

Portland Planning and Sustainability Commission
Wednesday, March 19, 2014
4-6 p.m.
Meeting Minutes

Commissioners Present: Andre' Baugh, Karen Gray, Don Hanson, Mike Houck, Gary Oxman, Michelle Rudd, Katherine Schultz, Howard Shapiro, Chris Smith
PDC Board Members Present: Scott Andrews, Aneshka Dickson, Tom Kelly
BPS Staff Present: Susan Anderson, Troy Doss, Julie Ocken
Other Staff Present: Leah Treat, Grant Morehead (PBOT); Patrick Quinton, Kimberly Branam, Geraldene Moyle (PDC)

PDC Chair Scott Andrews called the meeting to order at 4:04 p.m. and welcomed the commissions. The focus of today's meeting is the Central Eastside (CES), and the goal is to understand how the two commissions can help shape this area together.

PDC board members introduced themselves.

Chair Baugh thanked Chair Andrews. PSC members introduced themselves and Andre' provided an overview of the PSC's role: The PSC follows the aspirations of the Portland Plan measurements and goals, including education, prosperity, active transportation, complete neighborhoods, safety and healthy watersheds. Equity is the lens the PSC uses to look at everything that comes before them. Zoning code, housing and transportation policy, and Climate Action Plan are tools and implementation measures the PSC uses to create the city we want Portland to be. Right now the PSC's main focus is the Comprehensive Plan, then the Zoning Code updates will follow. The PSC makes recommendations to City Council for final decisions.

Chair Andrews provided background about the PDC Board of Commissioners: PDC has been the City's redevelopment agency since 1959. Now it is both the City's redevelopment and economic development arm. Board members serve 3-year terms. The PDC Board makes decisions and doesn't forward recommendations to City Council, but they work closely with Council members. Neighborhood economic development efforts have been a priority in recent years. PDC oversees workforce training and development; loans and assistance; and promotes sustainability domestically and internationally.

Chairs Andrews and Baugh provided an overview of the Central Eastside, which is home to 17,000 jobs, 11,000 companies. PDC's focus is mostly on the south end of the district, including funding for transit (Portland-Milwaukie Light Rail).

Bureau directors then provided an introduction to the Central Eastside. PDC, PBOT and BPS staff have been working together especially in this area and are less siloed than in the past. Two years ago, the Central City 2035 Concept Plan was adopted by City Council. The Central City will be a continued place of employment but also a place where people can live and have a regional hub.

These bureaus and the Mayor have also been a part of the 2013-14 Urban Land Institute (ULI) Daniel Rose Fellowship program, and the project that we're looking at today has been Portland's topic for the program. We're excited to bring both commissions together today to get input in shaping the plan.

The issues we have in the Central Eastside (CES) are "good problems" to have since we have a variety of companies that want to be in the area; property owners and developers; and new

transportation coming. The ULI group recommended an employment plan in conjunction with a land use plan to figure out how we can make this a great 21st Century employment area. We are optimistic we can deliver on the recommendations from the ULI group.

Transportation initiatives are numerous in the CES, including the PMLR Bridge. The bridge will connect the two very different sides of the Central City. And the PMLR has two stops developing in the CES, so it presents great opportunity for growth (but not without challenges). Today's meeting is important to help solidify the recommendations and talk about ways we can move forward in the Central Eastside.

Staff shared a [presentation](#) and specifics about the Central Eastside, including:

- SE Quadrant: includes the Central Eastside Subdistrict, Banfield Portal South and Clinton Station Area.
- Southern Triangle: this area is different from the rest of the area. It has access to the river and large lot configuration. We are looking at what the role of this area is to provide job growth in this area, and looking at the connection between this district and South Waterfront.
- Freight circulation and access to look at how we distinguish between streets that provide truck access and those that don't. We need to provide a more nuanced approach to think about access in this area, and the traffic plan needs to balance freight access with multi-modal needs.
- Parking: we need to assess how the parking management association is working and consider additional district-wide strategies.
- Streetscape and Placemaking: district-wide, there is a goal to enhance safety and activate the area in the evening and create walkable blocks surrounding the transit stops to key locations.
- Strategic Sites: PDC has led an evaluation of sites along the light-rail alignment to test degrees of development (current and what denser TOD could look like). A key development issue is structured parking (e.g. ODOT Blocks). Most sites have capacity to serve increased density. However, at heights of between 4 and 6 stories, the change in construction costs is large, so current development would likely be 5/1 in the near future. Most sites are in the Innovation Quadrant SDC that would be paid with new development (adding cost to new development, which may extend the timeline from when we would see development along the light-rail line). Priority blocks include ODOT Blocks, Clinton Triangle, OMSI and the two TriMet station areas. There is currently \$5M in TIF resources available for the priority sites. If the URA is expanded, an additional \$20M could be expected, but this is still not a huge amount to work with.
- Workforce Partnerships are being addressed regionally, but at the district level, potential partners include WSI, PPS (Benson is in the CES), PCC, OMSI, ADX as well as private companies and organizations such as Vigor, Impact NW and TAO. Next steps could include a conversation between Benson and PCC and/or conversation between OMSI and businesses within the district.
- Business Development is included in the City's Economic Development Strategy, but staff is working on a strategy specifically for the CES. Partners could include the CEIC, cluster companies and businesses in the non-traded sector that are housed in the Central Eastside. Next steps include activities for growing industries in the CES as well as identification of specific activities related to grow industries with a focus on the CES context.

