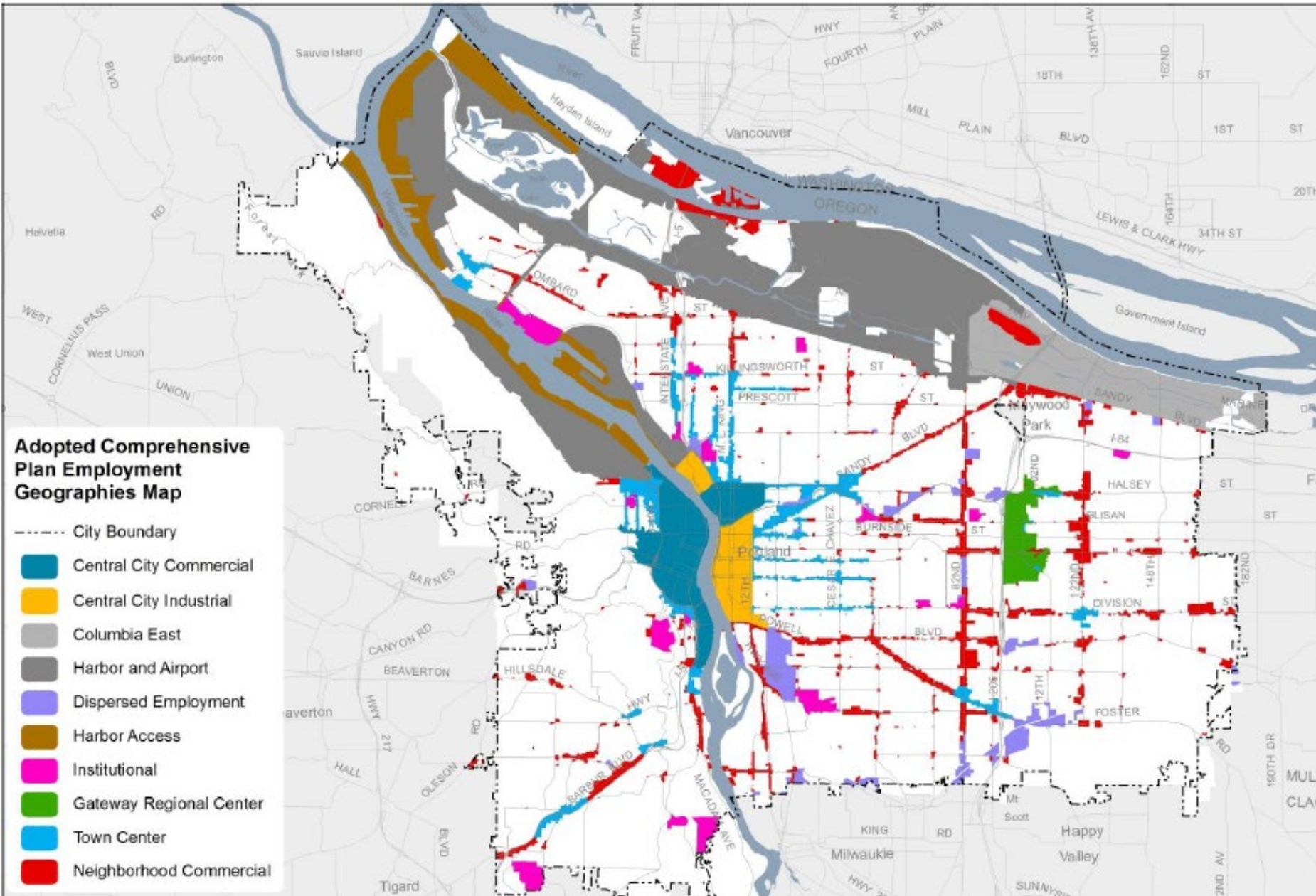
Value Summary

	The Thing	Value Capture	Public Benefit	People	Environment Resilience
Streets and Transit	1.3 miles of new Streetcar line	\$30 million	\$120 million	Estimated 3,000 new streetcar riders	~ 43% lower GHG emissions from auto use
Housing	2,000 units 200 affordable	\$1.9 million	\$84.6 million	4,420 people housed 442 in income restricted units	
Middle-wage Jobs	800 middle-wage jobs 500K+ sq. ft. of employment use	\$4 million	\$45.6 million	2,400 people employed 800 in middle-wage jobs	
Park/Open Space	40,000 sq. ft of public open space	\$4 million	\$14 million+	6,286 people living within a quarter mile of a park	
	A complete neighborhood	\$39.9 million	\$264.2 million	More prosperous, equitable	Greener, healthier future.

