



Bureau of Planning and Sustainability

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## MEMO

**DATE:** December 9, 2014

**TO:** Planning and Sustainability Commission

**FROM:** Derek Dauphin, Associate Planner, Central City Team

**CC:** Susan Anderson, Director; Joe Zehnder, Chief Planner

**SUBJECT:** Proposed Amendments to the Central Eastside Urban Renewal Area (CESURA)

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### 1. Summary

Through Resolution 37072, Portland City Council directed City of Portland and Portland Development Commission (PDC) staff to begin processing amendments to six urban renewal areas (URAs). These amendments, if approved, would:

- (1) Reduce the impact of urban renewal on taxing jurisdictions,
- (2) Provide resources to meet economic development, redevelopment, and affordable housing goals, and
- (3) Support Portland State University (PSU).

An Urban Renewal Area Amendment Advisory Committee (URAAAC) was established to advise City and PDC staff on the proposed amendments. Staff and the URAAAC are recommending substantial amendments to two urban renewal areas. This memo addresses the proposals for the Central Eastside Urban Renewal Area (CESURA; see Attachment 2).

The proposed actions include the following:

- Adding 16.2 acres around the Clinton Station area to the CESURA,
- Extending the date to issue debt by 5 years from fiscal year 2017/2018 to 2022/2023, and
- Increasing the amount of maximum indebtedness by 20% from \$105 million to \$126 million.

The goal of these amendments is to do the following:

- Support development at the new OMSI and Clinton Station MAX light rail stations,
- Support redevelopment of vacant lots along Water Ave (“ODOT blocks” site), and
- Improve mobility connections to the district from SE Powell Blvd.



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Together with the proposed Amended NMACURA, and completion of the Tilikum Crossing multi-modal bridge, the proposed Amended CESURA will support the City of Portland's Innovation Quadrant strategy. It also is expected to support implementation of the Southeast Quadrant elements of the Central City 2035 Plan currently under development.

The amendments will also help implement the City's Economic Development Strategy. They will support increased activity and growth within target clusters such as software and advanced manufacturing. These types of businesses are increasingly drawn to the Central Eastside and the businesses and services that have developed there.

The Planning and Sustainability Commission (PSC) is asked to review the proposed amendments to determine whether they are in conformance with the City's Comprehensive Plan. The PSC's recommendation will be forwarded to City Council for their consideration and action at a public hearing and vote on December 17, 2014.

## 2. Recommended Planning and Sustainability Commission Action

Staff recommends the following actions:

- (1) The PSC recommend that the Portland City Council adopt the Amended CESURA Plan along with any other recommendations of the PSC, and
- (2) The PSC send a letter to the Portland City Council finding that the Amended CESURA Plan conforms to the City of Portland Comprehensive Plan.

## 3. Background

The CESURA was established in 1986 following the 1984 update of the Central Eastside Revitalization Study (1978) and publication of Central Eastside: Benefactor to Portland's Economy (1984). Both of these documents highlighted the importance of the Central Eastside Industrial District (CEID) to the Portland economy. The original CESURA Plan focused on making public improvements to transportation and pedestrian safety, supporting development and redevelopment, acquiring properties to aid redevelopment and establishing the Eastbank Esplanade.

The Central Eastside was brought into the Central City as part of the 1988 Central City Plan. Since 1986, the CESURA Plan has been amended 11 times to incorporate changes from the Comprehensive Plan, extend the last date to issue debt, increase the maximum indebtedness, and acquire properties for redevelopment, infrastructure, and parks and recreation facilities such as a 2006 amendment to add the Washington Monroe High School site to the URA.

In 2002, the PDC and Central Eastside Industrial Council (CEIC) collaborated on the Central Eastside Development Opportunity Study (DOS) to develop strategies to address employment growth by incorporating new urban economy businesses that would complement existing uses in the Central Eastside. Key strategies included creating corporate headquarters in the area south of OMSI, developing high-tech incubators, constructing parking garages, enhancing public open spaces and connections to the riverfront, expanding streetcar to the Central Eastside and improving access to southbound I-5.

