

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

ORDINANCE NO. 1088

Amending County Land Use Code, Plans and Maps to Adopt Portland's Recent Land Use Code, Comprehensive Plan and Map Revisions Related to the Central Eastside Industrial Zoning Project in Compliance with Metro's Functional Plan and Declaring an Emergency

The Multnomah County Board of Commissioners Finds:

- a. The Board of County Commissioners (Board) adopted Resolution A in 1983 which directed the County services towards rural services rather than urban.
- b. In 1996, Metro adopted the Functional Plan for the region, mandating that jurisdictions comply with the goals and policies adopted by the Metro Council.
- c. In 1998, the County and the City of Portland (City) amended the Urban Planning Area Agreement to include an agreement that the City would provide planning services to achieve compliance with the Functional Plan for those areas outside the City limits, but within the Urban Growth Boundary and Portland's Urban Services Boundary.
- d. It is impracticable to have the County Planning Commission conduct hearings and make recommendations on land use legislative actions pursuant to MCC 37.0710, within unincorporated areas inside the Urban Growth Boundary for which the City provides urban planning and permitting services. The Board intends to exempt these areas from the requirements of MCC 37.0710, and will instead consider the recommendations of the Portland Planning Commission and City Council when legislative matters for these areas are brought before the Board for action as required by intergovernmental agreement (County Contract #4600002792) (IGA).
- e. On December 14, 2006, the Board amended County land use codes, plans and maps to adopt the City's land use codes, plans and map amendments in compliance with Metro's Functional Plan by Ordinance 1086.
- f. Since the adoption of Ordinance 1086, the City's Planning Commission recommended land use code, plan and map amendments to the City Council through duly noticed public hearings.
- g. The City notified affected County property owners as required by the IGA.

The City Council adopted the land use code, plan and map amendments set out in Section 1 below and attached as Exhibits 1 through 3. The IGA requires that the County adopt these amendments for the City planning and zoning administration within the affected areas.

Multnomah County Ordains as follows:

Section 1. The County Comprehensive Framework Plan, community plans, rural area plans, sectional zoning maps and land use code chapters are amended to include the City land use code, plan and map amendments, attached as Exhibits 1 through 3, effective on the same date as the respective Portland ordinance:

Exhibit No.	Description	Effective / Hearing Date
1	Ordinance amending Titles 33 to create classification of Industrial Office and allow such offices in a portion of the Central Eastside. (PDX Ord. #180667)	1/12/07
2	Exhibit A – Central Eastside Industrial Zoning Project Planning Commission Recommendation.	10/2006
3.	Exhibit B – Central Eastside Industrial Zoning Study.	12/2003

Section 2. In accordance with ORS 215.427(3), the changes resulting from Section 1 of this ordinance shall not apply to any decision on an application that is submitted before the applicable effective date of this ordinance and that is made complete prior to the applicable effective date of this ordinance or within 180 days of the initial submission of the application.

Section 3. In accordance with ORS 92.040(2), for any subdivisions for which the initial application is submitted before the applicable effective date of this ordinance, the subdivision application and any subsequent application for construction shall be governed by the County’s land use regulations in effect as of the date the subdivision application is first submitted.

Section 4. Any future amendments to the legislative matters listed in Section 1 above, are exempt from the requirements of MCC 37.0710. The Board acknowledges, authorizes and agrees that the Portland Planning Commission will act instead of the Multnomah Planning Commission in the subject unincorporated areas using the City's own procedures, to include notice to and participation by County citizens. The Board will consider the recommendations of the Portland Planning Commission when legislative matters for County unincorporated areas are before the Board for action.

Section 5. An emergency is declared in that it is necessary for the health, safety and general welfare of the people of Multnomah County for this ordinance to take effect concurrent with the City code, plan and map amendments. Under section 5.50 of the Charter of Multnomah County, this ordinance will take effect in accordance with Section 1.

FIRST READING AND ADOPTION: January 4, 2007



BOARD OF COUNTY COMMISSIONERS,
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By *Sandra Duffy*
Sandra N. Duffy, Assistant County Attorney

SUBMITTED BY:
Cecilia M. Johnson, Director, Dept. of Community Services

EXHIBIT LIST FOR ORDINANCE

1. Ordinance amending Titles 33 to create classification of Industrial Office and allow such offices in a portion of the Central Eastside. (**PDX Ord. #180667**)
2. Exhibit A – Central Eastside Industrial Zoning Project Planning Commission Recommendation.
3. Exhibit B - Central Eastside Industrial Zoning Study.

