



Bureau of Planning and Sustainability

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## MEMO

**DATE:** January 30, 2015

**TO:** Planning and Sustainability Commission

**FROM:** Eric Engstrom, Principal Planner  
Tom Armstrong, Supervising Planner  
Steve Kountz, Senior Planner

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

**SUBJECT:** Economic Development and Goal 9, February 10 PSC Work Session

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### Introduction

This report on the economic development and employment land elements of the Comprehensive Plan Proposed Draft is intended to inform the Planning and Sustainability Commission work session on February 10, 2015.

Statewide Planning Goal 9, which addresses employment land supply for job growth and economic development, establishes a variety of requirements for comprehensive plans. These requirements include adoption of an Economic Opportunities Analysis (EOA), inclusion of policies on specified employment land topics, and designation of adequate 20-year growth capacity for identified industrial and employment land types. Metro's 2010-35 employment forecast used for regional growth management allocates 141,600 new jobs to Portland. As shown in the revised EOA, the Comprehensive Plan Proposed Draft provides adequate growth capacity to meet these state and regional requirements.

This staff report provides a brief summary of the Goal 9 requirements and summarizes the revised EOA (attached as Exhibit A). There will be another update to the EOA to incorporate the results of the ongoing Transportation System Plan modeling analysis in advance of a PSC public hearing scheduled on April 14, 2015.



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## Discussion Issues

- A. Economic equity** – How should Portland’s economic development policies and employment land capacity emphasize a balanced economy to support income self-sufficiency in an economically diverse community? Are we on track?
- B. Economic/environmental policies and strategies** – Are the proposed IL/WH (Industrial Land / Watershed Health) strategies the right land use direction in industrial districts to meet job growth capacity and watershed health objectives? Are the right mix of strategies proposed? Should draft economic or environmental policies be amended?
- C. Harbor Access Lands capacity** – Should the Portland Harbor growth strategy aim to accommodate the low end of the marine-terminal commodity movement forecast and assume no industrial map designation at WHI?
- D. Increasing investments in freight transportation infrastructure and brownfields** – Should land efficiency be emphasized in industrial growth strategies through more investment in freight infrastructure and brownfield cleanup?
- E. Employment land map changes** – Should any of the proposed map changes to create additional employment land capacity be amended?
- F. Campus Institutions** – Is the proposed approach for major campus institutions on track with employment land designations and new zones to more effectively accommodate institutional growth and neighborhood livability?

## Attachments

A – Revised Economic Opportunities Analysis, especially Section 4

## Introduction

**Summary of Goal 9 Periodic Review requirements for the 2035 Comprehensive Plan** – The Statewide Planning Goal 9 Administrative Rule includes detailed requirements for cities in periodic review:

- EOA – Portland is required to adopt an Economic Opportunities Analysis (EOA) as part of the comprehensive plan, comparing employment land demand and supply to evaluate 20-year growth capacity for identified types of employment land. The Proposed Draft EOA is attached.
- Policies – Portland is required to adopt industrial and other employment development policies, including community economic development objectives, employment land use direction, commitment to an adequate 20-year and short-term land supply, brownfield redevelopment, prime industrial land and others. Required economic development policies are included in Chapter 6, based on direction in the Portland Plan.
- Growth capacity – The revised EOA (attached) shows existing land supply shortfalls in five of Portland’s ten employment geographies. The revised EOA also shows that proposed comprehensive plan policies, map, investments and expected implementation strategies result in adequate land supply to meet forecasted demand for employment growth.

***The intent of Goal 9 is to provide an adequate land supply for economic development and employment growth in Oregon. The Proposed Draft Comprehensive Plan complies with Goal 9, as explained in the revised EOA Section 4.***

Compliance with Goal 9 involves policy tradeoffs. A range of land use map amendments have been proposed to meet 20-year growth capacity needs, some of which have been contested in public comments on the Proposed Draft (see Section E). There are financial tradeoffs involved in increasing public investment in brownfields and freight infrastructure to create growth capacity by increasing land efficiency. Finally, a capacity management approach is proposed to integrate both industrial growth and watershed health objectives over the 20-year planning horizon.

Not meeting employment land needs may require an adjustment to the underlying assumptions in the EOA (shifting future jobs from one sector to another) or an exception to Goal 9 as well as to Metro’s Title 4 of the *Urban Growth Management Functional Plan*. Exceptions to Goal 9 are allowed by the state, but there are no specific rules for not meeting identified employment needs. In other cities, most exceptions are for expanding the Urban Growth Boundary (UGB) to meet housing or employment needs on agricultural land. If changes to the Proposed Draft Comprehensive Plan are made that result in a shortfall of employment capacity, the City of Portland may need to do the opposite. We may have to make the case that conservation of natural resources or other objectives outweighs employment needs.

In addition to the Goal 9 requirements, there are broader policy tradeoffs to consider, including:

- The clear direction on economic prosperity in the Portland Plan, such as prioritizing economic growth that supports an economically and socially diverse community, robust traded sector growth, increasing income self-sufficiency, trade and freight hub expansion, and adequate industrial and institutional land supply to meet forecast growth.
- The social equity impacts of not providing an adequate supply of industrial land, especially in terms of limiting opportunities for middle-wage job growth and upward mobility for low-income people, as discussed further below in Issue A.

**Summary of the revised EOA** – General directions to meet Goal 9 requirements, which were emphasized in the Portland Plan, include:

- Meet Metro’s forecast city allocation of mid-range regional job growth.
- Maintain Portland as a full-spectrum job center that supports a diverse, growing population.
- Support traded sector growth that drives state and regional prosperity.

Section 1 of the EOA identifies types of employment land in Portland and reviews national and local economic conditions and trends that will influence growth across these employment land types. Sections 2 and 3 forecast demand for employment land, estimate existing developable land supply available to meet that demand, and identify growth-capacity shortfalls or surpluses under the existing Comprehensive Plan. Section 4 evaluates the employment capacity the Proposed Draft Comprehensive Plan and how it addresses identified shortfalls.

The revised EOA is substantially different from the version adopted in 2012 based on the following major changes:

- Reconsideration of the marine terminal commodity movement demand scenarios.
- An updated Metro employment allocation that reduced Portland’s employment forecast by 5,400 jobs.
- An analysis of proposed comprehensive plan policy directions to meet growth capacity needs (land efficiency, brownfields, Prime Industrial land retention).

The revisions are summarized in Appendix C of the EOA Section 4.

***The Proposed Draft Comprehensive Plan policies, infrastructure investments and map changes to expand employment land capacity provides adequate growth capacity to meet forecast 20-year employment growth.***

- Industrial land capacity needs are met by:
  - Accommodating the low end of the marine-terminal commodity movement forecast.
  - No industrial map designation on West Hayden Island but including policy to guide the future annexation.
  - Meeting industrial land needs across the combined industrial geographies.
  - Accounting for additional capacity from infrastructure investments, especially projects in the Transportation System Plan (TSP) that remove or reduce constraints identified in the Buildable Land Inventory (BLI constraints).
  - Using a capacity-management approach to account for future investments (e.g., brownfield programs, infrastructure) and legislative projects (e.g., update environmental zoning) to manage the industrial development capacity. (These capacity assumptions are discussed further below in the Issue B and C sections.)
- Growth capacity needs of the Central City Industrial geography will be met in the Central City Plan Update.