Economic Opportunities Analysis (EOA)

- The EOA is an analysis of the 20-year supply and demand for employment land in the city.
- Portland's 2035 Comprehensive Plan and EOA were adopted in 2016.
- The City of Portland is now updating the EOA to align 2045 growth expectations with current market trends and community choices.





Adopted Comprehensive Plan Employment Geographies Map

- City Boundary
- Central City Commercial
- Central City Industrial
- Columbia East
- Harbor and Airport
- Dispersed Employment
- Harbor Access
- Institutional
- Gateway Regional Center
- Town Center
- Neighborhood Commercial

June 1, 2016

City of Portland, Oregon // Bureau of Planning & Sustainability // Geographic Information System

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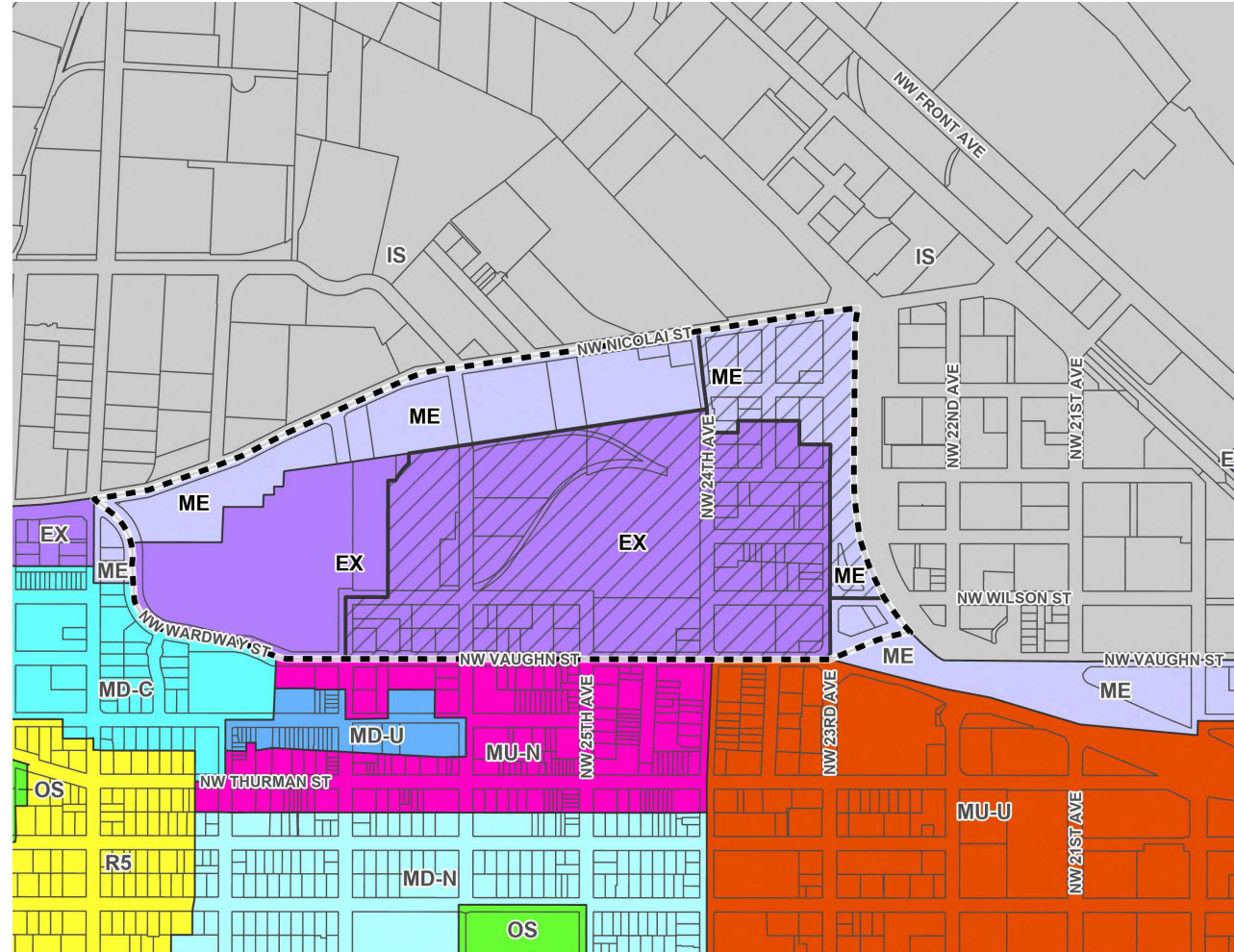
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2016 EOA Industrial Land Demand and Development Capacity