Prior to adoption, this information is available electronically or for viewing at the Multnomah County Board of Commissioners and Agenda website (www.co.multnomah.or.us/cc/WeeklyAgendaPacket/). To obtain the adopted ordinance and exhibits electronically, please contact the Board Clerk at 503-988-3277. These documents may also be purchased on CD-Rom from the Land Use and Transportation Program. Contact the Planning Program at 503-988-3043 for further information.

ORDINANCE No. 180667 AS AMENDED

Create classification of Industrial Office and allow such offices in a portion of the Central Eastside (Ordinance; amend Title 33)

The City of Portland ordains:

Section 1. The Council finds:

General Findings

1. In 2002, the Portland Development Commission (PDC), working with other City bureaus and Central Eastside stakeholders, created the Central Eastside Development Opportunity Strategy (DOS) whose broad goal was to stimulate economic development and increase employment in the Central Eastside, targeting the southwestern portion of the district. The Development Opportunity Strategy was adopted by PDC Resolution No. 5856 and City Council Resolution No. 36082
2. The Development Opportunity Strategy recommended a wide array of implementation measures intended to: encourage a creative mix of employment-dense businesses; facilitate infill development and redevelopment of existing underutilized structures; and foster a unique and vital inner-urban employment and industrial area.
3. The Development Opportunity Strategy also called for exploring possible changes to land use regulations in order to increase flexibility for office and employment-dense land uses.
4. In the last four years, PDC, City bureaus, the Central Eastside Industrial Council (CEIC), neighborhood organizations, and businesses have been implementing various elements of the development strategy. In addition, the CEIC has been developing a Vision for the district that calls for an evolutionary approach to change—encouraging cutting-edge employment-dense “new urban industry” that is compatible with more traditional industrial uses in the Central Eastside.
5. The Central Eastside Industrial Zoning Project is a collaborative effort that follows-up on specific recommendations of the CEIC Vision and the DOS report to evaluate the Central Eastside’s industrial zoning regulations, and amend them where appropriate in support of the vision and development strategy.
6. A fundamental objective of the development strategy is to “capture more employment intensive business and progressive types of jobs emerging in our regional, national and global economy.” In order to help achieve that objective, two concurrent and related studies were undertaken: 1) a market analysis to help understand underlying economic factors and better define the desired business types (conducted by ECO Northwest); and 2) a zoning analysis to identify any barriers the existing zoning regulations present to desired businesses and development activity. The zoning study was conducted by the Bureau of Planning and is attached to this ordinance as *Exhibit B: Central Eastside Industrial Zoning Study, December 2003.*
7. The Zoning Code amendments contained in *Exhibit A: Central Eastside Industrial Zoning Project Planning Commission Recommendation*, advance the objectives of the Central Eastside Development Opportunity Strategy and CEIC Vision, build upon the findings of the Central Eastside Industrial Zoning Study and market analysis, and incorporate input from stakeholders, including the project advisory group (Central Eastside Working Group).

8. On April 7, 2005 notice of the proposed action was mailed to the Department of Land Conservation and Development in compliance with the post-acknowledgement review process required by OAR 660-18-020.
9. On May 24, 2005, the Planning Commission held a hearing on the proposal. Staff from the Bureau of Planning presented the proposal, and public testimony was received. The Commission voted unanimously to forward the proposal with amendments to City Council.
10. On December 7, 2006, City Council held a hearing on the Planning Commission recommendation. Staff from the Bureau of Planning presented the proposal, and public testimony was received.
11. The amendments implement, support or are consistent with applicable Statewide Planning Goals, the Metro Urban Growth Management Functional Plan, the Portland Comprehensive Plan, the Central City Plan and neighborhood plans, as described in the findings below. Only the relevant and applicable goals, policies and objectives are addressed.

Findings on Statewide Planning Goals

12. State planning statutes require cities to adopt and amend comprehensive plans and land use regulations in compliance with state land use goals.
13. **Goal 1, Citizen Involvement**, requires provision of opportunities for citizens to be involved in all phases of the planning process. The preparation of these amendments has provided numerous opportunities for public involvement, including:
 - a) Bureau of Planning and Portland Development Commission project discussed project issues, findings and alternatives with the Central Eastside Development Opportunities Study Steering Committee on March 19, 2003, May 14, 2003 and September 24, 2003.
 - b) In 2004, Bureau of Planning and Portland Development Commission project staff organized the Central Eastside Working Group (CWG) to assist in identifying issues and evaluating and crafting alternative solutions. The CWG included representatives from the Central Eastside Industrial Council (CEIC), the Buckman and Hosford-Abernethy neighborhood associations, property owners, developers, and owners of businesses from computer and software firms to distribution and manufacturing. The CWG met on July 15, 2004, August 11, 2004, September 30, 2004, December, 21, 2004, and January 6, 2005.
 - c) Staff discussed project issues, alternatives and proposals at the Central Eastside Industrial Council Land Use Committee on several occasions, including meetings on June 3, 2003, March 1, 2005, and September 5, 2006.
 - d) Staff presented project issues, alternatives and proposals to the Portland Development Commission on January 14, 2004 and May 25, 2005, where the public was given an opportunity to testify. On these occasions, the Portland Development Commission expressed general support for the project's approach and proposed amendments.
 - e) Staff regularly briefed the Central Eastside Urban Renewal Area Advisory Council on project issues, alternatives and proposals at their scheduled meetings, throughout 2004 and 2005.
 - f) Staff discussed project issues, alternatives and proposals at the citywide River, Economy, and Industrial Advisory Group on March 20, 2003, October 10, 2003 and February 18, 2004