- Zoning implementation projects will be completed in Task 5 of the Comprehensive Plan Update, addressing institutional zoning and general employment zoning. (See further discussion below in the Issue E and F sections.)

**Figure 1. Proposed Employment Land Development Capacity**

Employment Geography	2010-35 Demand		Supply (acres)			Reconciliation	
	Added Jobs	Land (acres)	Existing Plan BLI	Proposed Plan BLI*	Other Gains**	Surplus/ Deficit	Supply/ Demand
Central City Commercial	34,120	60	201	201	201	141	335%
Central City Industrial	10,620	90	65	65	65	-25	72%
Harbor & Airport Districts	16,210	1,020	774	905	1,076	56	105%
Harbor Access Lands	1,910	200	113	136	167	-33	84%
Columbia East	9,310	350	356	365	435	85	124%
Dispersed Employment	4,200	130	121	135	135	5	104%
Gateway Regional Center	3,970	50	137	164	164	114	327%
Town Centers	6,160	130	304	371	371	241	285%
Neighb. Centers & Corridors	25,010	510	863	928	928	418	182%
Institutions	22,730	370	306	522	522	152	141%
Residential	7,400						
<b>Total</b>	<b>141,640</b>	<b>2,910</b>	<b>3,240</b>	<b>3,791</b>	<b>4,064</b>		
<b>Aggregate Geography</b>							
Central City	44,740	150	266	266	266	116	177%
Industrial	31,630	1,700	1,365	1,540	1,813	113	107%
Neighborhood Commercial	35,140	690	1,303	1,463	1,463	773	212%
Institutions	22,730	370	306	522	522	152	141%
<b>Total</b>	<b>141,640</b>	<b>2,910</b>	<b>3,240</b>	<b>3,791</b>	<b>4,064</b>		

\* Proposed Plan BLI (Buildable Land Inventory) includes gains from plan map changes and brownfield proposals.

\*\* Other gains result from proposed strategies for industrial land intensification, retention, and site-assistance.

Source: Bureau of Planning and Sustainability

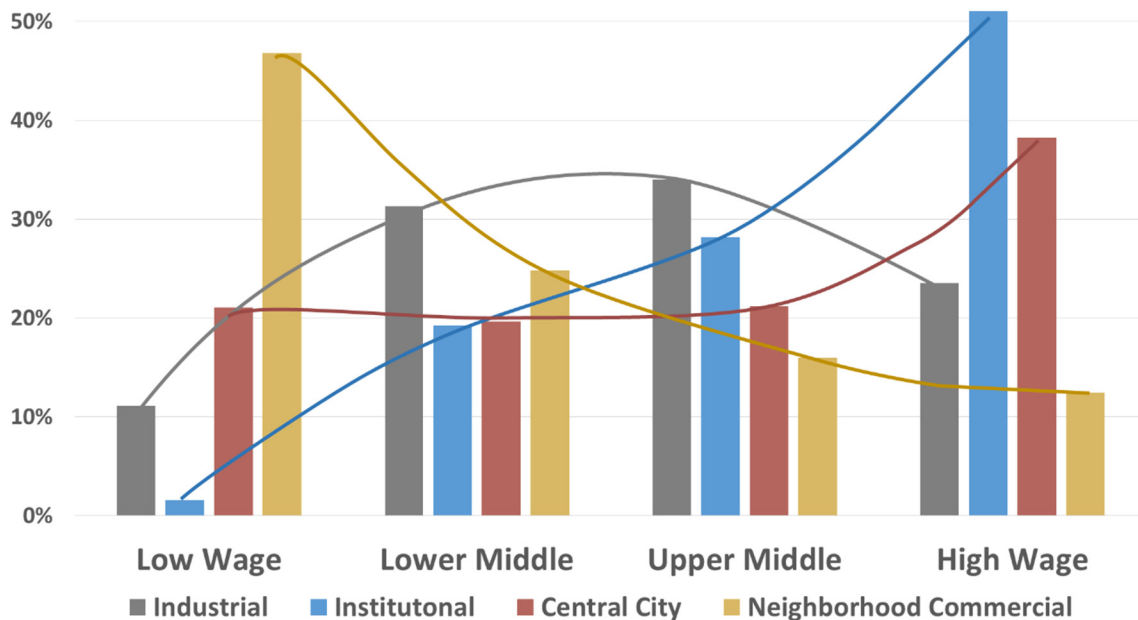
## Issue A. Economic equity

How should Portland's economic development policies and employment land growth capacity approach continue to emphasize a balanced economy to support income self-sufficiency in an economically diverse community? Are we on track?

### Background information

**Employment land use and income distribution** – The mix of businesses and employment geographies in the local economy substantially shapes the income-distribution and economic equity of the population. For example, employment in the Central City and Campus Institution geographies is concentrated in high-wage occupations that primarily require college education; industrial employment is concentrated in middle-wage occupations; and neighborhood commercial employment is concentrated in low-wage occupations (see EOA Section 1, Figure 35).

**Figure 2. 2012 Wage Quartile Comparison of Portland's Employment Geographies**



**Job polarization trends** – Since 1980, job growth has become increasingly polarized in low- and high-wage occupations with shrinking middle-wage job opportunities ([Josh Lehrer, 2012](#)). Equity implications of this trend include a widening gap of opportunity between low- and high-wage workers; fewer self-sufficient wage opportunities for the majority of the workforce that does not have a 4-year college degree; and fewer upward-mobility opportunities for low-income people. Local conditions and implications of these national trends include (see section on wage distribution in EOA Section 1):

- Portland is a relatively middle-class city with a balanced economy, but the share of middle-wage jobs is getting smaller. Job polarization in Oregon's metro areas has mirrored national trends.
- Middle-wage jobs that don't require college degrees are concentrated in industrial districts.
- Communities of color and East Portlanders rely disproportionately on industrial district jobs.

- The Comprehensive Plan Update provides an opportunity to better align land use, transportation, and education with middle-wage job growth potential.

**Proposed approach on income self-sufficiency** – The Portland Plan sets a high aspirational bar on income self-sufficiency, targeting an expanding share of economically self-sufficient households from 77% in 2007 to 90% by 2035, as one of twelve measures of success. Proposed Draft Comprehensive Plan Goal 6A approximates the Prosperity and Affordability Strategy goal of the Portland Plan, calling for economic growth that supports prosperity and equitable access to employment opportunities for an increasingly diverse population. The primary policy response to the job-polarization and income-distribution trends of recent decades is Policy 6.27. *Income Self Sufficiency*, which supports adequate land supply and public facilities to expand access to self-sufficient wages and career ladders for low-income people.

**Comments and recommended responses**

- Several people commenting on the proposed draft emphasized the importance of accommodating more living-wage job growth. Some also asked for further clarification and strengthening of economic equity policies, including stronger responses to job polarization trends and its disproportionate impacts on underserved groups.
- The Office of Equity and Human Rights recommended adding a policy to the economic growth policy section, emphasizing the equity benefits of the expanding economy.

Commission Direction



Options are:

- 1) Recommend inclusion of proposed economic equity and income self-sufficiency approaches, as modified below.
- 2) Revisit this strategy – possibly by focusing more on ...