Employment Geography	2010-35 Land Demand	Land Supply	Surplus/Deficit
Harbor & Airport Districts	1,013	1,067	54
Harbor Access Lands	192	167	-25
Columbia East	350	416	66
Dispersed Employment	130	146	16
Total Industrial	1,685	1,796	111



Proposed Comprehensive Plan Map

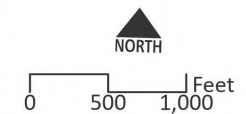


March, 2024

City of Portland |
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Geographic Information Systems

Montgomery Park Area Plan

Proposed Comprehensive Plan Designations



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Legend

- MPAP Boundary
- Comp Plan Map Change
- Taxlots

Comprehensive Plan Designation

- Central Employment (EX)
- Industrial Sanctuary (IS)
- Multi-Dwelling - Corridor (MD-C)

- Multi-Dwelling - Neighborhood (MD-N)
- Multi-Dwelling - Urban Center (MD-U)
- Mixed Employment (ME)
- Mixed Use - Neighborhood (MU-N)

- Mixed Use - Urban Center (MU-U)
- Open Space (OS)
- Single-Dwelling 5,000 (R5)



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MPAP Impact on the 2016 EOA

- Proposed MPAP plan amendments would convert 34 acres of industrial/employment land to mixed use (EX) land
- Represents 0.2 percent of total industrial/employment land base of 13,175 acres.
- Represents 3 percent of the 1,067 acres of buildable land in the Harbor & Airport Districts
- Represents 10 percent of the large (10-20 acre) industrial sites



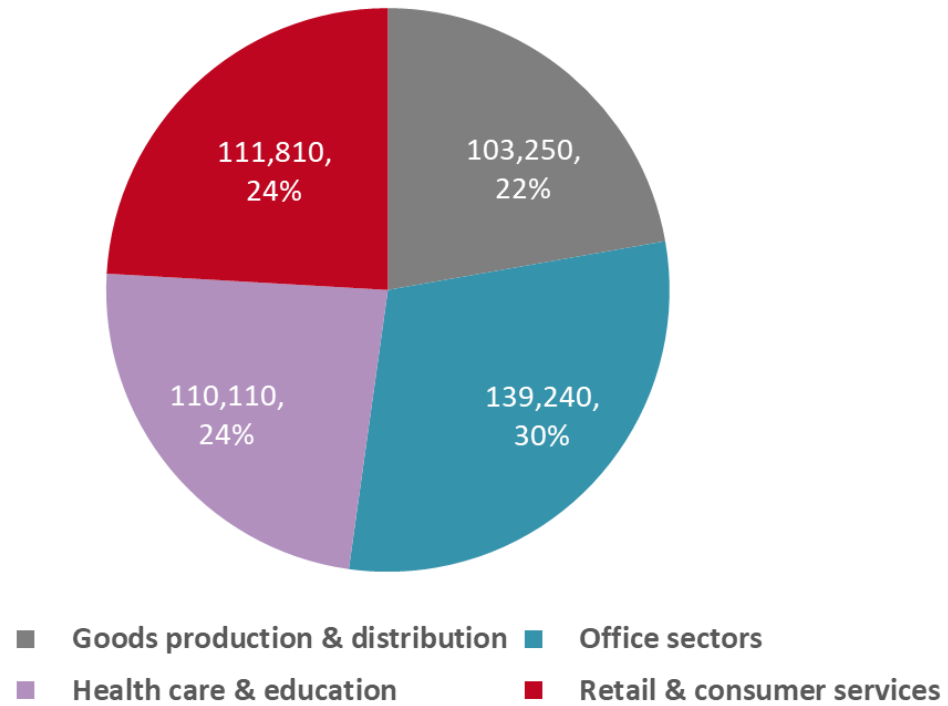
Large Industrial Sites

Site Size (acres)	2016 EOA Land Supply	
	Gross (acres)	Constrained (acres)
10 to 20	362	184
20 to 50	615	375
50+	1,239	666
Total	2,216	1,225