- g) Planning staff periodically met with and engaged in telephone and email exchanges with property owners, developers, members of the business community and other interested parties in regards to project goals and provisions.
 - h) On May 6, 2005, the BOP published the Central Eastside Zoning Project, Proposed Draft. The report was made available to the public, posted on the BOP web site, and mailed to all those who requested copies.
 - i) On May 10, the BOP hosted a public open house on the project. Staff provided background information, the full project report, summary materials and staff contact information. BOP staff explained the proposals, answered questions and accepted public comments and suggestions
 - j) On May 24, 2005, the Planning Commission held a hearing on the proposal and public testimony was received. A public notice for the hearing was mailed on May 5, 2005 to over 1,200 persons, businesses, and public agencies, including the project interested party list and property owners in the Central Eastside. In addition a “Measure 56” notice was sent on May 5, 2006 to 85 property owners potentially directed by the amendments.
 - k) On October 24, 2006 the Bureau of Planning published the Planning Commission’s Recommendations on the Central Eastside Industrial Zoning Project. The recommended report was made available to the public and distributed to all those who requested a copy.
 - l) On December 7, 2006 the Portland City Council held a public hearing on the recommendation and public testimony was received. A public notice for the hearing was mailed on November 24, 2006 to all those who requested such notice.
14. **Goal 2, Land Use Planning**, requires the development of a process and policy framework that acts as a basis for all land use decisions and assures that decisions and actions are based on an understanding of the facts relevant to the decision. The amendments support this goal because the proposal was developed and reviewed through the process set out in Chapter 33.740 of the Portland Zoning Code, Legislative Procedures, and the process set out in State law. These procedures ensure that these amendments are evaluated against the Statewide Land Use Goals and the Goals and Policies of the Portland Comprehensive Plan.
15. **Goals 3 and 4, Agricultural Lands and Forest Lands**, requires the preservation and maintenance of the state’s agricultural and forest lands, generally located outside of urban areas. The amendments are supportive of this goal because they support additional employment opportunities and the efficient use of land within an urbanized area, thereby reducing development pressure on agricultural and forest lands.
16. **Goal 6, Air, Water, and Land Resource Quality**, requires the maintenance and improvement of the quality of air, water, and land resources. The amendments support this goal because they will provide more employment opportunities in an area well-served by transit; this will reduce the need for employees to drive or to drive as far, and so will contribute to air quality. Increasing employment opportunities, encouraging infill development and more efficient use of existing buildings and infrastructure in the Central City also reduces development pressure on environmentally sensitive lands.
17. **Goal 9, Economic Development**, requires provision of adequate opportunities for a variety of economic activities vital to public health, welfare, and prosperity. The amendments support this goal because they respond to changes in the regional and global economy by addressing emerging types of production activities not currently well-addressed by the Portland Zoning Code. Some of

these growing sectors of production and business activity are sometimes referred to as "new industry," "new urban industry," or "digital production" include types of firms that might not be considered industrial uses in the traditional sense, such as printing, publishing, home improvement, remodeling and rehabilitation centers, and manufacturing of stone, clay, and glass items, including art. They also include businesses such as creative services, research and development, software development and other "high tech" and "knowledge-based" industries.