The following lists are presented as a consent list. Individual items would not be discussed in Commission, except where noted. Commissioners should identify any other items they would like to discuss by emailing staff by the end of day on the Friday prior to the commission work session.

*Note: Under the “Discuss” column staff has indicated with a check mark which issues they recommend for discussion. Please add check marks in the boxes of any additional issues you wish to discuss.*

No./issue	Who testified	Recommendation	Rationale	Discuss?
<b>Policy 6.27 Income self-sufficiency</b>	Kelly Hossaini (PBA), Rob Johns (Benson Alumni Association), et al	Add subpolicies to limit negative impacts of on middle/high-wage job growth and to recognize the middle-wage and disparity-reduction roles of industrial land.	Respond to job polarization trends. Clarify and strengthen economic equity policies.	<input checked="" type="checkbox"/>

No./issue	Who testified	Recommendation	Rationale	Discuss?
<b>Add Policy 6.1 to link job growth and equity</b>	Office of Equity and Human Rights	Add new policy <u>6.1. Diverse, growing community. Expand economic opportunity and improve economic equity for Portland’s diverse, growing population through sustained business growth.</u>	OEHR recommendation. Emphasize equity benefits of expanding economy.	<input type="checkbox"/>

## Issue B. Economic/environmental policies and strategies

Are the proposed Industrial Land/Watershed Health (IL/WH) strategies the right land use direction in industrial districts to meet job growth capacity and watershed health objectives? Are the right mix of strategies proposed? Should draft economic or environmental policies be amended?

### Background information

Much of the industrially-zoned land in Portland is located in or near environmentally-sensitive areas along the confluence of the Willamette River and Columbia Rivers. The proposed plan includes a balanced strategy of goals, policies, infrastructure investment, and map changes to both promote economic prosperity and improve watershed health.

**Proposed IL/WH strategies** – The Proposed Comprehensive Plan includes a balanced package of policies, map changes, and infrastructure investment strategies to meet forecast land needs in Portland’s industrial and employment districts. The Proposed Comprehensive Plan accommodates 31,600 new jobs, 22 million square feet of new building area, and 1,700 acres of land development in our industrial districts by 2035. The Bureau of Planning and Sustainability convened the Industrial Land / Watershed Health Working Group, representing a broad mix of affected stakeholders, who met for over a year and advised on the package of strategies summarized in the table below. This proposed IL/WH strategy package is intended to support both industrial growth and improved watershed health in industrial districts.

The key components of the integrated IL/WH strategy package are:

- **Retention and protection of prime industrial land** by limiting retail sales and services and conversions to other uses.
- **Intensification and reinvestment by existing businesses** through strategic freight investments and business climate improvements (Issue D below).
- **Brownfield redevelopment** is encouraged through a comprehensive local, regional and state brownfield toolkit of incentives and best practices, as well as moving forward with cleanup of the Portland Harbor Superfund. Portland’s industrial districts contain an estimated 560 acres of vacant brownfields (Issue D below).



- **Map changes** on portions of three private golf courses to allow for future conversion to industrial use. The map designations were drawn to avoid encroaching on existing environmental overlay zones, and to create large, functional industrial sites and open spaces with opportunities for substantial environmental restoration.

Along with the proposed actions to provide adequate industrial growth capacity, IL/WH strategies also propose updates to existing environmental overlays and greenway regulations through future post-acknowledgement legislative projects. The potential development capacity impacts of expanding or applying more stringent environment zoning to protect significant natural resources is based on the 2012 NRI and is expected to reduce industrial development capacity by 150 acres. The capacity estimates also have a 25-acre placeholder for future acquisition sites to accommodate restoration projects required to Portland Harbor Superfund Natural Resources Damages Assessment (NRDA) mitigation requirement.

Taking into consideration the strategies to both improve employment capacity and to improve watershed health, the analysis indicates there could be an expected shortfall of development capacity in the Harbor Access Lands and Harbor & Airport Districts geographies. Future post-acknowledgement plan amendments to protect these natural resources will need to explain how industrial development capacity needs will be met.

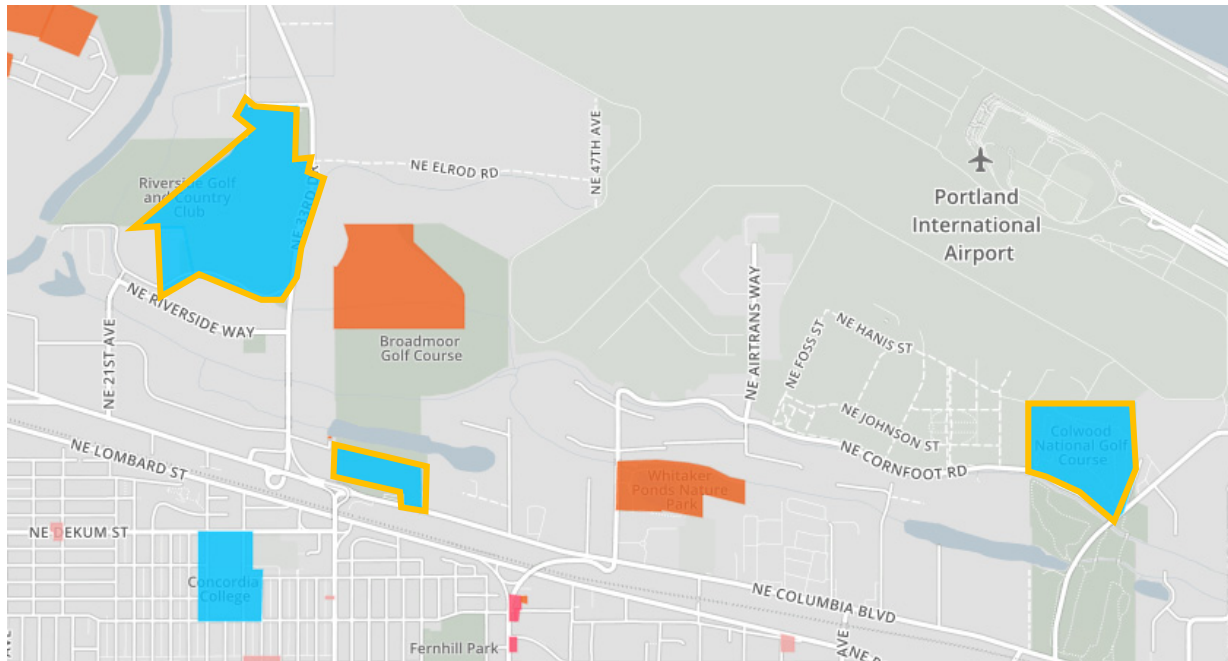
In addition, the proposed Comprehensive Plan Map would change the designation from industrial to open space on approximately 550 acres that have been acquired to serve as green infrastructure, natural areas, or parks. These map change result in an estimated development capacity reduction of 53 acres. The IL/WH strategy package also proposes to increase investment in natural resource enhancement and restoration, and increasing application of ecological site design.