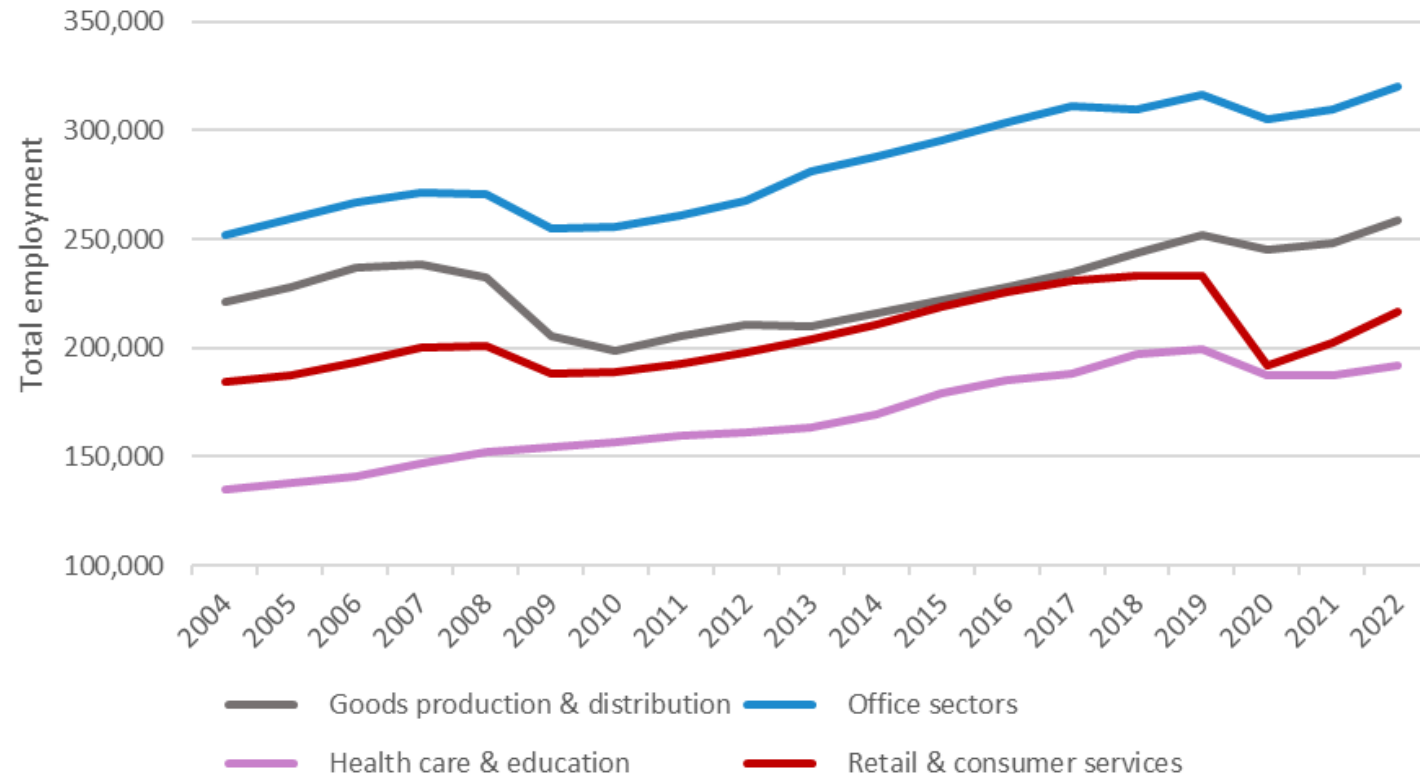
Balanced Economy

Portland jobs by land use sector type, 2019:



Employment Trends

Job trends by land-use sectors, Portland Tri-County Area



Source: CES data, OED, annual average



New Industrial Buildings



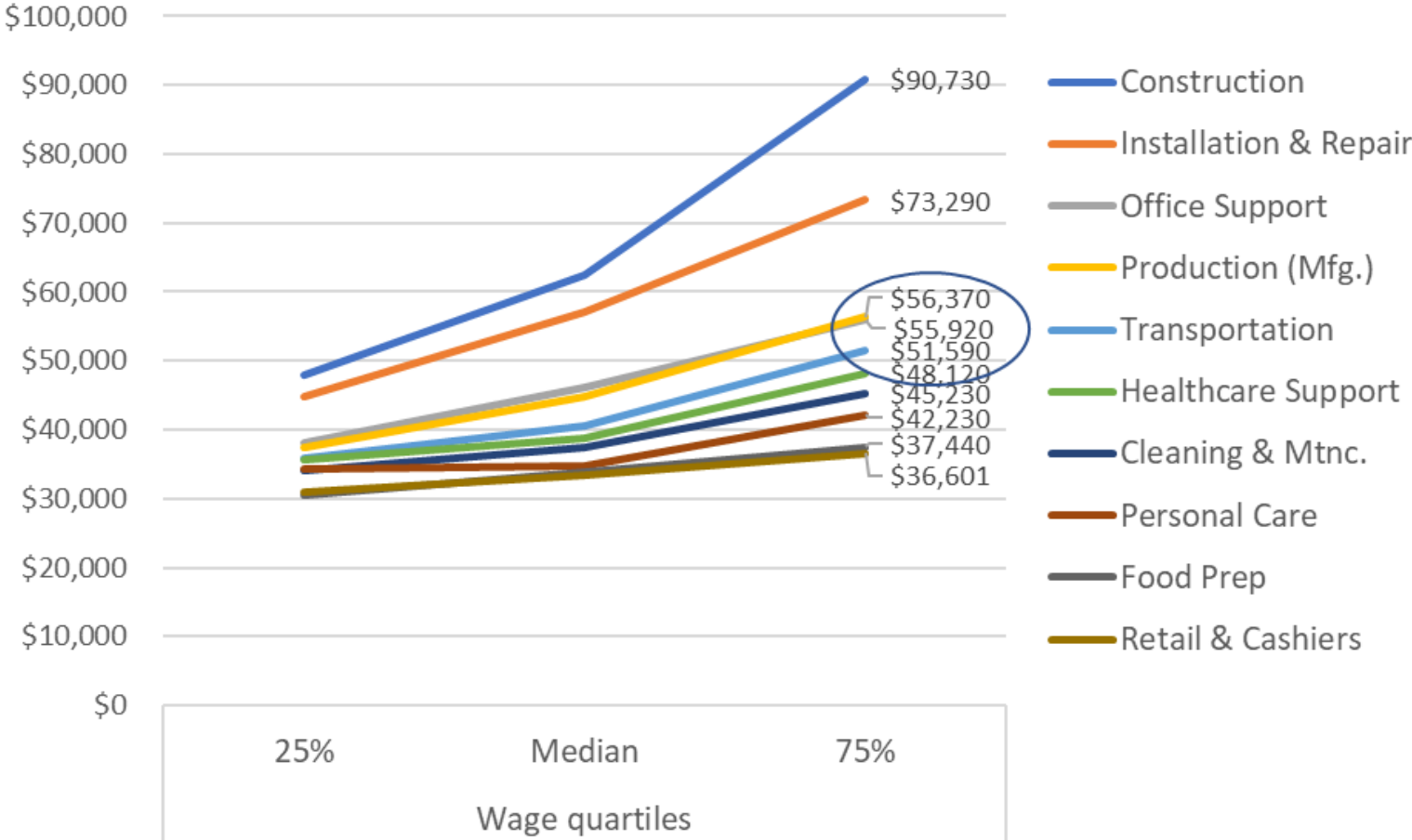
Employment Density

Land Use Type	Average FAR	Jobs per Acre
Warehouse and Distribution	0.21	9.7
Manufacturing and Production	0.28	14.4
Industrial Service	0.29	16.2
Total Industrial	0.25	12.2
Hospitals and Colleges	0.37	13.9
Retail Sales & Service	0.52	29.4
Office	2.14	275



Access to Opportunity

Upward income mobility in low- and middle-wage occupations,
7-County Region, 2022



Access to Equitable Opportunity

34 acres of employment land

Industrial Uses Sector (12.2 jobs per acre)

Total Jobs	415 jobs
Middle Wage Jobs (70%)	290 jobs

Office Sector (275 jobs per acre)

Total Jobs (30% of space)	2,805 jobs
Middle Wage Jobs (18%)	505 jobs



EOA Update Approach

- Solve for multiple policy objectives – economic development, natural resource protection, livability, sustainability.
- Recognize that industrial land supply is tight and getting tighter.
- Invest to create more industrial capacity.
- Align with Advance Portland strategies.
- Support our economic strengths.
- Explore workforce and business development in other middle-wage sectors.
- Working on discussion draft with CWG, then wider community engagement.