18. The project Zoning Code amendments make it easier for these kinds of businesses, which often have office-like characteristics, to locate in a part of the Central Eastside, which already has other characteristics and assets attractive to these emerging industry types, including proximity to the downtown, an eclectic urban character, and a stock of older buildings adaptable for varied tenant needs. The allowances for new business uses will help make redevelopment projects and rehabilitations more economically feasible and thus encourage development activity and job growth.
19. At the same time, the amendments protect established industrial activities from potentially conflicting uses by: distinguishing between desired new offices that have characteristics of industrial uses and traditional offices that are more likely to negatively impact industrial businesses; creating new conditional use review criteria for larger office uses; reducing opportunities for large retail uses; and limiting the new provisions to an area with an identified stock of older underutilized structures that are often obsolete for modern industrial activity.
20. These changes clarify regulations and increase the variety of economic activities that may legally occur in the Central Eastside. The proposal will increase employment opportunities in the area, while preserving those that currently exist.
21. **Goal 12, Transportation**, requires provision of a safe, convenient, and economic transportation system. The amendments support this goal because they will increase employment in the Central City, an area that is well-served by various modes and facilities of the regional transportation system and is proximate to high-density residential areas. They will support existing transit services and provide a base for future services, such as the extension of the Central City Streetcar and new Light Rail facilities, which are planned for the area.
22. The Transportation Planning Rule, adopted in 1991 and amended in 2005, implements Goal 12 and requires certain findings if the proposed zoning code amendments will significantly affect transportation system facilities. The Portland Office of Transportation analyzed the potential traffic impacts from increased employment in the expected from the amendments. The analysis found that the additional traffic is incremental and would not have an adverse impact to the area. The most impacted facility is the I-5 NB off ramp at SE Water Ave. Increased traffic from the amendments from would add little marginal impacts to the traffic operations on the ramp and at the intersection in planning year 2025. They will be disposed of through the street grid system in Central Eastside.
23. The amendments also support this goal for the reasons shown in the findings for Portland Comprehensive Plan Goal 6, Transportation, and its related policies and objectives.
24. **Goal 13, Energy Conservation**, requires development of a land use pattern that maximizes the conservation of energy based on sound economic principles. The amendments support this goal because they will increase employment in the Central City, where various infrastructure systems are already in place, including transportation facilities, water and sewer facilities, and other public and private utilities such as communications and energy provision facilities. By relying on existing infrastructure, energy is conserved. Further, the amendments will encourage re-use of existing buildings, and will increase employment in an area well-served by transit; both of these will conserve energy.

Findings on Metro Urban Growth Management Functional Plan

25. **Title 1, Requirements for Housing and Employment Accommodation**, requires that each jurisdiction contribute its fair share to increasing the development capacity of land within the Urban Growth Boundary. This requirement is to be generally implemented through citywide analysis based on calculated capacities from land use designations. The amendments are consistent with this title because they increase the employment capacity of the city. See also findings under Comprehensive Plan Goal 5 (Economic Development).
26. **Title 2, Regional Parking Policy**, regulates the amount of parking permitted by use for jurisdictions in the region. The amendments are consistent with this title because they will have no effect on the parking regulations for the Central Eastside.
27. **Title 3, Water Quality, Flood Management and Fish and Wildlife Conservation**, protects the public's health and safety by reducing flood and landslide hazards, controlling soil erosion and reducing water pollution by avoiding, limiting, or mitigating the impact of development on streams, rivers, wetlands, and floodplains. Title 3 implements the Statewide Land Use Goals 6 and 7. The amendments support this title for the reasons shown in the findings for the Statewide Land Use Goal 6 and Portland Comprehensive Plan Goal 8, Environment.
28. **Title 4, Industrial and Other Employment Areas**, limits new buildings for retail commercial uses, such as stores and restaurants, and retail and professional services, such as financial, insurance, real estate, legal, and medical and offices, in Employment, Industrial and Regionally Significant Industrial areas to those that are most likely to serve the needs of the area and not draw customers from a larger market area. The amendments are consistent with this title for the reasons below.
29. The amendments clarify and distinguish between Industrial Offices and Traditional Offices in the General Industrial 1 zone within the study area. They facilitate location of the former and restrict the latter, including retail and professional services limited in Industrial areas under Title 4. Industrial Offices share characteristics with Industrial uses, are less service-oriented and more production-oriented, generally supply goods and services to other businesses rather than the general public, and do not require customers or clients to the site.
30. Industrial Offices, such as software developers, computer designers and programmers, graphic and industrial designers, video and media studios, and scientific services, tend to be attracted to older inner-city districts with a distinct, layered urban character like the Central Eastside. Because their decisions to locate in “gritty” mixed industrial areas are consciously made, they make “good neighbors” for industrial businesses and are more likely to tolerate the industrial activities and conditions of the area.
31. The amendments protect existing and future industrial activities in the district by limiting the new provisions to an area with little vacant land and an identified stock of older underutilized structures that are often obsolete for modern industrial activity, avoiding changes in areas with a building stock well suited to continuing “traditional industrial use” (generally the area east of the MLK/Grand corridor) and by continuing to allow the full range of industrial uses currently allowed in the project area.
32. The amendments also protect industrial activities from negative impacts by limiting by-right allowances for Traditional Office uses to 5,000 square feet and requiring a conditional use review for Industrial Offices larger than 60,000 that will evaluate potential negative impacts to the area and its transportation system, including off-street parking and freight and truck movement.

