

Portland Planning Commission

June 25, 2024

Commissioners Present

Michael Alexander, Mary-Rain O'Meara, Nikesh Patel, Michael Pouncil, Steph Routh (virtual), Eli Spevak, Erica Thompson (virtual)

Commissioners Absent

Wade Lange

Presenting Staff

Patricia Diefenderfer, Ryan Singer, Barry Manning, Tom Armstrong, Cassie Ballew; Mauricio Leclerc, Shawn Canny (PBOT); Dan Bower (Portland Streetcar)

Chair O'Meara called the meeting to order at 5:01 p.m. and provided an overview of the agenda.

[Documents and Presentations for today's meeting](#)

Items of Interest from Commissioners

Commissioner Pouncil: This Saturday at Cathedral Park is a ribbon-cutting celebration for the new fishing and swimming dock. This is a coalition of river-focused organizations and the Human Access Project.

Director's Report

Patricia Diefenderfer

- Our ninth planning commissioner is being appointed at Council tomorrow. Brian Ames is a construction manager with Walsh Construction, and he'll join for the July 23 Planning Commission meeting.
- The Land Division Code Update Project is slated to go to Council on July 17; Chair O'Meara will present the Commission's letter to Council at that meeting.

Consent Agenda

Consideration of Minutes from the June 9, 2024, Planning Commission meeting. *Commissioner Alexander* moved the Consent Agenda. *Commissioner Routh* seconded.

The Consent Agenda was approved.

(Y7 – Alexander, O'Meara, Patel, Pouncil, Routh, Spevak, Thompson)

Montgomery Park Area Plan

Work Session: Ryan Singer, Tom Armstrong, Barry Manning, Cassie Ballew; Shawn Canny (PBOT); Dan Bower (Portland Streetcar)

Presentation

Disclosures

None.

Barry introduced the team. Tonight is a continuation of some topics in the MPAP that weren't yet covered in the first couple of presentations on the topic.

Equity and Investment

Barry shared information about why we are planning on investing in this area (slide 4). A variety of approaches are needed to realize and improve equity. Important among those are investing in housing and transportation improvements throughout the city. It's also important to leverage opportunities to create mixed income housing and increase access to high opportunity areas. MPAP increases housing and job opportunities in this high opportunity area shown on the map on slide 5.

While the MPAP is in a High Opportunity area, it also has a relatively low displacement risk. This is in part, due to the demographics of NW Portland. The area in general has fewer people of color, is more educated, fewer children and has higher incomes than the citywide average. Further, because the streetcar already exists in NW Portland, the MP2H ED Report states that it is not expected that the extension would create significant new market pressure. Also, there are few existing households in the actual MPAP area, and these are predominately owner occupied. Finally, the MPAP may relieve displacement pressure elsewhere. The question of whether it's possible to have job losses here will be raised later as part of Economic Opportunities Analysis (EOA) discussion.

Commissioner Alexander: I understand the focus on displacement. In looking at that same dynamic in other areas of the city, the low percentages here would argue there isn't a significant historically displaced population here. How do we reconcile this – something that isn't/hasn't been broken compared to other parts of the city? Is there an opportunity or obligation to have these numbers look differently? I would like to see this phrased explicitly.

- Barry: Correct, we don't have a significant population that has been displaced here. We have heard testimony that have this same desire, which is what we're hoping to achieve with the provision of more housing in this area.
- Patricia: This data is exactly why we're saying it's important to try to create more housing in this area – because it is a high-opportunity area with access to amenities already in the area. We can have more affordable units, so that will help create more diversity in the new housing stock. The concern is often if the actions are going to contribute to displacement – and in this situation, this won't cause displacement among existing residents as it might in other areas.

Regarding jobs, the plan proposed EX central employment (allowing for housing) and EG1 general employment. Overall MPAP anticipates 4,000+ new jobs in a wider array of types – not strictly industrial – that are more middle-wage and accessible to more people.

Staff heard questions about how a focus in NW is an appropriate move from an equity priority perspective. Slide 8 shows planning projects that are underway where investments and work is going on; slide 9 highlights the Comp Plan investment strategies for complete centers. Even though NW is a lower-need, we are looking to fill service gaps and accommodate more growth.

Value Capture / Public Benefits

Ryan shared the key public benefits (slide 10). Current economic conditions likely preclude value capture, but we are assuming future cycles will mirror past ones. We want to give the scope of the possible value capture. Public benefits agreements have additional potential value capture benefits, as does infrastructure systems.

There were several analyses done, including the proposed route of the streetcar. This was done earlier in the process (2020) and reflects a different market condition. Assumptions on financial analysis are a snapshot in time and are as much an art as it is a science.

Ryan walked through the industrial and mixed-use hybrid scenario (scenario 4) on slide 13. Here we see \$103M value available for capture.

Slide 14 is another analysis for the MPAP and subareas. The additional residual land value, again a snapshot in time, is about \$96M via land use changes and infrastructure investments – a sense of the scope of what's possible.

Commissioner Spevak: Is this what properties sold for or what they are worth?