Project Funding

Project Cost: ≈\$120m

(planning level estimate; to be refined during Project Development)

Potential Sources:

(to be finalized during Project Development)

- **Federal Small Starts Capital Improvement Grant** *(at least 50%)*
- **Right of Way Dedication/Additional Private Contributions** *(25%)*
- **Local Improvement District** *(15% or less)*
- **Local Funding Sources*** *(10%)*
 - Streetcar Reserve Fund
 - Transportation System Development Charges
 - NW Parking District Funds *(set-aside)*
 - Others

**Avoiding discretionary sources as much as possible*

Unlike previous streetcar/transit projects, this project does not include...

- *Tax Increment Financing (TIF; Urban Renewal Area)*
- *Regional Flexible Funds*
- *Earmarks*

PCEF funding received for streetcar fleet replacement (\$30m)

- *Can be leveraged as local match if included in this project*
- *Would double number of streetcars purchased*

Impacts of Delay

1. Inability to leverage PCEF funding for streetcar procurement

- City must find additional funding to keep Streetcar running

2. Capacity of PBOT, agency partners, and region to deliver project in a timely manner

- TriMet, the applicant and recipient for the FTA grant, must have the financial capacity to carry this project; the timing is coordinated around other large area transit projects

3. Inflation of construction costs for large capital project

- Delay will cost roughly \$10m per year

4. Timing of economic and housing development opportunity

- Streetcar is critical to support land use changes and development potential in the Montgomery Park Area; opportunity cost of agreement, contributions, and investment

5. Failing asset of NW 23rd Avenue (*≈\$20m*)

- No known or available funding source to address deficiencies

Local Improvement District (LID)

- **Utilized as part of funding for every previous streetcar project**
 - Effectively capture benefits of project and can be used as local match
 - Opportunity to provide comprehensive and complete infrastructure solutions for neighborhoods
- **Requires its own formal public process, including engagement with potentially impacted property owners and City Council action**
 - Structure of LID, including properties included and amounts paid are developed through this process
 - City works with property owners to develop assessment methodology
 - Must receive supporting petitions representing more than 50 percent of LID value, based upon assessment methodology
 - Formal City Council hearing offers opportunity for testifying in favor of, or against proposal
- **Amounts assessed correlate to size of property/frontage length, as well as proximity to project improvements**
 - Amounts vary; formal public process helps validate appropriate structure
 - Financial responsibility is spread as widely as possible in order to make costs as affordable as possible for everyone included
- **LIDs have been very successful in Portland**
 - Result in payment structures with better rates and payment timeline
- **LID formation process occurs during Project Development Stage, *after* adoption of proposed land use changes in the area**
 - Currently anticipated to formally request entry into Project Development with FTA in late 2024
 - Project Development is expected to last roughly 2 years
 - LID assessment applied *after* project improvements have been constructed

Active and Complete LIDs



Local Improvement District (LID) Boundaries

Response to Policy Feedback

What we heard:

1. Plan for people vs. cars, promote non-driving trips, and reduce greenhouse gas emissions

- Recommendations prioritize vulnerable road users and improve access, connectivity, safety, and comfort for non-driving modes, as well as complete neighborhood development

