



MEMO

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TO: **Portland Planning Commission**

FROM: Patricia Diefenderfer, Chief Planner, BPS
Ryan Singer, Barry Manning, Joan Frederiksen, BPS Project Staff

cc: Mauricio Leclerc, Supervising Planner, PBOT
Shawn Canny, Transportation Planner, PBOT

SUBJECT: Montgomery Park Area Plan- Preliminary Racial Equity Analysis

On June 25, 2024, the Portland Planning Commission held a work session on the Montgomery Park Area Plan (MPAP). During deliberations on the plan, Commissioners raised questions about equitable development, and specifically about how BPS responded to the 2019 *Preliminary Racial Equity Analysis of NW Streetcar Expansion and Related Land Use Changes*.

Overall, the analysis provided foundational approaches to advancing equity in the Montgomery Park to Hollywood (MP2H) planning process and the resulting, proposed Montgomery Park Area Plan. This memo provides some background on the *Preliminary Racial Equity Analysis*, the planning process for the MP2H study, which lead to the MPAP and draws connections between the analysis and the policy and plan elements proposed in the MPAP.

The *Preliminary Racial Equity Analysis* included information about the potential transit extension as well as possible land use changes in the area that were being explored at the time of the report. The report was published in July 2019, and was succeeded by and informed the MP2H transit and land use development study, a Federal Transit Administration funded study that ultimately led to development of the MPAP.

The *Preliminary Racial Equity Analysis* included guidance and multiple recommendations regarding how to advance equity in planning for a streetcar extension in Northwest Portland and the planning processes that followed. The *Preliminary Racial Equity Analysis* was conducted in 2019. The MP2H planning process which built upon this analysis and took place over the course of four years, has responded to changes in



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1900 SW 4th Avenue, Suite 7100, Portland Oregon, 97201 | phone: 503-823-7700 | tty: 503-823-6868

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social, economic, and political conditions over the course of this planning process. The *Preliminary Racial Equity Analysis* guided the outreach and policy direction of the MP2H study, but the study necessarily adjusted to account for feedback received, changes in the economic conditions and evolving needs of the City.

The *Preliminary Racial Equity Analysis* identified and prioritized a set of desired equitable outcomes based on a review of Comprehensive Plan policies. The themes inherent to the outcomes were to some extent confirmed by the outreach and analysis done during the planning process. However, the specific approaches in MPAP were informed by years of subsequent outreach and analysis. The equitable outcomes identified in the analysis are listed below, in priority order, along with how the plan addresses them.

1. Private economic benefits resulting from land use changes and public investments in streetcar contribute directly to an equal amount of public economic benefits for POC.

The MPAP public benefits agreement and provisions in the Zoning Code provide benefits centered on affordable housing; jobs, specifically middle-wage jobs; public open space and public infrastructure. Overall, the public benefits are expected to equal or exceed the level of private economic benefits associated with the land use changes.

2. Maintain an adequate supply of industrial lands that serve as a leading source of middle-wage jobs that do not require a 4-year college degree and expand access for POC to those jobs.

Informed by outreach and analysis over the 4-year process, and consistent with the Comprehensive Plan's charge to balance various goals and policies, the MPAP would provide opportunities for new housing, open space and jobs while maintaining adequate industrial land supply. Multiple scenarios were studied as part of the process, including several that explored more expansive changes to industrially zoned land. Ultimately, the alternative represented by the proposed plan aims to balance the goals of retaining industrial land with equally important goals of creating a mixed income, mixed use community in a high opportunity area of the city. It does so in the following ways:

