

**Central Eastside,
Zoning and
Implementation Issues**

Summary Report

Prepared for

Portland Development Commission

by

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Abstract

This report summarizes an evaluation of zoning issues in the Central Eastside (CES) conducted in 2003 for the Portland Development Commission (PDC) by ECONorthwest and the Bureau of Planning of the City of Portland. This summary draws from three technical reports prepared as part of this study and available from PDC: (1) ECONorthwest, *Central Eastside Market Analysis*, August 2003; (2) City of Portland, Bureau of Planning, *Central Eastside Industrial Zoning Study*, December 2003; and (3) ECONorthwest, *Economic Overview of the Central Eastside*, March 2003.

Chapter 1 of this summary report begins with a brief history of the project and issues. *Chapter 2* summarizes all the technical work: it describes the kinds of businesses that the CES might wish to attract and that might find the CES attractive, how zoning in the CES currently works, and the ways zoning can have an effect on development and redevelopment. *Chapter 3* describes the types of policy changes that the City and PDC might want to consider in the CES, focusing on zoning changes (as required by the objectives and scope for work for this study), but also touching on other policies (e.g., related to traffic and public amenities).

In the last few years, the Portland Development Commission (PDC) has sponsored several studies of the Central Eastside (CES) of Portland. The City of Portland is planning for substantial employment growth, and expects the CES to accommodate a large amount of this growth. The CES Development Opportunity Strategy (2001) recommended a vision for the CES that would have part of this employment growth come from new office-intensive industrial uses and other high-density, employment-generating uses. The CES DOS Strategy calls for a pilot project that would encompass the 30 acres comprising the study area that would limit these new uses to ones that would not have negative impacts on the operations of existing and possible future industrial uses.

The CES DOS vision calls for a strategy of managed change in the CES. Both the CES Urban Renewal Urban Renewal Plan and City policy desire that the area not change its character to become like the downtown across the river, or like the Pearl District. The desire is for some blend of the old industrial uses with newer ones that might include office or office-like space as part of their operations. The desired result is increased employment density in the CES that helps preserve the area as a center of jobs and industry.

Consistent with that vision is the recognition by the Steering Committee for this project that protecting parts of the CES as an “industrial sanctuary” (through public policies, especially zoning) is not only in conformance with the vision, but may be an attribute that attracts the kinds of businesses desired for the CES. That attraction can result from the zoning’s ability to (1) help maintain reasonable land prices (by moderating speculation based on conversion of use) and (2) provide a framework for compatible, complementary uses and resulting economic synergies.

Thus, the vision is not to replace industrial uses with “higher-value” uses;¹ it is not to remove the protections of industrial uses now afforded by the zoning that implements the idea of an industrial sanctuary. Rather, it is to fine-tune the industrial zoning to allow a slightly greater mix and density of economic uses without jeopardizing the industrial character of parts of the CES.

PDC contracted with ECONorthwest and the Portland Bureau of Planning investigate the extent to which City zoning was providing barriers to desired development types, and to propose changes to zoning (and other policies) that might make that development more likely to occur, to occur

¹ The notion of “higher-value” in land-use planning and real estate development usually applies to the private-sector, and means higher *land* values. From a public-sector perspective, however, uses with low land values (e.g., some industrial and multifamily residential uses) can be very important to the economy and quality of life of an urban area.

more quickly, and to occur in ways that do not damage the ability of the CES to accommodate existing and future industrial users.

Several questions needed to be addressed to devise how to implement such a strategy.

- What types of businesses *could* be *attracted to* the Central East Side (CES) that *would* be *attractive to* the CES?
- Under what conditions (e.g., price, utilities, building space) would they locate in the CES? That is, does anything need to change in order to attract and retain these businesses?
- What effects might the presence of these new businesses in the CES have on older, traditional industrial uses?
- Is current zoning a constraint for these businesses?
- What changes to zoning (and other policies) might make the desired type of development more likely to occur, to occur more quickly, and to occur in ways that do not damage the ability of the CES to accommodate existing and future industrial users.

The questions are addressed in this Phase II study as follows:

- **Economic/market issues:** Who are these potentially office-intensive industrial users, and what are their characteristics? Under what conditions would they find the CES a desirable location? What impacts might a wider range of uses have on existing CES businesses?
- **Zoning/land use issues:** Under the assumption that the economic analysis identifies demand for office-intensive industrial space in the CES, what changes in plan or zone designations, and in zoning-code language, would facilitate the development of that space? The changes could range from modest adjustments to existing codes, or to the creation of a new zone category and implementing ordinance.

The project team used a variety of methods to develop its findings for this report, including focus groups, literature review, and interviews.