The Central Eastside DOS led to the 2006 adoption of the Employment Opportunity Subarea (EOS) zoning overlay in the area generally west of MLK Blvd to Water Avenue. The EOS was intended to promote the preservation of industrial land and the retention and rehabilitation of older multi-story warehouse buildings, while encouraging compatible development that would create jobs. The City of



Portland also established an Innovation Quadrant strategy that seeks to enhance the connections and collaboration between higher-education institutions on the west side of the River such as PSU and OHSU with workforce development providers and private sector partners in the Central Eastside such as Portland Community College, the Oregon Museum of Science and Industrial and the businesses of the Central Eastside Industrial District.

By 2012, the Central City 2035 Concept Plan was completed to guide the update of the Central City Plan that establishes the policies and actions that will direct public projects and investments in the Central City Plan District over the next 20 years. Detailed planning has been conducted by breaking the Central City into three quadrants, with the ongoing Southeast Quadrant planning process studying an area that includes the entirety of the Amended CESURA. A Stakeholder Advisory Committee (SAC) was formed in fall 2014 that includes property and business owners, interested community groups, neighborhoods associations, and trade associations in the Central Eastside. This ongoing process will inform the development of the Southeast Quadrant Plan expected to be forwarded to the PSC in early 2015. Strategies and projects from the Central Eastside DOS and from this ongoing planning process have informed PDC's proposal for Amended CESURA as detailed in Section 9 below.

Portland City Council adopted Resolution 37072 in May 2014 and work began to amend six URAs including the CESURA. PDC formed the URAAAC to review proposals drafted by staff in response to City Council's directives. Public input was further sought at the July 8, 2014 Southeast Quadrant open house, a September 11, 2014 open house dedicated to the amendments proposal and through meetings with neighborhood associations and other organizations during the formation of the amendments. During this time the PDC also worked closely with Central Eastside partners including the CEIC and OMSI.

## 4. Overview of Proposed Amendments to the CESURA

Key features of the Amended CESURA:

- Expanded to include 16.2 acres at the new Clinton Station area between SE Powell Blvd, SE Milwaukie Ave, and the Portland-Milwaukie MAX rail line, bringing the total CESURA area to 708.5 acres.
- The amended URA includes 248 parcels of land identified as vacant or underutilized.
- Last date to issue debt extended 5 years from fiscal year 2017/18 to 2022/23.
- Increase the maximum indebtedness by 20% from \$105 million to \$126 million, to provide approximately \$20 million for infrastructure, development, and housing projects.
- Major projects include supporting development at Clinton Station, OMSI Station, and the ODOT blocks, improving access to the district from SE Powell Blvd, and continuing to make funds available for storefront improvements and other projects on the existing CESURA list.

The Amended CESURA is described more fully in the attached Urban Renewal Plan Amendments and Report.

## 5. Urban Renewal Plan Authority

Authority for the use of urban renewal was established by the Oregon Legislature and codified as Chapter 457 of the Oregon Revised Statutes (ORS). The statutes include criteria for the establishment of an urban renewal district, the development of eligible URAs, and the content of an urban renewal plan and urban renewal plan report.



Chapter 15, Article 1, of the Portland City Charter assigns general powers and duties related to urban renewal to the PDC, which is designated as the body that will serve as the City's urban renewal and redevelopment agency. PDC is responsible for carrying out all urban renewal functions. Proposed urban renewal plans and urban renewal plan amendments are prepared by PDC staff and approved by the PDC Board of Commissioners prior to their submission to Portland City Council.

ORS 457 also requires that the City's Planning Commission review urban renewal plans and substantial amendments to urban renewal plans. State law defines a substantial amendment as one that: (1) Adds land to the URA in an amount greater than 1% of the existing area of the URA; or (2) Increases the maximum amount of indebtedness for the URA. The proposed Amended CESURA is considered a substantial amendment because it would add 16.2 acres, approximately 2% area to the existing CESURA and increase the maximum indebtedness by 20% from \$105 million to \$126 million. The PSC's recommendations on urban renewal plans are submitted to the Portland City Council for consideration and their decision on the plan. The PDC Board of Commissioners has informally reviewed the amendments the PSC is asked to review.