- The area of proposed change in the MPAP is roughly half the size of earlier scenarios, resulting in an alternative that retains roughly 50 acres of industrial land previously considered for change, while also advancing many non-industrial policy goals.*
- Economic development and housing production goals are achieved by the combination of: 1) retaining active industrial land east of Highway 30, and reducing the areas of change to focus on larger opportunity sites west of Highway 30; and 2) encouraging creation of middle wage and other jobs, through both regulatory and non-regulatory tools, and maintaining a jobs focus in the plan area while also allowing for high density housing.*
- The City's Economic Opportunity Analysis shows that the city currently has industrial land capacity to account for the proposed change. Provisions in the public benefits agreement require 800 net new middle-wage jobs in Subdistricts B, C, and D, and zoning code provisions for mandatory non-residential square footage and affordable commercial space requirements advance equitable employment goals consistent with policy.*
- Regulations for properties between 23rd and 24th Avenues and fronting Vaughn (Subdistricts E and F)*



encourage retention of and creation of new industrial and employment uses by providing incentives for office, Industrial and Institutional use by, allowing square footage of floor area in a Daycare, Community Service, Industrial Service, Wholesale Sales, Industrial Office use to count double towards meeting the total nonresidential use requirement.

3. Communities of color have greater self-determination, capacity, and decision-making authority to benefit from any change and shape the outcomes.

Opportunities for equitable development outcomes are central to the MPAP, and the planning process targeted outreach and engagement to underserved communities including communities of color. These voices were influential in shaping the plan and the direction of the public benefit agreement. These communities will continue to have a voice in placemaking during development of the streetcar, open space planning and other elements of development – this will be captured in the public benefits agreement and through ongoing work by BPS. Per the preliminary terms of the public benefits agreement, the property owners and/or future developers will be required to work with Portland Parks and Recreation to conduct a public engagement process for the design of a required 40,000-square-foot park; and interested community groups, including the York Working Group, will be involved in determining how York, an enslaved member of the Lewis and Clark expedition, will be commemorated in the area, both through private development and through the 2% for art allocation, which will be required for the streetcar extension project.

4. Increase permanently affordable housing choices for people of color (POC) near quality transit, living wage jobs, and educational opportunities.

The MPAP zoning code proposal and public benefits agreement call for creation of new affordable housing sooner and/or at percentages that exceed city requirements in a high-opportunity area, near employment uses, such as the nearby industrial areas, and educational facilities such as PSU, which will be linked by transit. The Portland Housing Bureau's [Affordable Rental Housing Portfolio](#), which includes housing properties in the city for which the housing bureau has provided direct financing shows for the North Northwest quadrant of the City, where MPAP is located a total of 259 units of income-restricted housing. The addition of a minimum of 200 additional income-restricted dwelling units affordable to families making up to 60 percent of the area median income or below represents an increase of 77 percent in the number of affordable units in the area. The outcome of the plan and the public benefits agreement will be a more mixed-income and diverse community that affords more lower-income households the opportunity to live and work in area that is served by high frequency transit and is accessible to shopping and services that people use on a daily basis.

Creating opportunity for increased housing capacity overall and income-restricted affordable housing units in high opportunity areas is consistent with the proposed Housing Production Strategy, which includes several actions related to creating opportunity in inner areas of the city that are close to jobs, have rich multi-modal transit access and are amenity rich, such as the Inner Eastside, Central City, and nearby areas. At the time that the Planning Commission was deliberating on the Housing Needs Analysis and reviewing the draft Housing Production Strategy for consistency with the Comprehensive Plan, the Commission raised concerns about high levels of the city's zoning capacity for housing being in areas that rank high on the vulnerability index, where redevelopment can lead to higher risk of displacement, and was supportive of approaches that increased housing capacity in less vulnerable, high opportunity areas; this plan is consistent



with that policy direction.

5. Decrease relevant regional racial disparities such as displacement pressures on POC households, housing cost burden, commute times, self-sufficient wages, job training, and business ownership.

The MPAP would provide additional housing, which provides greater housing options and reduces displacement pressure in other areas of the city with higher levels of vulnerable households. Job targets and the non-residential space requirements provide employment opportunity. Commercial affordability requirements create and broaden opportunities for business ownership for priority communities. The transit investment will link housing and work opportunities.