- Ryan: Post-development what they could sell for as zoning will allow based on the proposal.
- Patricia: An estimate of proposed land use value changes and what could be captured back for the purposes of public benefits. This also includes the profit the developer would have to make to make the project worthwhile.

Commissioner Thompson: Is the color coding corresponding to the subdistricts? Which are which?

- Patricia: 4 is subdistrict B & C; 3 is D; 5 is A; 2 is F; 1 is E.
- Barry: Subdistricts in the plan district are different – we are proposing an amendment to fix this confusion.

Infrastructure (streetcar total) is \$120M. The property owner contribution is \$30M. The value to the public in all of this is estimated to be \$120M.

Housing is another piece of the value capture puzzle (slide 16).

Commissioner Spevak: We see the subsidy, but is the expectation the developer will come up with the difference? Will they get it from the state or other?

- Patricia: The agreement says they won't receive Portland funds. The streets are largely the responsibility of the private developer except there is a shared cost for where the streetcar will be developed – this will be discussed. We can leverage the federal funding as part of our match. These are largely expenses borne by the private developer.

The middle-wage jobs piece is another form of value-capture (slide 17). 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.

Finally, parks and open space (land value) add as shared on slide 18.

The total value capture summary is shared on slide 19.

Commissioner Spevak: If the consolidated building is an interesting concept. If using IH transfer provision, the market rate units wouldn't get the tax abatement. But in the consolidated, would they get the tax abatement?

- Patricia: We might have to come back with more specifics, but yes, the affordable building would get the tax exemption. If other units don't have affordable housing included, the working assumption is they don't get the exemption. But another way to comply is via the 15%, and if you do it building-by-building, that may be more attractive for the tax abatement program.

Commissioner Pouncil: It sounds like this will create a large amount of value, but how will it impact homeowners and fixed-income folks via taxes?

- Ryan: The residual value is based on a post-development scenario. So tax assessment is done for the actual property there now – for taxes to actually go up, it would be only when development happens.

Economic Opportunities Analysis (EOA)

Tom reminded the Commission about the EOA (slide 20) and the adopted Comp Plan employment geographies map from 2016 (slide 21).

The 2016 EOA identified demand for 1,685 acres of industrial land and 1,796 acres of available industrial land supply, resulting in an overall industrial surplus of 111 acres through 2035. demand).

Because it was developed as the ESCO foundry, very little of the project area was included in the BLI – less than 5 acres. But this accounting has changed, primarily due to the Manufactured Dwelling Park zoning changes (25 acres).

But the net result is there would still be an overall surplus industrial capacity with these changes.

As part of the 2016 Comp Plan update, the ESCO site changed to Mixed Employment to reflect Guilds Lake Plan District. This change signaled a transition to away from the Heavy Industrial zoning. In terms of the EOA accounting, we focus on the proposed changes to EX for both areas – the ESCO site and the industrial zoning between NW 23rd and NW 24th. It is this area that results in 34 acres of change.

The impacts of the MPAP on the EOA are highlighted on slide 24. This represents a very slight decline in the industrial/employment land base, 3% of buildable land in the Harbor & Airport District, and about 10% of the large industrial sites. A zoom-in on the large industrial sites is on slide 26. Again, this area is a relatively minor player when we look at all of Portland's industrial land base.

There has been strong demand in Portland for industrial development. We saw a big increase in new industrial buildings starting 2013, and it was sustained through the pandemic.

Industrial job densities can be lower, especially compared to office job densities. Over time we have seen an increase in the job density of warehouse and distribution uses – it's no longer big buildings storing product, it is a more active use. We have also seen a decline in manufacturing job densities, primarily through automation.

Access to opportunity and the ability for an upward wages ladder over time: industrial jobs have more opportunity as shared on slide 31. Production/manufacturing has a similar wage trend/distribution as well.

Taking the job density and middle-wage job shares and focusing on the impacts to jobs and opportunities, if it were just the industrial zoning we'd average about 70% middle-wage jobs (300). In a typical office sector scenario of mixed-use development, we see up to 30% to more commercial office, so up to about 500 middle-wage jobs at this higher density – so the development agreement hopefully locks in about 800 jobs here in the 34 acres of employment land.

As far as the EOA update goes, the approach to the update is different from 2016, where we were giving greater weight to the employment forecast and going to meet that demand. This time around, we are looking more at a multiple-policy approach to balance employment with sustainability and other impacts. We know industrial land supply is getting tighter, which is making us look at additional strategies.

We are still putting together the EOA Discussion Draft and sharing pieces of that with the collaborative working group. Then we will publish this draft and have community conversations about these policy choices – so there is still uncertainty here. Then beyond that, we have Council and are then still subject to a LUBA appeal process.

Chair O'Meara: On the current industrially zoned land, that will continue, correct?

- Tom: Yes, this is an advantage of the EX zone, which allows for the wide range of industrial uses.

Commissioner Thompson: Can you define what it means for a new job to be created in subdistrict B, C, or D?