On December 11, 2014, the PDC will hold a public meeting on the proposed Amended CESURA plan and approve the proposed amendments resolution. The Amended CESURA Plan and accompanying report prepared by PDC in accordance with ORS 457 are attached to this memo.

A recommendation from PSC and approval by the City Council is required for the City to adopt the proposed Amended CESURA plan.

## 6. Relationship to the Current Portland Comprehensive Plan

ORS 457.095 requires determinations and findings by the governing body that substantial amendments to an urban renewal area plan be in conformance with the City's Comprehensive Plan. Detailed legal findings of the proposed amendment's conformance with the Comprehensive Plan, Central City Plan, and Central City Transportation Management Plan are attached to this memo. In general, the Amended CESURA Plan has been found to be in conformance with the Comprehensive Plan because:

- The plan has been formulated through a public involvement process that is consistent with the Citizen Involvement (Goal 9) and Metropolitan Coordination (Goal 1) policies of the Comprehensive Plan.
- The projects in the plan are supportive of Comprehensive Plan goals for Urban Development (Goal 2), Neighborhoods (Goal 3), Housing (Goal 4), Economic Development (Goal 5), Transportation (Goal 6), Energy (Goal 7), Environment (Goal 8), Public Facilities (Goal 11), and Urban Design (Goal 12).
- The projects in the plan are supportive of many of the goals and objectives of the Central City Plan and the Central City Transportation Management Plan.

## 7. Relationship to the Portland Plan

The Portland Plan is the city's strategic plan. It sets the framework for near-term action through a Five-Year Action Plan (starting in 2012) and sets long-range goals through Guiding Policies. The Portland Plan is being implemented through the current Comprehensive Plan Update, legislative advocacy, goal-based budget priorities, internal city practices, partnerships, and coordinated action. While the Portland Plan is not legally binding, its goals guide City decision-making and planning actions. On the whole, the Amended CESURA is consistent with these goals as detailed below.



### **Thriving Educated Youth**

Investments made with CESURA funding may support development projects by Portland Community College, Portland ADX and other partners within the district that provide high quality workforce development programs. These programs help equip students with skills relevant to jobs within the district and throughout the city.

Training programs related to healthcare and the life sciences at the PCC CLIMB Center may benefit through URA funding that supports improved facilities and indirectly through URA funding in the NMACURA at the Schnitzer Campus where there are existing and growing linkages in training areas such as nursing and dentistry.

Further, the Amended CESURA will make funds available for the provision of safe and convenient opportunities for recreation and social gathering as well as accessible housing that meets the needs of youth, families and older adults. Housing development is expected in the areas currently committed to non-industrial uses with the potential for additional housing opportunities at the Clinton Station area.

URA funds are expected to support development at the OMSI Station Area that will improve the safety of the area, increase access to the riverfront, and has the potential to increase the supply of open space.

### **Economic Prosperity and Affordability**

The Amended CESURA is an employment district important to the economic stability of the city. A recent analysis of the Central Eastside completed for the Southeast Quadrant Plan (Central City 2035 Plan Update) shows that the district is home to over 17,000 jobs and added 700 new jobs during the 2006-2011 recession. The district is expected to add 9,000 new jobs by 2035.

The Amended CESURA will support this Portland Plan goal by continuing to make funding available to support the establishment of new or expansion of existing businesses including those within the clusters of economic activity targeted for public support by the City's Five-Year Economic Development Strategy. This goal also refers to the importance of providing adequate employment land and capacity to meet projected growth. Funds from the Amended CESURA will be used in employment-oriented areas to increase job density, meeting demand by increasing the vertical capacity of limited industrial lands within the Central City.