Portland's Industrial Sanctuary Policy was adopted in 1980 and is based on how manufacturing as it existed then, so lots of the implementation tools are still only relative to past technology and manufacturing. Today has such different technology that our policy couldn't have envisioned. We are trying to figure out what the next version of the industrial employment sanctuary is, which will be critical to employment growth.

ULI provided some key takeaways (slide 25 in the presentation) and next steps for the bureaus' and PDC's work through 2015, which is when the light-rail stations are expected open.

Discussion

Staff posed questions for the commissions to discuss, which were the same questions they posed to the visiting ULI group:

What can the City do to promote the CES as a 21st Century employment center?

- What solutions would promote job density and new employers around the light rail stations?
- What is the best mix of policy and zoning to promote the Southern Triangle for this objective?
- How can transportation and other infrastructure support businesses and create a sense of place?

Susan noted that PSC members have spent the past few years doing big-picture work, and this project brings these views down to the street level. What are the equity issues around access to jobs? Environmental quality issues? Opportunities for increasing multi-modal transportation? Green areas and access to the river in an industrial area?

The CES is, jobs-wise, the best practice/model for what PDC does because various sectors are represented in the area. The Central Eastside shows our ambitions for our economy for the future, and it is a statement about the future of the economy. From PDC's perspective, the Board acts on projects, but we need to accomplish things with partners to rethink zoning and what the City wants from this district. We want to maintain the job district in the same place as incoming TOD and other new features.

Commissioner Hanson gave an overview of the CES Stakeholder Advisory Committee's (SAC) work. It is a dynamic group of 35 people including property owners, residents and employers. The SAC has a balanced approach because the members have diverse needs and interests. They realize that we need to take the creative ideas and combine these with functionality (e.g. freight circulation). These are tough questions to tackle, so the individual projects within the district are helpful for people to relate to as opposed to trying to tackle the full district. People know the CES will change, but businesses will stay to try to affect the changes.

Commissioner Smith asked about office employment in the district. We think of the CES as a place where we have non-office jobs, but now we have software companies interested in settling there too. You can stack software companies more vertically than you can some of the more distribution/warehouse type companies. What's the enticement for downtown versus CES for tech companies?

- Portland has an ever-increasing technology business. The CES is enticing because of something of an "industrial chic" aspect. Lots of people live on the east side, so this also can make for an easier commute. People locating in Big Pink, for example, are often changing the interior to make them look like what they could buy in the CES. Per square foot, costs are similar, but open floor plans allow for more employees per square foot. What happens when new construction is needed in the CES? That is when we have to look at potential displacement of traditional manufacturing companies from the CES.

Chair Andrews noted recent growth has mostly been in the software sector. Companies are tearing out traditional office spaces downtown to make them more CES-like. CES is where tech companies want to be. An opportunity is with more mid-age companies, in the 3000-12,000 range, that need additional space to grow.

Commissioner Houck noted the intense conversation about industrial jobs lately, and there is quite a lot of potential here to address the industrial lands shortfall we believe we have. I was

pleased to hear Grant's comments from PBOT regarding the fact that green infrastructure, parks and trees will be important elements of the district. Too often when we're looking at job creation and economic development issues associated with green infrastructure such as increasing tree canopy gets lost. The city has an overall goal of increasing tree canopy by 33% and we're currently at 26-27%. If we ignore areas like this district we will not achieve the 33% canopy goal. The references to green infrastructure and need for parks for employees in the district is promising. I know the city has done some research on the potential to decrease the urban heat island in this area, through ecoroofs specifically.

- Staff have been talking to BES and PP&R to make green infrastructure more area-specific (e.g. bioswales, green walls, pocket parks). This will better allow us to include these features.
- *Commissioner Houck* noted that in Paris, France for example there are large green walls that are good examples of what we might do in the district.