- Tom: I don't think we're seeing many fully remote businesses/jobs. Hybrid jobs still require office space, so the job is still considered to be located there.
- Patricia: The public benefit agreement includes an objective of achieving 800 new middle-wage jobs on-site. Prosper has a role in checking compliance with the public benefit agreement in terms of a documentation process over years 3, 5, and 7. If the jobs are not progressing at a rate that will get to 800 new jobs, then there is a requirement to pay into a fund for workforce training and development.

Commissioner Routh: On the EOA potentially going to appeal, is MPAP also subject to appeal?

- Patricia: Any land use decision could be appealable. The reason we specifically say this about the EOA is based on past history and inherent policy decisions going forward and multiple things we are trying to balance in industrial areas. There is lots of complexity in the EOA, so that is a caveat that's more noticeable than other land use projects perhaps.

Commissioner Pouncil: I know a lot of creative spirit in Portland is from those who need industrial spaces. There is something to say about incubator spaces for people to grow and expand in these places.

- Tom: Yes, it's not just about the jobs – it's also about the space. We'll likely see this in the downtown area soon as well given all the vacant space.

Transportation/Streetcar Funding and Local Improvement District (LID) Process and Timing

Shawn introduced himself, Mauricio, and Dan. This is proposed to be an extension of the NS streetcar line. The project includes complete rehab of NW 23rd from Lovejoy to Vaughn. The full list of project elements is shared on slide 34. This is a critical extension to support transportation systems. It is proposed to run on battery technology given cost savings and reduced impacts to the right-of-way in the area.

Cost estimates are about \$120M. Slide 35 shows the cost break-down and other streetcar project notes.

Dan (Portland Streetcar) has been working with TriMet and process for securing funding, which will be at least 50% from the federal government. The City owns the streetcar system and all capital projects involved. We have 20 streetcars, which will also be the number we need in the future – but 12 of these are at end of life and/or need replacing. The key to this is timing on when we need to pay for and replace these cars, which would be potentially via bonds for the next 20 years. There is an opportunity here to bring the replacement into the FTA.

Commissioner Routh: Regarding the small starts capital improvement grant and timing, is this cyclical?

Dan: Slide 36 shows what delay functionally may mean in this space. The FTA program is not going away, nor is the federal government, which will continue to fund good transit projects – so we need to be asking ourselves how to make this project successful. Sequencing of transit projects in the region is key.

Shawn shared details about the Local Improvement District (LID) on slide 37. This has not yet been developed in the area, and it won't be without input from the community. This is planned during the development stage, after City Council deliberation of the MPAP. The development stage (infrastructure) is expected for about 2 years, during which the LID process would have to be completed. The City bridges the costs through bonds then gets paid back through the LID after going through a risk assessment.

Finally in terms of the transportation component, staff responded to questions from the community and Planning Commission (slide 38) – plan for people over cars; consider car-free streets and removing parking along streetcar extension; and ensure the streetcar extension is cost-effective and efficient. There is an action item to work to develop or extend the NW parking district.

Amendments

Staff requests any amendment proposals from Commissioners by June 28 (this Friday) to give time to prepare these for the July 9 meeting.

Staff will propose amendments for consideration at the upcoming July 9 Commission work session (slides 39-41):

- Proposed Plan amendments.
- Zoning Code amendments.
- Transportation Plan amendments.

Barry: The Design Commission supports the design overlay to EX zones, which they will formalize at their meeting on July 18. The Design Character Statement focus and consideration of updates was around amendments to commemorate York with a stronger voice as well as some minor amendments about how design could be better evoked to represent communities in this area.

Cassie: The Design Commission had revised guidance and making a tie to community and the city arts program was involved in some ways. There was a change in language to more directly respond to industrial and historical context. And then there was discussion about how to my NW Vaughn more successful in terms of transportation. They included the public benefits to the resource section.

Commissioner Spevak: This is a creative solution of 200 units met or 7 years. Does this actually return to Council or Planning Commission at that point?

- Ryan: You would adopt both versions of the text. When one is triggered, it would get replaced.

Commissioner Thompson: I keep coming back to the racial equity piece. We heard new information today about the displacement analysis, but what about accounting for the value we've been talking about and how we ensure a commensurate amount accrues to BIPOC populations specifically? Also about the procurement and subcontracting – property owners are encouraged, but can this be more explicit and stronger? I'm also a little curious about some of the climate work and if there is more to the climate-friendly development given this is a dense area.

Chair O'Meara: I know these are not City contracts for development, but with the streetcar line, that would be subject to public procurement requirements.

Commissioner Spevak: In terms of community benefits agreements, this is one where we might be asking more than I usually would ask.

- Patricia: The public benefit will be before City Council. We want to assure the commission about engagement and process from/with the York group is happening. PBOT is having a meeting with this group as well to better understand some of their requests.

Commissioner Pouncil: Policy 9.6 – how old is this?

- Shawn: This is the TSP, a part of the Comp Plan, adopted in 2018. The spirit of the policy is how we efficiently and safely move people without overloading the system and a focus on the most vulnerable users.

Commissioner Routh: Thank you to everyone who has been a part of this project over the course of all the years.

Chair O'Meara: This agenda item will continue to the July 9 Planning Commission meeting, which starts at 12:30 p.m.

Adjourn

Chair O'Meara adjourned the meeting at 7:50 p.m.