



THE BUREAU OF
**PLANNING &
SUSTAINABILITY**

To: City Council
From: Tom Armstrong, Supervising Planner
Date: September 20, 2024
Re: Montgomery Park Area Plan (MPAP) - Economic Opportunity Analysis

Introduction

The Economic Opportunity Analysis (EOA) is a state-mandated supporting document to the 2035 Comprehensive Plan that is the City's analysis of the 20-year supply and demand for employment land to demonstrate compliance with Statewide Planning Goal 9, which requires the City demonstrates that it has sufficient development capacity to accommodate 20-years of forecasted employment growth. All comprehensive plan map and zoning map amendments must demonstrate that the result will continue to maintain sufficient employment development capacity. Portland's 2035 Comprehensive Plan and EOA were adopted in 2016. The currently adopted EOA is the controlling document that is the foundation for these findings.

2016 Industrial Land Demand and Capacity

The EOA is based on different subareas or employment geographies that represent different employment types (see map at the end of the memo). For industrial uses, Portland has four different employment geographies:

- Harbor & Airport Districts – this area is the largest employment geography that represents the industrial areas along the Portland Harbor along with North and Northeast Portland out to the Portland Airport.
- Harbor Access Land - this area is the land with direct access to the Willamette and Columbia Rivers.
- Columbia East – this area is the Columbia Corridor east of the Portland Airport.



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- Dispersed Employment – these dispersed areas are pockets of industrial and employment land that are scattered throughout Portland.

The geographies have some unique characteristics and some similar characteristics. Some of the land demand is exclusive to that geography, such as businesses that are dependent on river access need to locate in the Harbor Access Lands geography. Whereas, some of the industrial land demand can be accommodated in any of the geographies. For example, a freight distribution warehouse could locate either in the Harbor and Airport Districts or the Columbia East geographies or the Dispersed Employment area if there was a site that is large enough.

The adopted 2016 EOA industrial land demand and development capacity analysis found a small surplus of industrial capacity (Table 1).

Table 1. 2016 EOA Industrial Land Demand and Development Capacity

Employment Geography	2010-35 Land Demand	Land Supply	Surplus/Deficit
Harbor & Airport Districts	1,013 ac	1,067 ac	54 ac
Harbor Access Lands	192 ac	167 ac	-25 ac
Columbia East	350 ac	416 ac	66 ac
Dispersed Employment	130 ac	146 ac	16 ac
Total Industrial	1,685 ac	1,796 ac	111 ac

The 2016 EOA identified demand for 1,685 acres of industrial land and 1,796 acres of available industrial land supply, resulting in an overall industrial land surplus of 111 acres through 2035. The Montgomery Park Area Plan is located in the Harbor & Airport Districts geography, which had a surplus of 54 acres in 2016. However, some of that surplus capacity was assumed to make up for the deficit in the Harbor Access Lands geography; it was assumed that some of the industrial uses that wanted to be in the harbor could be located close-by. We have seen examples of this site selection process such as the Port of Portland locating an automobile facility across N. Marine Drive from Terminal 6.

Subsequent to the 2016 adoption on the EOA there have been Comprehensive Plan Map changes that have reduced the industrial land supply. For example, the 2018 Manufactured Dwelling Park zoning changes reduced the industrial development capacity by 18 acres. Therefore, the current development capacity in the Harbor and Airport Districts is 11 acres.

MPAP Changes

The map changes from Industrial Sanctuary (IS) and Mixed Employment (ME) comprehensive map designations to Central Employment (EX) are the focus of this analysis (Table 2). These changes involve the ESCO site, the American Can site and the industrial area between NW 23rd and NW 24th Avenues.

Although the Central Employment designation, which is implemented through the EX zone, allows for a wide range of industrial uses, it also allows for a wide range of non-industrial uses, such as retail, office and residential. The development trends in the EX zone, in places such as the Pearl District and the Central Eastside, show that these non-industrial uses are dominant. Therefore, the Central Employment map designation is not considered an industrial designation and the impacts to the City’s future industrial capacity must be analyzed.