6. Public and private land is held in reserve for affordable housing and affordable commercial space for POC-owned businesses.

There is no publicly owned land in the area. Provisions in the zoning code and public benefits agreement would require either 200 units of affordable housing upfront or 15 percent of housing be affordable to households making 60% MFI or less on the properties subject to a benefits agreement. On other properties in the plan area, 12 percent of units would be affordable to households making 60% MFI or less for projects with 20-plus residential units. Provisions are also in place requiring and incentivizing affordable commercial space. At a minimum, a building with 10,000 square feet of floor area of retail sales and services or office use will be required to provide 1,000 square feet of affordable commercial space on-site.

Further, the *Preliminary Racial Equity Analysis* included a number of other recommendations. The table below lists the guidance and recommendations from the analysis along with a description of how the MP2H planning process and Montgomery Park Area Plan approached, implemented or advanced each recommendation.



Report Recommendation	MPAP/MP2H Project Approach
Impacts to land values and uses and equity strategies to explore further	
<p>Top Recommendation. Develop incentives and regulations to ensure the economic benefits for people of color are equal to or greater than the private economic benefits accruing to landowners.</p>	<p>The regulations proposed include requirements or incentives that support affordable housing, affordable commercial spaces and jobs in the area, All increasing access to economic opportunity in the area. The public benefits agreement also focuses on delivering affordable housing; jobs; public open space and public infrastructure. Analysis of value created, and value of benefits achieved, shows parity with economic conditions impacting viability.</p>
<p>Establish development standards to make the area the most disability-accessible area in the city.</p>	<p>New sidewalks, new or refurbished buildings and the streetcar will all comply with the Americans with Disabilities Act (ADA).</p>
Impacts to housing and equity strategies to explore further	
<p>Top Recommendation. Private landowners contribute land to a land bank as part of an equitable development agreement.</p>	<p>There is no public land in plan area and no public investment planned in future development in the area. As described above the plan contains provisions for equitable development approaches for housing, jobs, and other benefits through a value capture approach.</p>
<p>Accompany increases in development allowances from rezoning with an enhanced Inclusionary Housing program.</p>	<p>Enhanced inclusionary housing is being achieved through the public benefits agreement and zoning code that requires early provision of affordable units, or a greater number of affordable units.</p>
<p>Connect housing, jobs, and transit policies and services to help low-income households live near where they work and commute affordably.</p>	<p>Streetcar transit has been shown to substantially benefit low-income populations, with 39% of the City’s income restricted housing units within a ¼ mile of the streetcar. The extension will further connect housing and jobs in central Portland, adding 3,000 new riders who will be connected to affordable units and middle-wage jobs that will be created in the area.</p>