**Proposed approach for prime industrial land retention** – Proposed policies 6.36. *Prime industrial land retention* and 6.50. *Public facilities and land acquisition* prioritize Prime Industrial areas for long-term retention, and they support reducing zoning allowances for non-industrial uses. Portland’s prime industrial areas (see map in Comprehensive Plan Figure 6.1) generally consist of Oregon’s multimodal freight infrastructure hub, having industrial characteristics that are difficult or impossible to replace in elsewhere the region. These characteristics include direct access to deep water shipping channels, competitive long distance railroad service, access to interstate pipelines, and proximity to the Portland International Airport. Since 1990, approximately 400 acres of former industrial or mixed employment land in or adjacent to Prime Industrial areas has been rezoned for non-industrial use. In addition, substantial public acquisition of land designated Industrial Sanctuary has occurred in these areas for natural areas, parks, jails, and other public facilities that do not serve industrial uses.

**Proposed approach for airport area golf courses** – Among the proposed IL/WH strategies are new industrial map designations on portions of three airport area golf courses. Development requirements are expected to include adequate infrastructure improvements, natural resource protection and enhancement, and expanded public access to open space, consistent with proposed Policy 6.48. *Golf Course Reuse and Redevelopment*. The Trust for Public Land and property owners of the 138-acre Colwood golf course obtained conditional approval of a quasi-judicial plan map and zoning amendment in 2014 to rezone 48 acres for industrial uses with the remainder as public open space and natural area. The proposed Comprehensive Plan includes this map change at the Colwood site and similar additional land use proposals at two nearby private golf courses, designating approximately 90 additional acres at

Riverside and 15 acres at Broadmoor as Industrial and retaining the Open Space designation on 215 acres. These map designations were drawn to avoid encroaching on existing environmental zones and to create large, functional industrial sites and open spaces with restoration potential. Figure 3 shows the new employment land map designations in blue and the new open space map designations in orange.

**Figure 3. Proposed Map Changes for Airport Area Golf Courses**



While these golf courses could potentially remain in operation indefinitely, national market trends indicate an oversupply of golf courses in the coming years relative to population demographics, particularly in inner city locations. Given these trends and continuing intensification of industrial development in the surrounding area, it is reasonable to expect potential reuse of these sites in the 2035 planning horizon and the proposed Comprehensive Plan proposal would accommodate that change. Comprehensive Plan designations would not require conversion of this land, but would enable zoning map amendment requests in the future should property owners choose that path. In the meantime, open space zoning would remain.

**Proposed capacity management approach** – A capacity management approach is proposed to retain prime industrial land, maintain adequate industrial growth capacity to 2035, and facilitate concurrent strategies to protect and improve industrial capacity and watershed health. In particular, proposed industrial capacity relies on a variety of strategies to accommodate substantially more industrial growth on less land by 2035, including more stringent industrial land retention, new incentives and programs to increase brownfield redevelopment, and public transportation investments and efforts to encourage more intensified use of developed sites. Significant land use actions that reduce industrial district capacity below forecast demand are expected to explain how those reductions will be addressed through long-range programs (e.g., brownfield remediation), or otherwise offset with equivalent

capacity gains or seek a Goal 9 exception. Five-year updates of the EOA are proposed to monitor effectiveness, adjust strategies, and maintain an adequate short-term land supply.

**Figure 4. Proposed Industrial and Employment Districts Capacity**

Employment Geography	Land Demand (acres)	Supply (acres)				Reconciliation	
		Existing Plan BLI	Proposed Plan BLI (1)	Other Gains (2)	Integrated Strategies (3)	Surplus/ Deficit	Supply/ Demand
<b>Proposed Capacity Summary by Employment Geography</b>							
Harbor & Airport Districts	1,020	774	905	1,076	978	-42	96%
Harbor Access Lands	200	113	136	167	130	-70	65%
Columbia East	350	356	365	435	395	45	113%
Dispersed Employment	130	121	135	135	135	5	103%
<b>Total</b>	<b>1,700</b>	<b>1,365</b>	<b>1,540</b>	<b>1,812</b>	<b>1,637</b>	<b>-63</b>	<b>96%</b>

Proposed Strategies to Provide Growth Capacity and Improve Watershed Health	Capacity Impacts of Proposed Strategies				
	Harbor & Airport	Harbor Access	Columbia East	Dispersed Empl.	Total Industrial
Industrial land retention - prime industrial area retention, reduced non-industrial use allowances	30	2	21		52
Brownfield redevelopment - comprehensive program and incentives, Superfund, land bank	89	23	8	4	124
Industrial land intensification - strategic freight projects, Kenton line, regulatory improvements	113	29	49		192
Airport golf courses - map designation, rezoning, investments, site assistance, restoration	123				123
New Mixed Employment areas - map designation, rezoning, investments				9	9
Other plan map changes - OS designation on natural areas and parks	-53				
Watershed health improvements - environmental zoning, NRDA, enhancement, ecological design	-98	-37	-40		-175
<b>Total</b>	<b>204</b>	<b>17</b>	<b>38</b>	<b>13</b>	<b>272</b>

1. Proposed Plan BLI (Buildable Land Inventory) includes gains from plan map changes and brownfield proposals.
2. Other gains result from proposed strategies for industrial land intensification, retention, and site-assistance.
3. Integrated strategies include estimated capacity impacts of proposed watershed health improvement strategies, including 25-acre capacity impact from NRDA (Natural Resources Damages) requirements of harbor Superfund.

Source: Bureau of Planning and Sustainability

## Comments and recommended responses

- Numerous people objected to the proposed industrial map designations on portions of airport area golf courses, particularly Broadmoor and Colwood. The proposed map amendment at Colwood was already adopted by City Council in 2014. The proposed map changes at Broadmoor include changing the designation from industrial to open space for Catkin Marsh, which was recently acquired by Metro. As a result there is a net increase in the open space designation at Broadmoor.
- Riverside Golf Club objected to the proposed map change on that site, noting that their primary concern is for continued success as a golf course for their members.
- BES requests deletion of 6.36. *Prime industrial land retention* subpolicies. Others (Audubon, et al.) asked to strengthen retention policies. These prime industrial land retention policies are integral to the balanced package of IL/WH strategies. Policy 6.36 calls for limiting conversion of industrial uses to other uses, and striving to offset impacts on capacity as needed.
- BES requests deletion of Policy 6.50. *Public facilities and land acquisition*. PPR also requests exceptions in 6.50 for identified park needs and sites with significant natural resource value. BES also requests deletion of 7.8. *Land acquisition priorities and coordination*, which calls for coordination with employment land capacity strategies, and inclusion of a land acquisition policy in Chapter 8. Policy 6.50 implements Metro's Title 4 prohibition of parks in Regionally Significant Industrial Areas and supports more efficient use of prime industrial land by industrial uses. Policies 6.50 and 7.8 are not intended to limit land acquisition to provide green infrastructure benefits, e.g., stormwater management, which serves private industrial development in prime industrial areas.
- Portland Audubon and others objected to perceived weaker language in Chapter 7 in relation to Chapter 6, pointing out that policies 6.17a, 6.17e. *Regulatory climate* and 6.36. *Prime industrial land retention* appear to restrict the City's ability to require natural resource protection or restoration on industrial lands.
- Stoel Rives, LLC on behalf of Schnitzer Steel Industries objected to using the term "protect" in Chapter 7, stating that LUBA and the Court of Appeals have interpreted the term to mean that the only permitted impacts to a protected resource are those that are insignificant or de minimus (D.C. Riverkeeper v. Clatsop County, 238 Or. App. 439, 2010). Staff have reviewed this point with the City Attorney and we do not believe that this legal case precludes the City from using a broader definition within the context of local Comprehensive plan policies.