Commissioner Gray asked about the extension of the URA: What's the process and timing for that?

- The proposal to expand this URA is part of a broader package of changes the Mayor is proposing. Expansion requires public notice, Council approval, and consultation with PPS and Multnomah County. Funding would go into the budget for the district with a priority to invest in the strategic sites and development.

Commissioner Hanson noted the ODOT sites are gateway sites. Who will be purchasing those, and is it a willing seller?

- PDC is talking with ODOT. ODOT first needs to declare them surplus. There are portions of the blocks that need to remain in ODOT ownership (proximity to freeway, etc). Eastern portions of the lots could be available for development, and the remainder portions could be available for long-term lease.

Commissioner Shapiro thanked the PDC Board and noted he wants this to be a continued conversation for the two commissions. What about retail development in the area? Also, CES is a transportation dream with all the new transportation options. Who's going to get displaced from the close-in eastside as we develop this area?

- While there has been tremendous growth recently, we haven't yet seen displacement. As we allow for more opportunities for a variety of job types, we don't want to displace existing businesses that still have reasonably-priced leases. Making sure it remains primarily an employment district will help this. Lots of retail and residential could harm this, even though we do want some flexibility to include these types of uses.

Commissioner Rudd asked about expanding the definition of industrial land. She also noted that she's happy to see job training included.

- We do have a finite supply of industrial land with increasing demand for job space. Low-density will not meet demand for the district. This is a different, evolving type of industrial area. It's an incubator district with manufacturing happening in very small spaces. How can we provide space to allow them to stay in the district?
- We are trying to think about the changing nature of work, not necessarily an expanding definition of industrial land. The line between designing and making things is blurring. The size of companies that make things is changing. It's not just another office environment; we're trying to think ahead e.g. in job density or value-added.
- Job training-wise, lots of organizations are trying to solve the growing skills gaps. The opportunity in the CES is how we redefine what work is like, we can redefine what it means to be in a manufacturing job to help the pipeline into job training.

Commissioner Hanson commented about gentrification. The SAC discusses this issue at every meeting. Compatibility is not just on the economic side, but it's about the adjacent land uses

side as well. The SAC is addressing this thoroughly, including those who operation businesses in the area.

Commissioner Houck commented on the Industrial Land / Healthy Watersheds PEG's discussions about the need for intensification; rethinking about what kinds of industrial jobs we want; and the need to stop conversion of lands from industrial to other uses. There have been previous conversions that have cornered us. It's incumbent on the PSC to make recommendations to Council that eliminate conversions of industrial land to other uses and act on these recommendations.

- This district gets at job density, has the infrastructure to knit the district together that other districts on the city's perimeter don't have.

Chair Baugh works in office space in the district. New businesses complain about the trucks that are delivering and unloading. As we've said, we need to preserve the businesses that are established... but I'm concerned complaints from new companies could drive them out. CES is a parking nightmare now. Transit is not always an option to get to work if people are coming from areas far away that are not as well served by transit or if people are working off schedules. There are huge wage differences between employees in the different job sectors. How do we preserve the ability to park affordably especially for non-traded businesses such as product warehouses? We want growth but in a balanced way.

Commissioner Hanson noted the changing demographics of the workforce. It's getting younger. If we make the district better, more young employees will be attracted to work there. Our decisions can elevate the district.

Grant commented on parking in the CES. Aside from the OMSI area, there are dispersed areas in which parking is only up to 60 percent occupied during the peak demand hour (noon - 1 PM). Parking lots are owned by businesses, but accessory use requirements in the code prohibit commercial use in most circumstances. Now we are exploring options for if a business has excess spaces in their lot to give them an option to contract with other businesses who could purchase/rent spaces.

Patrick asked about how we best use PDC dollars to preserve "affordable housing for industrial uses." We will see rents rise, but we can limit uses to allow a limited amount of inflation.

Parking for freight will be a challenge. People are interested in placemaking, but freight has limited options to move... so it's clearly something to keep in mind as the area grows.

Next Steps

Staff can come back with the SE Quad plan for a briefing to PDC Board. Staff will continue to work together to, for example, talk about how many jobs, what kinds of employees/employers will come to the area. We could also do a walking tour of the CES for either or both commission.

Chair Baugh thanked staff and the commissioners and wants to continue joint commission meetings. The sharing of ideas to accomplish things jointly will create more opportunities.

Chair Andrews also thanked staff and encouraged the continued joint meetings to better understand the commissions' roles and how they can work together.

Adjourn

Chair Andrews adjourned the meeting 5:56 p.m.