As shown in Table 2, the MPAP map changes reduce the industrial land supply by net 34 acres. This capacity represents a small fraction (0.2 percent) of the total 13,175-acre industrial land base. It represents about 3 percent of the 1,067 acres of development capacity in the Harbor and Airport Districts.

Table 2. MPAP Comprehensive Plan Map Changes

Comprehensive Plan Map Changes (current to proposed)	Net Acres
Industrial Sanctuary (IS) to Central Employment (EX)	5.7 ac
Mixed Employment (ME) to Central Employment (EX)	28.1 ac
Total	33.8 ac

Land Supply Analysis

The 34-acre reduction in industrial land capacity due to the MPAP map changes, reduces the Harbor and Airport Districts surplus to two acres, which is no longer sufficient to cover the shortfall in the Harbor Access Lands (Table 3). As some of the land demand in each of the industrial employment geographies can be accommodated in other employment geographies, this demand can ultimately be accommodated in the overall surplus of industrial land as follows: land demand in the Harbor Access Lands geography can be accommodated in the Harbor and Airport Districts geography, which in turn some of the demand in the Harbor and Airport Districts could be accommodated in the Columbia East geography, which has a 66-acre surplus. The net result of these changes is that there is an overall surplus of industrial land of 58 acres.

Table 3. Industrial Land Supply Analysis

Employment Geography	2016 Adjusted Surplus/Deficit	MPAP Changes	Revised Surplus/Deficit
Harbor & Airport Districts	36 ac	-34 ac	2 ac
Harbor Access Lands	-25 ac		-25 ac
Columbia East	66 ac		66 ac
Dispersed Employment	15 ac		15 ac
Total Industrial	92 ac		58 ac

The interchangeability of the industrial land demand is possible because the land demand profiles for different building types are similar between the industrial geographies. Table 4 below shows how demand for various building types can be accommodated across the employment geographies. Comprehensive Plan Policy 6.13 envisions that capacity needs for building types with similar site characteristics can be met in other employment geographies:

Policy 6.13. Land supply. Provide supplies of employment land that are sufficient to meet the long-term and short-term employment growth forecasts, adequate in terms of amounts and types of sites, available and practical for development and intended uses. Types of sites are distinguished primarily by employment geographies identified in the Economic Opportunities Analysis, although capacity needs for building types with similar site characteristics can be met in other employment geographies.

Table 4. Industrial Land Demand Analysis

Employment Geographies	General Industrial		Warehouse Distribution		Flex	
	acres	share	acres	share	acres	share
Harbor & Airport Districts	21 ac	4%	437 ac	76%	118 ac	20%
Harbor Access Lands	10 ac	13%	40 ac	54%	24 ac	32%
Columbia East	41 ac	18%	132 ac	59%	53 ac	24%
Dispersed Employment	34 ac	50%	(1) ac	-	33 ac	50%