## Commission Direction



Options are:

- 1) Recommend implementing the Industrial Land/Watershed Health approach, policies, and strategies, as modified below, and Chapter 7 policy changes presented in the January 28 transmittal memo.
- 2) Revisit this strategy.

No./issue	Who testified	Recommendation	Rationale	Discuss?
<b>Golf course map changes</b>	Riverside Golf Course, PBA, et al.	No change. Designation addresses 2035 use expectations.	Meet Goal 9. Part of balanced IL/WH package. Address owner concerns by not rezoning in Task 5.	<input checked="" type="checkbox"/>
<b>6.17 Regulatory Climate</b>	Audubon Society of Portland, et al.	6.17e Promote cost-effective compliance with state and federal mandates, productive intergovernmental coordination, and <del>avoid duplicative</del> <u>efficient, well-coordinated development review and permitting procedures.</u> <del>when City policies can be achieved through other means.</del>	Clarifies overall intent to provide streamlined development review and permitting procedures.	<input type="checkbox"/>
<b>6.36/6.50 Prime industrial land</b>	BES, PPR	Retain 6.36 subpolicies. Make 6.50 part of 6.36. Separate policy intent for “non-industrial facilities” and parks into distinct statements. Change "minimize" to "limit" in 6.36.c. In 6.36.d clarify the range of offsets may also include but are not limited to additional brownfield remediation, industrial use intensification, strategic investments, and other innovative tools and partnerships that increase utilization fop existing industrial acres.	BES/Parks asked for exceptions, deletion of subpolicies. Others asked to strengthen retention. Meet Goal 9. Part of balanced IL/WH package.	<input type="checkbox"/>
<b>Use of verb "protect" in Chapters 6 and 7</b>	Stoel Rives, LLC on behalf of Schnitzer Steel Industries	No change	Based on City Attorney review of case law, staff believes the City may define terms that are used within the context of its own plan policy.	<input type="checkbox"/>

## Issue C: Harbor Access Lands capacity

Should the Harbor Access Lands growth strategy aim to accommodate the low end of the marine-terminal commodity movement forecast, and assume no industrial map designation at WHI?

### Background information

**Proposed approach for West Hayden Island** – Community agreement is lacking at this time to designate 300 acres of Industrial Sanctuary on West Hayden Island (WHI). In order to be consistent with the industrial designation of the site in Metro’s 2040 Plan, Policy 6.41 supports consideration of a future marine terminal development proposal at West Hayden Island that mitigates adverse environmental and community impacts. Based on comments from BES and other community members, changes to Policy 6.41 are proposed to better capture the intent of the PSC recommendations for annexation.

**Policy 6.41 West Hayden Island.** Provide for the future annexation of West Hayden Island for a combination of open space and deep water marine industrial uses with supplemental requirements in a plan district or other implementation agreement that ensures mitigation of impacts and provision of public benefits. The annexation ordinance, future zoning, plan districts, and intergovernmental agreements will be used to:

- Allow no more than 300 acres for future deep water marine terminal and infrastructure development, with operationally viable rail access.
- Permanently protect and enhance at least 500 acres as open space, to be managed primarily for the benefit of the regional ecosystem.
- Address local quality of life and public health impacts (especially for residents of the nearby manufactured home community), traffic impacts and needed transportation investments, and opportunities for low impact nature based recreational uses.
- Achieve a net increase in ecosystem function over 2012 conditions, including floodplain-associated habitats and habitats for conservation priority species.

**Proposed approach for marine terminal land needs** – The revised EOA analyzes low and medium forecast marine terminal commodity movement land needs, in order to inform community choices on land use at West Hayden Island. Designating 300 acres of Industrial Sanctuary on West Hayden Island (WHI) is necessary to accommodate the mid-range commodity movement forecast scenario of 390 acres for marine terminal development to 2035. The revised EOA is based on a policy choice to accommodate the low end of the marine terminal commodity movement forecast, which equates to 150 acres of marine terminal land demand (see EOA Section 4).

**Proposed approach on Harbor Access Lands need** – While the existing land supply and capacity gains of proposed strategies in the Harbor Access Lands geography meet only 84% of forecast demand, the remainder of that demand can be met by surplus capacity in other Portland industrial geographies. The small 33-acre harbor access land shortfall can be accommodated in other industrial areas. Not all of the existing jobs in the area are dependent on access to the Portland Harbor. With a tight land supply, over time some of the industrial demand will relocate in industrial areas nearby. For example, expanding harbor businesses like Evraz Steel have grown on nearby sites off of the harbor. Portland’s combined industrial geographies provide a diverse supply of industrial development sites to meet overlapping

demand for industrial building types, and the aggregate industrial geographies are expected to maintain adequate capacity to meet forecast demand.

**Comments and recommended responses**

- One of the most common comments on the Proposed Draft was objection to the industrial map designation at West Hayden Island. Concerns included its unique and important habitat value, a recommended open space designation on part or all of WHI, neighborhood impacts, preference for brownfield redevelopment instead of new industrial land, symbolic impact on Portland’s reputation as a “green city,” and others.
- Working Waterfront Coalition, Port of Portland and others also commented that industrial land needs should be fully met. Concerns included responding to job polarization trends, prosperity impacts on underserved people, reliance on traded sector and export growth, tax benefits of technology-intensive sites, and multiplier benefits of industrial jobs.
- Goal 9 compliance was questioned. Audubon Society of Portland specifically recommended that Portland should seek a Goal 9 exception, advancing a new paradigm that Portland’s industrial employment land base is limited.
- Stoel Rives, LLC on behalf of Schnitzer Steel Industries objected that proposed land supply policies should more clearly address site characteristics that distinguish industrial land types, particularly harbor access.

Commission Direction



Options are:

- 1) Recommend the proposed growth strategy for marine terminals and harbor access lands, as modified below.
- 2) Revisit this strategy.

No./Issue	Who testified	Recommendation	Rationale	Discuss?
WHI map designation	PBA, Audubon Society of Portland, WWC, Port, Stoel Rives, et al	Apply a rural Farm and Forest map designation.	Extensive comments in opposition and support. Lack of community agreement on annexation within the present planning horizon.	<input checked="" type="checkbox"/>

No./Issue	Who testified	Recommendation	Rationale	Discuss?
Clarify land supply adequacy	PBA, Audubon Society of Portland, WWC, Port, Stoel Rives, et al	Clarify that site types mean employment geographies and that capacity needs for building types with similar site characteristics can be met in other employment geographies.	Goal 9 compliance questioned. Add flexibility and clarification. Balance IL/WH approaches.	<input checked="" type="checkbox"/>
6.41. West Hayden Island	BES	Add direction to achieve net ecological improvement should annexation occur.	Provide policy direction without regulatory detail.	<input type="checkbox"/>

#### Issue D. Increasing investments in freight transportation infrastructure and brownfields

Should land efficiency and intensification be emphasized in industrial growth strategies through more investment in freight infrastructure and brownfield cleanup?