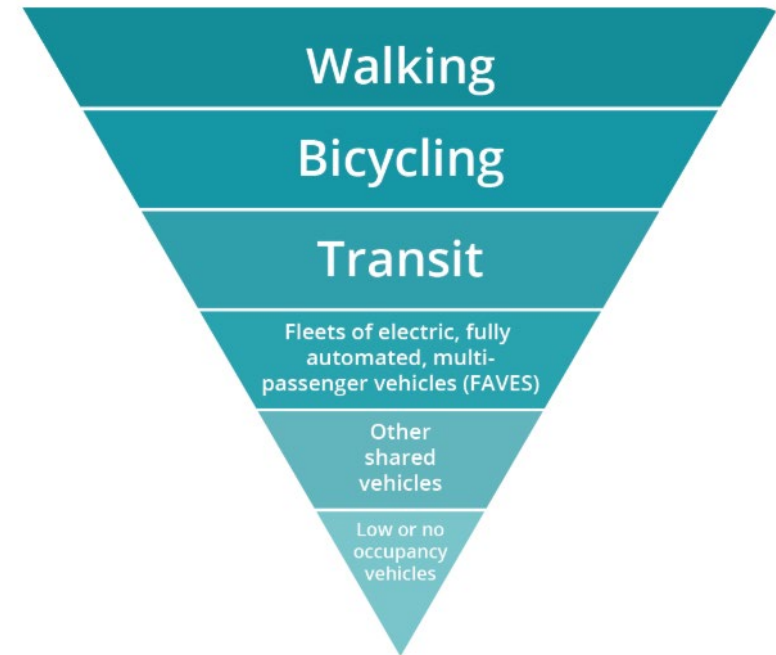
2. Consider car-free streets and removing parking along streetcar extension

- City policy requires land use/system planning support functionality for all modes
- Modeled trip demand requires automobile circulation in Montgomery Park Area
- Plan seeks to balance access for all users with limited loading/surface parking near streetcar alignment

3. Ensure streetcar extension is cost-effective and efficient

- Most affordable and direct route possible for alignment
- Increased ridership of 3000+ new average weekday riders (*compared to ≈7000 today*), half of whom are expected to be transit dependent

Policy 9.6: Transportation Strategy for People Movement



Amendments

- Staff requests any amendment proposals from Commissioners by June 28.
- Staff will propose amendments for consideration at the upcoming July 9 Commission work session. These include:

Volume 1 (Proposed Plan):

- Add acknowledgement of Ron Craig related to renaming of NW York Street
- Further attribution and recognition of York Street Work Group efforts and contributions in the plan
- Add a map of NWDP NW 23rd Ave properties where PD changes apply
- Update Urban Design Framework map and historic site boundaries
- Clarify text regarding Northwest Town Center boundary
- Revise Action Item T4: Develop a parking management strategy for the Vaughn-Nicolai Plan District Area

Amendments

Volume 2 (Zoning Code):


- Apply parking limitations and guidance more broadly around streetcar line near Wilson and Roosevelt Streets (33.590.250; 33.590.255).
- Modify Service Adequacy Review to focus on transportation service adequacy; remove other service adequacy reviews (33.590.300)
- Clarify how the required nonresidential use regulation applies (33.590.135.A)
- Clarify how an affordable housing building counts toward the nonresidential use requirement (33.590.135.C.1.b(2), 33.590.135.C.2.b(2), and 33.590.135.C.3.b(3):
- Allow fences within the residential-employment buffer area (33.590.245.D)
- Minor technical amendments that address city bureau name changes, etc.
 - Change DSC to PP&D
 - Correct name of BDS to PP&D
 - Correct a conflict in Urban Green Features standard (33.590.255.C.1.c)

Amendments

Volume 3 (Transportation Plan):

- Add a recommendation to develop right-of-way standards for NW York Street to support loading docks and accessibility (to be consistent with urban design recommendations in Volume 1)
- Edit project NC.1: NW Vaughn Street Crossing Improvements to recommend the short-term refinement, design, and implementation Northwest in Motion project including multimodal corridor improvements and potentially greening opportunities
- Redraw Freight District Boundary to stop south of NW Vaughn Street/south and southwest of US-30, to support Comprehensive Plan land use designations
- Reclassify NW Nicolai Street/St Helens Road as “Industrial Road” for street design to support industrial and freight priority in line with plan recommendations
- Adjust some Emergency Response Route street classifications to make emergency response network more consistent with other plan recommendations while still ensuring prompt emergency response access

Timeline/Next Steps

May 21, 2024	Planning Commission and Design Commission Public Hearing + Testimony
June 6, 2024	Design Commission Work Session
June 11, 2024	Planning Commission Work Session
June 20, 2024	Design Commission Work Session/ Recommendation to City Council
 June 25, 2024	Planning Commission Work Session
July 9, 2024	Planning Commission Work Session Deliberations + Recommendation to City Council
July 18, 2024	Design Commission Recommendation to City Council
August 2024	Publish Recommended Draft Plans
Fall 2024	Portland City Council Public Hearing

Thank you

Discussion and questions