The Amended CESURA will support increased employment opportunities on lands adjacent and within an easy walk to transit facilities such as the Portland-Milwaukie MAX rail line, the Portland Streetcar, and numerous bus lines. The Central Eastside can be reached by numerous bikeways, the Eastbank Esplanade, and the Springwater Corridor trail. Jobs created in the Amended CESURA are accessible to all Portlanders. Amended CESURA funds will continue to be made available for Portland Housing Bureau projects that provide affordable housing in close proximity to this expanding supply and variety of jobs.

### **Healthy Connected City**

As discussed above, the Amended CESURA is expected to support business and residential growth within close proximity to transit, bikeways, and trails, which is a resource-efficient pattern of growth. URA funds may also be used to increase the amount of park space, tree canopy, and green infrastructure in the district - all of which improve resident/employee health, stormwater function, and reduce heat island impacts. PDC input on the design of URA funded developments and redevelopments will result in more energy efficient structures and improvements to the bike and pedestrian environment.



## Equity

The Portland Plan includes the framework for advancing equity incorporated into City of Portland planning projects. The framework describes strategies to close disparity gaps and focus on equitable outcomes by improving participation, building partnerships and initiating social justice initiatives while remaining accountable.

The Amended CESURA will make funds available to support the development of OMSI, the PCC CLIMB Center, and other education and workforce programs that provide opportunities to Portland's increasingly diverse and aging population.

The Portland Plan's equity framework also identifies the need for all groups to have access to information and the ability to provide input on planning processes. The Amended CESURA plan is consistent with this framework because it incorporates input from a number of public outreach activities including but not limited to the public meetings of the Urban Renewal Area Amendment Advisory Committee, public open houses, presentations to neighborhood associations and other interested groups, and public hearings.

## 8. Relationship to the Proposed Comprehensive Plan Update

The City of Portland is in the process of updating its Comprehensive Plan, which is anticipated to be voted on by City Council by mid-2015 and approved ("acknowledged") by the State of Oregon during the year that follows. While there is therefore no requirement that the proposed Amended CESURA conform to the proposed update to the Comprehensive Plan, it is important to consider the degree to which the proposed URA is consistent with the future Comprehensive Plan.

Further complicating this issue, the Amended CESURA is located entirely within the Central City Plan District. Although citywide goals are already established by the Proposed Comprehensive Plan Update, district goals and policies for the Central City will not be incorporated until 2015 when the Central City 2035 Plan is complete.

This section briefly identifies where the Amended CESURA is consistent with the goals and key directions of the Proposed Comprehensive Plan Update, and discusses consistency with strategies arising from the ongoing Southeast Quadrant Plan process in the section that follows. The Southeast Quadrant Plan goals and policies will be incorporated with those from the North/Northeast and West Quadrant Plans to create the Central City 2035 Plan during 2015.

On the whole, the proposed Amended CESURA is consistent with the citywide goals of the proposed update to the Comprehensive Plan because:

- The plan has been formulated through a public involvement process that is consistent with Community Involvement (Goal 2).
- The projects in the plan are supportive of Comprehensive Plan Update goals for Urban Form (Goal 3), Design and Development (Goal 4), Housing (Goal 5), Economic Development (Goal 6), Environment and Watershed Health (Goal 7), Public Facilities and Services (Goal 8), and Transportation (Goal 9).

The Comprehensive Plan Update establishes a "Vision for 2035" in which "Portland is a prosperous, healthy, equitable and resilient city where everyone has access to opportunity and is engaged in shaping decisions that affect their lives" (page I-7). Seven key directions are identified to achieve this vision including: (1) Creating complete neighborhoods, (2) Encouraging job growth, (3) Creating a low-



carbon community, (4) Improving natural areas and open spaces, (5) Providing reliable infrastructure to equitably serve all parts of the city, (6) Improving resiliency, and (7) Ensuring that planning and design fit local conditions.