##### Background Information

**Proposed approach on industrial land intensification** – In North America and Europe, significant examples of new and modern, multi-story industrial development have been limited. Building elevators are an efficiency bottleneck for most manufacturing and warehousing. Instead, industry preferences and development trends have shifted more toward larger, single-story buildings and more outdoor maneuvering area to accommodate efficient truck movement and bigger trains and ships, driven by an increasingly competitive global markets (see business focus group results in EOA Section 1). Within this context, however, various recent development examples in Portland indicate opportunities to increase intensification through business expansion, infill, or redevelopment.

Strategic freight investments and business climate improvements offer key opportunities to encourage industrial reinvestment and more intensive use of land here by raising the city’s value proposition among competing industrial locations. Proposed policies providing supportive direction to pursue these opportunities include 6.38. *Industrial land use intensification*, 6.23. *Trade and freight hub*, 6.17. *Regulatory climate* and 8.26. *Public-private partnerships*. To implement these policies and freight transportation policies 9.30 – 9.37, an extensive program of strategic freight investments are proposed in the Transportation System Plan. These infrastructure projects address identified deficiencies, accommodate forecast growth, improve Portland’s competitiveness as a leading export region, and some of them facilitate development or intensification of particular sites. Freight volumes handled in the region are expected to roughly double in tonnage and triple in value between 2007 and 2040 (2014 Commodity Flow Forecast draft).



**Proposed approach on brownfield redevelopment** – Brownfields are vacant or underutilized properties where real or potential contamination complicates redevelopment. Portland’s industrial districts contain an estimated 560 acres of vacant brownfields, accounting for over 60% of brownfields on employment lands citywide. Policy 6.14. *Brownfield Redevelopment* proposes to cleanup and redevelop 60% of the city’s brownfield acreage by 2035. In contrast, continuation of current approaches and trends would suggest a brownfield redevelopment rate of 40% by 2035. This policy target is based on the 2012 [Portland Brownfield Assessment](#), which includes a citywide brownfield inventory, financial feasibility analysis, and recommendations of national best practices. Strategies to develop a comprehensive local brownfield toolkit of incentives and best practices are described in the EOA Section 4 report.

In addition to on-site contamination, liability for future cleanup of river sediment contamination in the Portland Harbor Superfund Site has been a significant deterrent to brownfield redevelopment along the harbor. While progress on this Superfund project has been long delayed, it is anticipated that the U.S. Environmental Protection Agency will issue a Record of Decision, allocate liability among responsible parties, and move forward with cleanup actions well within the 2035 planning horizon. Proposed policy 6.40. *Portland Harbor Superfund Site* supports City efforts toward prompt resolution and cleanup.

### Comments and recommended responses

- The Portland Freight Committee (PFC), PBA and others commented that policy 9.6 Transportation hierarchy for people movement should not apply to Freight Districts and designated freight routes. The Freight Master Plan identifies “Heavy Freight” as a primary use of Freight Districts and Priority Truck Streets. PFC also commented that the map of Freight Corridors in Figure 3.2 is substantially incomplete.
- PBA commented that the proposed criteria to identify Transportation System Plan (TSP) projects overemphasize bike, pedestrian, and transit modes, reducing funding opportunities for freight investment and other modes.
- Many people commented that increased brownfield redevelopment and industrial land intensification should be emphasized as land supply strategies.

### Commission Direction



Options are:

- 1) Recommend the proposed freight infrastructure and brownfield policies and investments, as modified below.
- 2) Revisit this strategy.

No./issue	Who testified	Recommendation	Rationale	Discuss?
<b>9.7 Moving goods and delivering services.</b>	Portland Freight Committee, PBA, et al	Refine language in Policy 9.7 to cite the importance of priority truck streets and freight districts. Add more explicit statement that the movement of goods and services is as important as people movement.		<input type="checkbox"/>
<b><u>Add New. Regional truck corridors policy, changes to Figures 3-2 and 3-7</u></b>	Portland Freight Committee, PBA, et al	Add a policy in the Freight Corridors section of Chapter 3 that references freight elements of the corridors map (Figure 3-2), and policies in Chapter 9. Move the freight section back next to employment, and move all freight designations to Map-3-7 with employment areas. Revise that figure to include Regional Truckways and Priority Truck Streets.	Freight corridor map is incomplete and lacks policy direction. Merging those freight elements with the employment areas map is a clearer way to communicate the relationship of these topics.	<input type="checkbox"/>
<b>9.11 Growth strategy</b>	Portland Freight Committee, PBA, et al	Add freight and employment districts to this growth strategy policy alongside the centers and corridors reference. Explore distinction between policy 9.11 and 9.12.	Job growth only in centers and corridors may increase job polarization and wage disparities. Many middle-class jobs will be located in employment districts.	<input type="checkbox"/>
<b>6.14/6.39/7.29 Brownfields</b>	Portland Audubon, Ann Gardner, Port, et al	Clarify how to meet 6.14. Add " <u>Overcome financial-feasibility gaps to cleanup and redevelop 60% ....</u> "	Aspirational/punitive v. realistic targets and implementation.	<input type="checkbox"/>

## Issue E. Employment land map changes

Should any of the proposed map changes to meet employment land capacity be amended?