Impacts to jobs and businesses and equity strategies to explore further	
Do not rezone industrial land.	The proposed plan advances non-industrial goals while retaining substantial amounts of industrial land. Conversion of limited industrial acreage is offset by middle-wage job requirements and mandatory non-residential square footage requirements, which advance employment goals in the area of proposed change.
If rezoning is considered, then the City's 1:1 existing prime industrial lands replacement policy must be implemented fully and a business relocation program funded before rezoning goes into effect	Financial mitigation was explored in Discussion Draft and found to be financially infeasible, if other public benefits, such as affordable housing, open space, and others are to be achieved. The city is reconsidering this policy of replacement of industrial land and exploring other approaches to achieving its employment, industrial and middle-wage job goals. Strategies to better activate industrial lands and achieve employment goals on non-industrial lands are in some situations more appropriate and effective. The job specific provisions in the public benefits agreement and the zoning code seek to mitigate the loss of industrial zoned land in terms of middle-wage jobs. The plan area itself focuses on the area most viable for housing and open space while preserving active industrial areas.
Design hiring policies to address historical inequities and regional racial disparities in income.	The streetcar and other infrastructure will have Minority, Women-owned, Emerging Small Business (MWESB) hiring requirements.
Enhance the commercial affordability bonus program to address regional racial disparities in business ownership	Applied affordable commercial space requirements in area; the program is administered by Prosper Portland and prioritizes key communities.
Recruit new employers from sectors that provide living wage jobs for people of color.	Addressed through job creation opportunities created by the plan and the focus in the benefits agreement on creating middle-wage jobs. The zoning code provides incentives for uses that are associated with middle-wage jobs, such as Industrial Service, Wholesale Sales, and Industrial Office uses.
Create workforce development/job training programs for people of color.	Benefits agreement would require payment for non-performance of middle wage jobs target. These resources would be directed to workforce development and job training programs aimed to benefit priority communities.
City and Portland Streetcar team recommendations	
Top Recommendation. Allocate a significant portion of the Federal Transit Administration TOD Grant budget for best practices in equitable planning	The FTA grant included funding for outreach through community-based organizations (CBO). BPS developed a request for proposals and sought proposals from organizations to assist with this effort. Six organizations applied to conduct outreach. Of these, four organizations were selected. These included two organizations focused primarily on NW (Friendly House, and Northwest Industrial Business Association) and two focused on NE (Hollywood Senior Center/Urban League and Micro Enterprise Services of Oregon). All four organizations included a member that participated on the Project Working Group for the NW Portland study area.
Develop a Portland Streetcar Inc. organizational racial equity strategy.	Portland Streetcar Inc. (PSI), a non-profit organization, worked with PBOT's equity team to adopt updated



	Mission/Vision/Values for PSI. Further, the PSI strategic plan was updated in 2022 it had equitable outcomes throughout it, including some specific work items.
Use the City’s Racial Equity Toolkit to decide whether or not to expand streetcar into Northwest given the transit and economic development needs in other parts of the city	<p>The Racial Equity Toolkit directs City bureaus to 1. Set Racial Equity Goals; 2. Collect and Analyze Data 3. Understand Historical Context; 4. Engage Those Impacted; 5. Refine Outcomes and Develop Equitable Strategies; 6. Implement Changes; 7. Evaluate and Report Back.</p> <p>The planning process implicitly and explicitly did many of these actions – with racial equity goals of providing middle-wage jobs and affordable housing in a high-opportunity area. Volume One of the plan summarizes the extensive data collected and analyzed and the historical context of the area. The engagement plan included priority communities and industrial business organizations; there was extensive refinement, and an equitable development strategy was developed.</p> <p>The approach to funding the streetcar extension largely relies on federal funding, a local improvement district, right of way dedications and other private contributions and localized funding sources, such as the Streetcar Reserve Fund Transportation System Development Charges, NW Parking District Funds (set-aside) and avoids the discretionary local transportation funds that could be used for transportation projects elsewhere in the city. This approach also leverages significantly greater federal transportation funds, to additionally fund reconstruction of 23rd Avenue, for which no local funding source exists, and funding to purchase new streetcars used by the entire streetcar system.</p>
Create a role for the Office of Equity and Human Rights on the project team.	OEHR was invited to participate in MP2H through the project Technical Advisory Group.
Community engagement recommendations	
Top Recommendation. Engage workers and firms in the planning process.	Addressed through CBO outreach conducted for the Northwest study area by Northwest Industrial Business Association/Columbia Corridor Association.
Engage residents of affordable housing in the Pearl about their experience.	Addressed through CBO outreach conducted for the Northwest study area by Friendly House.
Resource community-based-organizations involved in housing/transit/land use agendas to do engagement and community-based research	Addressed through grants provided to CBOs for community engagement and reporting. This included two organizations focused primarily on NW (Friendly House, and NW Industrial Business Association) and two focused on NE (Hollywood Senior Center/Urban League and MESO). In addition, the city funded the York Street Work Group in a later phase of the MP2H process to engage community and provide feedback.
Initiate a dialogue with investors and landowners about the City’s racial equity work.	This dialog was initiated with large property owners through the public benefits negotiation process which led to the public benefits agreement.