The proposed Amended CESURA is consistent with **Key Direction 1 (Create complete neighborhoods)** because URA funds will be made available for projects that will enhance the Kerns, Buckman, and Hosford-Abernethy neighborhoods. Specifically, URA funds will support the redevelopment of underutilized properties and the development of vacant properties to provide new employment opportunities, shops, and services while improving the pedestrian environment in all neighborhoods. URA funds will continue to be available to the Portland Housing Bureau for affordable housing projects in existing mixed use residential areas and potentially at the new Clinton Station area within the Hosford-Abernethy neighborhood. Infrastructure projects that may be supported by URA funds, particularly improvements to SE Powell Blvd at SE Milwaukie Ave will enhance access for all three neighborhoods as well as the Brooklyn neighborhood directly to the south.

The proposed Amended CESURA is consistent with **Key Direction 2 (Encourage job growth)** because URA funds will support the further development of Central Eastside Industrial District and new MAX light rail station areas. As described in previous sections, the Central Eastside has long been an important employment center for the city, and the Amended CESURA will support developments that increase employment density at a variety of locations throughout the district. URA funds may also support workforce development programs that increase the supply of skilled workers for business in the Central Eastside and the rest of the city. URA funds are expected to support the development of the Innovation Quadrant linking research and business incubation at PSU and OHSU with industry and business development in the Central Eastside.

Finally, the proposed Amended CESURA is consistent with **Key Direction 4 (Provide reliable infrastructure to equitably serve all parts of the city)** because URA funds will support the development of infrastructure necessary for the redevelopment of underutilized and vacant properties in the district. This may include but is not limited to access improvements for freight, bicycles, and pedestrians, improvements to the sewer and storm water functions of the district, green infrastructure, tree canopy, and park spaces.

## 9. Relationship to Central City 2035 (Adopted Concept Plan and Ongoing Southeast Quadrant Plan)

The Amended CESURA is located entirely within the Southeast Quadrant Plan study area. It is anticipated that the Southeast Quadrant Plan will be forwarded to the PSC in early 2015. The Southeast Quadrant Plan will be the final of three quadrant plans that together with the adopted Central City 2035 Concept Plan, will inform the development of the Central City 2035 Plan and corresponding Central City district goals and policies in the Comprehensive Plan Update.

City Council Resolution 37072 directed the PDC to change URAs to “help the city better meet its redevelopment and economic development objectives in alignment with the Portland Plan, Central City 2035, and Economic Development Strategy.” As such, the proposed amendments to the CESURA seek to implement the goals and policies arising from the ongoing Southeast Quadrant Plan process.

The Southeast Quadrant SAC will be meeting through the beginning of 2015 to agree on a set of recommended goals, policies, and actions for the Central Eastside. In lieu of a recommended Southeast Quadrant Plan, this section identifies where the Amended CESURA is consistent with areas of agreement among members the SAC.



On September 4, 2014, staff presented a land use concept to the SAC based on feedback and analysis conducted over the summer. Consistent with the Amended CESURA, the proposal included provisions that would allow for increased employment densities at the ODOT blocks site and mixed use residential zoning at the Clinton Station area - land use provisions needed to support redevelopment at each site. The SAC gave preliminary approval for these land uses contingent on resolving a number of concerns such as parking and congestion. SAC members also expressed support for improvements to SE Powell Blvd that would enhance access to the Central Eastside and the Brooklyn neighborhood.

At the October 2, 2014 SAC meeting staff proposed mixed use development that prohibits housing and big box retail at the OMSI Station Area which would allow for more intense redevelopment than existing zoning. Strategic site analysis conducted by PDC and BPS between July and October 2014 shows such zoning would allow financially feasible office-based developments. The SAC again gave preliminary support for the proposal contingent on resolving concerns about activating the station area, improving safety and supporting a vibrant waterfront. The SAC will continue to meet and refine these recommendations in the months ahead to establish a set of policies and actions. Overall, the SAC has been consistently supportive of increasing the density of employment in the Southeast Quadrant and for infrastructure and services that would support the evolution and growth of the district.

## Attachments

1. Memo from PDC Chair Kelly to the PSC
2. Draft Amended Central Eastside Urban Renewal Plan and Accompanying Report
3. Findings of Fact for Consistency with City of Portland Planning Goals and Policies