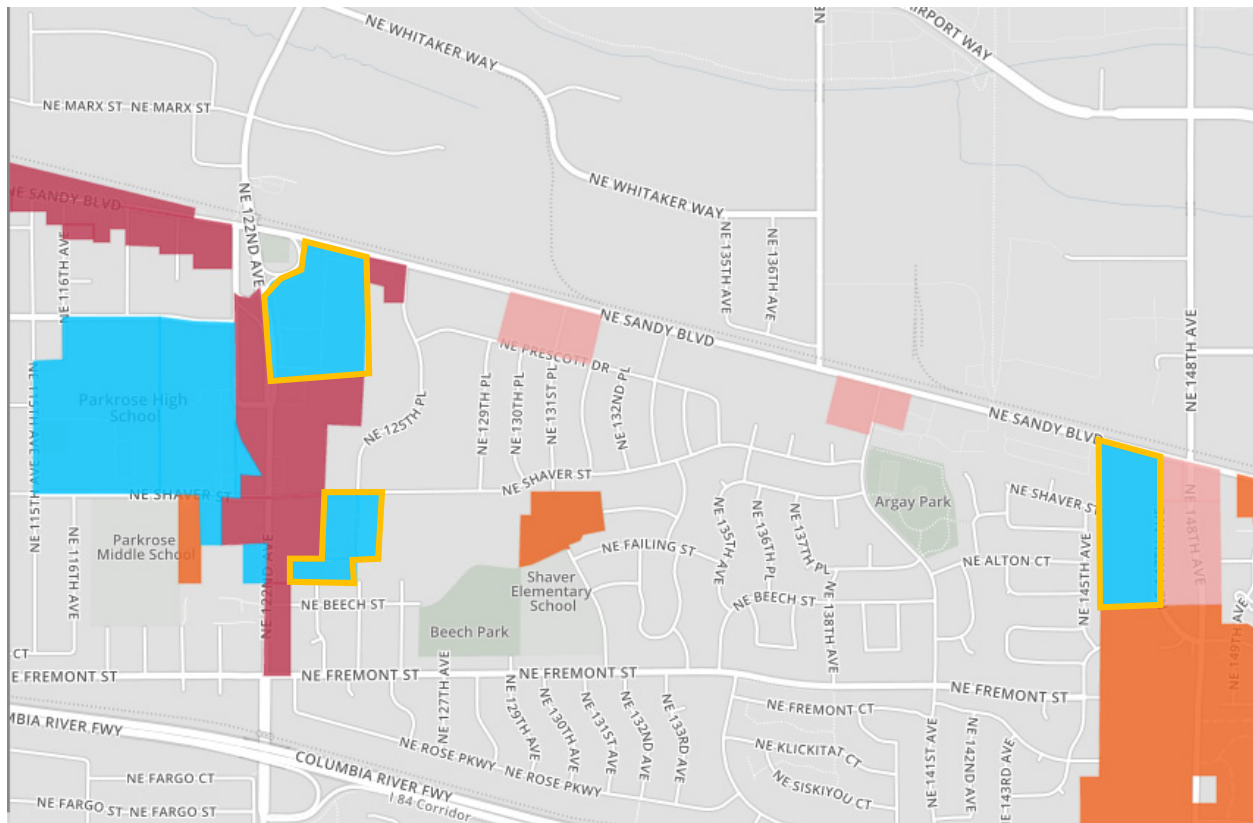
### Background Information

**Dispersed Employment Areas** – The Dispersed Employment geography consists of primarily small business-park and flex-space sites occupied by low-density office and light industrial businesses in residential settings near freeways or truck routes. These small employment areas expand convenient access to middle- and high-wage jobs in neighborhoods, in contrast to the predominantly low-wage jobs in neighborhood commercial districts.

**Proposed approach on new Mixed Employment areas** – The existing land supply in this geography meets only 93% of forecast demand. A variety of map changes are proposed in the Comprehensive Plan Update to expand capacity and improve the land use efficiency and functions of Dispersed Employment areas. These combined additions meet the forecast land needs in this geography and result in a slight surplus of 5 acres.

- New Mixed Employment areas have been designated at development opportunity sites near freeway interchanges or truck routes in East Portland, including existing farm sites (currently designated residential or commercial) and underutilized commercial sites.

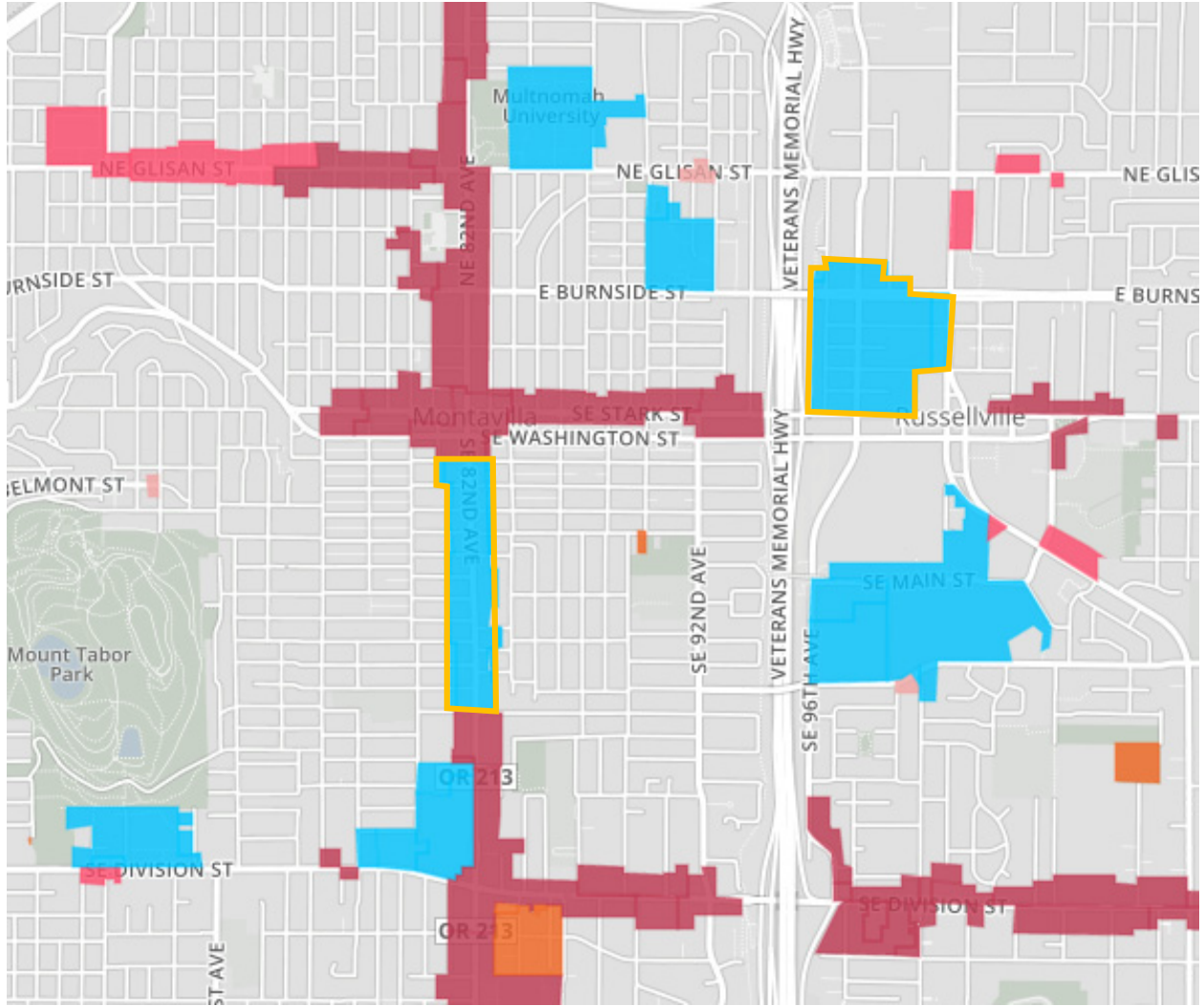
**Figure 5. Proposed Mixed Employment Land Changes in East Portland**





- Existing General Commercial areas with redevelopment potential for higher employment density have been changed to Mixed Employment designations, including portions of SE 82<sup>nd</sup> Ave. (Figures 8 and 9) and N. Hayden Meadows Drive (Figure 10).

**Figure 8. Proposed Mixed Employment Land Changes SE 82<sup>nd</sup> Ave and Gateway**







The Employment Capacity Zoning Project is underway as part of the Task 5 Implementation to propose zoning map and code changes that implement these new Comprehensive Plan designations.

**Comments and recommended responses**

- Property owner Joe Rossi and neighborhood association members objected to the Mixed Employment (ME) designation and potential light industrial development on parts of their undeveloped farmsites at NE 122<sup>nd</sup> and 147<sup>th</sup>. A representative of the Kmart property nearby at 122<sup>nd</sup> also objected to the proposed ME designation.
- Katie Larsell (East Portland Action Plan) commented on the importance of Columbia Corridor jobs for East Portland residents and urged promotion of middle-income jobs to prevent displacement in East Portland.
- Lindley Morton and other property owners in the NW Area Plan Transition Area (“the squish”) objected to the ME designation in some blocks and urged raising height limits there.
- Property owner Gary Lee objected to the ME designation in Gateway near the Burnside MAX station, urging retention of a mixed-use EX designation. In contrast, Cora Potter recommended prioritization of job growth in Gateway as a central employment center.