Source: BPS Analysis of Figure 15, Section 2-3, 2016 EOA

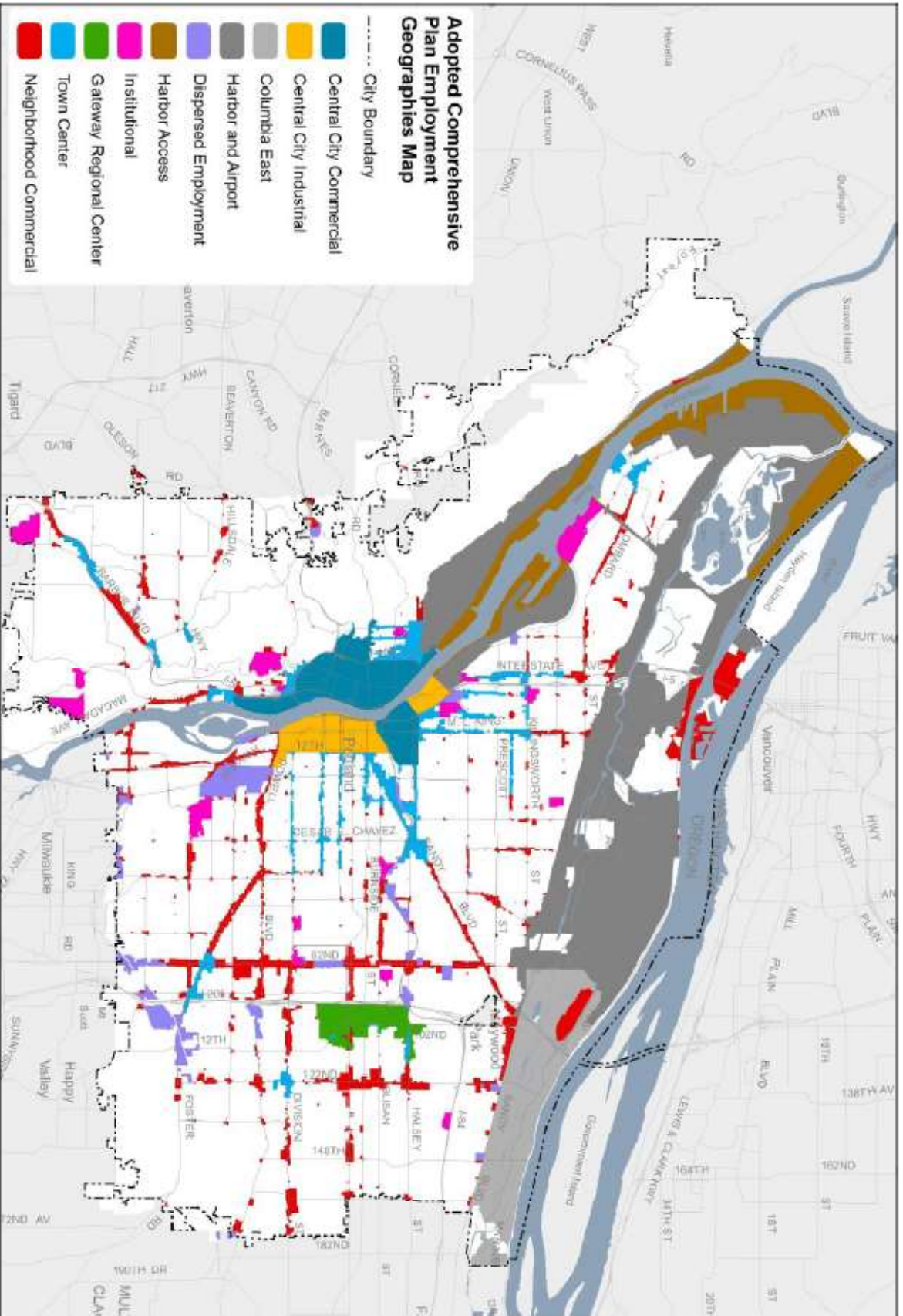
Large Lot Industrial Sites

The industrial land demand also relies on a diverse range of site sizes, especially those larger than 10 acres. The ESCO site represents a large site of about 18 acres, which is about 10 percent of the land supply in the 10-20 acre category. The 2016 EOA showed a deficit of 85 acres in the 10-20 acre site size range (Table 5). However, this deficit was covered by surplus capacity of 585 acres in the 20+ acre site categories. Therefore, the conversion of one large site is not expected to significantly impact the supply of larger industrial sites.

Table 5. Large Lot Industrial Land Demand and Supply (acres)

Site Size (acres)	2016 EOA Land Demand	2016 EOA Land Supply	Surplus/Deficit
10 to 20 ac	269 ac	184 ac	-85 ac
20 to 50 ac	156 ac	375 ac	219 ac
50+ ac	300 ac	666 ac	366 ac
Total	725 ac	1,225 ac	500 ac

Source: BPS Analysis, Figure 20, Section 2 and Figure 10, Section 4 of 2016 EOA



Adopted Comprehensive Plan Employment Geographies Map

- City Boundary
- Central City Commercial
- Central City Industrial
- Columbia East
- Harbor and Airport
- Dispersed Employment
- Harbor Access
- Institutional
- Gateway Regional Center
- Town Center
- Neighborhood Commercial

June 1, 2016

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The information on this map was derived from City of Portland GIS databases. Care was taken in the creation of this map but it is provided "as is". The City of Portland cannot accept any responsibility for error, omissions or positional accuracy.

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