Commission Direction



Options are:

- 1) Recommend the proposed designation of new Mixed Employment areas, as modified below.
- 2) Revisit this strategy.

No. /issue	Who testified	Recommendation	Rationale	Discuss?
<b>Change to ME at Rossi farm and Kmart sites</b>	Joe Rossi, Argay NA, et al	Retain map changes. Reconfigure 147th/Sandy change to reduce depth. Improve compatibility with Task 5 code changes.	Meet Goal 9. 2/3 office development expected. Increase living-wage jobs in East Portland.	<input checked="" type="checkbox"/>
<b>Change to ME in Gateway</b>	Gary Lee, Cora Potter	No change to proposed map.	Increase Gateway job growth v. owner objection.	<input type="checkbox"/>
<b>Change to ME on SE 82nd between SE Alder and SE Mill</b>	Montavilla NA, individuals	Retain map change, but remove residential parcels and split zoned parcels with residential uses along the western and eastern edges.	Public concern over potential housing prohibition or limitation.	<input type="checkbox"/>

<b>Change to ME in NW transition area</b>	Lindley Morton	No change to proposed map. Retain 1-block ME buffer.	Map proposal converts industrial per NW Plan, but retains buffer to town center.	<input type="checkbox"/>
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## Issue F. Campus Institutions

Is the proposed approach for major campus institutions on track with employment land designations and new zones to more effectively accommodate institutional growth and neighborhood livability?

### Background Information

**Campus Institutions** – The health care and education sectors are concentrated in 19 large hospital and college campuses and smaller neighborhood facilities. These institutions are also major employers, anchoring the health care and education sectors, which accounted for 88,500 jobs or 24% of the employment in the city in 2010 and have been leading sources of job growth locally, regionally, and nationally.

**Proposed approach on campus institutional land use** – Proposed policies 6.53. *Campus institutions* and 6.54. *Campus land use* and the Comprehensive Plan Map propose a shift in land use direction for campus institutions, designating them as employment districts, where uses typically associated with their operations are allowed, rather than conditional uses in residentially designated areas. The average age of the 15 residentially designated institutions at their current locations is nearly 80 years. The average size of these campuses in total employment is comparable to Town Centers. Proposed institutional policies describe the intended use, intensity and public services provision at these map designations, including the intent to foster the growth of the institution while enhancing the livability of surrounding residential neighborhoods and the viability of nearby business areas. The Portland Plan specifically supports this map change, calling for new land use and investment approaches to support the growth and neighborhood compatibility of college and hospital campuses.

**Proposed approach on institutional growth capacity** – The current growth capacity in most of the Campus Institutions geography consists of the maximum development allowance set in their conditional use master plans and impact mitigation plans. This existing capacity meets only 83% of forecast demand by 2035, leaving a 64-acre shortfall of needed developable land. The proposed Comprehensive Plan meets this capacity shortfall primarily by designating each campus as employment land with expected development (FAR) allowances that exceed forecast development. The draft floor area allowances being considered in the Institutional Zoning Project now underway meet an estimated 141% of forecast demand overall

### Comments and recommended responses

- David Johnston and a few others commented on the proposed institutional map designation, particularly concerned with protecting neighborhood livability in the Task 5 Campus Institutional Zoning Project.



- Neighbors and an OHSU representative commented that the approach adopted in the Marquam Hill Plan should be retained, including the existing EX zoning map designation. Another neighbor questioned why a Campus Institution map designation was not applied there. The current EX zoning map designation relates to the existing “Science and Technology Quarter” policy supporting technological innovation and business startup activity associated with campus R&D.

Commission Direction



Options are:

- 1) Recommend the campus institutional land use and capacity strategy, as modified below.
- 2) Revisit this strategy.

Issue	Who testified	Recommendation	Rationale	Discuss?
<b>Uncertainty about new zone</b>	David Johnston, et al	No changes to proposed map and policies. Address concerns in Task 5 zoning project.	Meet Goal 9. Improve zoning review processes.	<input type="checkbox"/>
<b>EX zoning at Marquam Hill institutions</b>	Eric Schnell, Milt Jones, OHSU	Change map designation to Campus Institutional but retain EX zoning. Add new Innovation District policy in chapter 6 that provides for expanding campus institutions in the Central City and Marquam Hill, and encourages business development linkages with other Central City Districts.	Consistency with Campus Institutional policy intent, but acknowledge that there is no need to change existing zoning tools at OHSU. Support R&D related job growth at OHSU, foster connections between institutions and nearby employment districts..	<input type="checkbox"/>

## Chapter 6 Policy Consent Recommendations

No. /issue	Who testified	Recommendation	Rationale	Discuss?
<b>Policy 6.13. Land efficiency</b>	Portland Audubon, BES	Move to Urban Form chapter (new Policy 3.8) to be more broadly applied	Respond to comments urging emphasis on land efficiency and various benefits.	<input type="checkbox"/>
<b>Policy 6.17.a. Regulatory climate</b>	Staff	Change "ensure" to "maintain."	Avoid overly rigid interpretation on cumulative regulatory costs.	<input type="checkbox"/>
<b>Policy 6.39. Industrial brownfield redevelopment</b>	Staff	Clarify that direct support includes financial investments.	Clarify implementation expectations.	<input type="checkbox"/>
<b>Airport Futures Plan policies</b>	Port of Portland	Retain Airport Futures policies that guide public facilities development or provide general direction. Add new Airport section in Chapter 8, based on language developed in consultation with the PDX Community Advisory Committee.	Airport Futures Plan policies were added to comp plan in 2010 and were inadvertently not incorporated into the new draft plan.	<input type="checkbox"/>
<b>Add 6.34. Innovation District</b>	OHSU, neighbors	Encourage business development that builds on R&D strengths of institutions.	Retain existing land use direction (policy 5.11) for Marquam Hill plan district and EX map designation.	<input type="checkbox"/>
<b>Add 6.43 Columbia East</b>	Staff	Provide a mix of industrial and limited business park development in Columbia East	Retain land use direction (policies 5.10 and 5.13) for Columbia South Shore and Cascade Station plan districts.	<input type="checkbox"/>

No. /issue	Who testified	Recommendation	Rationale	Discuss?
<b>Add 6.64. Non-conforming neighborhood business uses</b>	BDS	Adapt non-conforming use implementation to avoid displacing businesses in civic corridors but limit adverse impacts on nearby housing.	BDS asked for policy direction to address this issue.	<input type="checkbox"/>
<b>Policy 6.20. Corporate headquarters</b>	BDS	Clarify location suitability to address adequate transportation facilities.	BDS asked to clarify "suitable locations." PDC requested policy to support flexibility.	<input type="checkbox"/>
<b>Add 6.23. Traded sector land supply</b>	Staff	Foster traded sector retention, growth, and competitive advantages in industrial districts and the Central City	Add policy clarification for mapping direction and flexibility.	<input type="checkbox"/>
<b>Policy 6.65. Involuntary commercial displacement</b>	Staff	Refer to "small businesses vulnerable to displacement" rather than "vulnerable small business owners."	Modify equity language.	<input type="checkbox"/>