33. The amendments slightly increase in the amount of Retail Sales and Service allowed per site, from 3,000 SF to 5,000 SF per site to better reflect Portland's typical block, lot and building patterns and the typical configuration of convenience retail that serves industrial uses and their employees. The amendments eliminate the existing conditional use review allowance for larger Retail Sales And Service uses, which have a greater potential negative impact on industrial and employment uses, and for which and an adequate supply of more appropriately zoned land is located nearby in the MLK/Grand commercial corridor and other areas.
34. The prohibition on most residential uses is retained, thus protecting industrial businesses from perhaps the most incompatible category of uses.
35. **Title 7, Affordable Housing**, ensures opportunities for affordable housing at all income levels, and calls for a choice of housing types. The amendments are consistent with this title because they make no changes to any housing regulations.

Findings on Portland's Comprehensive Plan Goals and Policies

36. **Goal 1, Metropolitan Coordination**, calls for the Comprehensive Plan to be coordinated with federal and state law and to support regional goals, objectives and plans. The amendments support this goal for the reasons stated in the findings for Statewide Planning Goal 2, Land Use Planning.
37. **Policy 1.1, Urban Growth Boundary**, calls for supporting the metropolitan urban growth boundary concept. The amendments support this policy by promoting increased employment, encouraging infill development and rehabilitation of existing structures, and efficient use of land within the Central City, the heart of the urbanized metropolitan area, and thereby reduce development pressure on resource lands and pressure to expand the urban growth boundary.
38. **Goal 2, Urban Development**, calls for maintaining Portland's role as the major regional employment and population center by expanding opportunities for housing and jobs, while retaining the character of established residential neighborhoods and business centers. The amendments support this policy by promoting increased employment, the rehabilitation of existing and historic structures, and efficient use of inner-city land. thereby supporting employment growth in a way that is sensitive to existing and desired urban character of the Central Eastside. The amendments respond to changes in the regional and global economy by promoting emerging types of production activities not currently well-addressed by the Portland Zoning Code, thereby making Portland an attractive place for new and expanding businesses. The allowances for new business uses will help make redevelopment projects and rehabilitations more economically feasible and thus encourage development activity and job growth. The amendments also support this goal for the reasons stated in the findings for Statewide Planning Goal 9, Economic Development.
39. **Policy 2.1, Population Growth**, calls for allowing for population growth in the existing city boundary and providing land use opportunities to accommodate future growth. The amendments are supportive of this policy because they increase employment opportunities in a Central City district well served by existing and planned transportation facilities and proximate to high-density residential and mixed-use areas, and thereby make those areas attractive for future residential growth and supportive of increased density.
40. **Policy 2.2, Urban Diversity** calls for a range of living environments and employment opportunities in order to attract and retain a stable and diverse population. The amendments support this policy by encouraging infill development and rehabilitation of existing and historic

buildings in an eclectic, diverse and unique district and by encouraging new kinds of business types that reflect ongoing changes in the economy and increase and diversify job opportunities.

41. **Policy 2.15, Living Closer to Work** calls for greater residential densities near major employment centers in order to reduce vehicle miles traveled and maintain air quality. The amendments support this policy for the reasons stated in the findings for Comprehensive Plan Policy 2.1 Population Growth and Statewide Planning Goal 6, Air, Water, and Land Resource Quality.
42. **Policy 2.14, Industrial Sanctuaries** calls for provision of industrial sanctuaries and encourages the growth industrial activities by preserving land for manufacturing. The amendments support this policy for the reasons below.
43. The amendments clarify and distinguish between Industrial Offices and Traditional Offices in the General Industrial 1 zone within the study area. They facilitate location of the former and restrict the latter, including professional services and office uses such as financial and legal services, real estate agents, sales offices, government offices, medical clinics. Industrial Offices share characteristics with Industrial uses, are less service-oriented and more production-oriented, generally supply goods and services to other businesses rather than the general public, and do not require customers or clients to the site.
44. Industrial Offices, including software developers, computer designers and programmers, graphic and industrial designers, video and media studios, and scientific services, tend to be attracted to older inner-city districts with a distinct, layered urban character like the Central Eastside. Because their decisions to locate in “gritty” mixed industrial areas are consciously made, they make “good neighbors” for industrial businesses and are more likely to tolerate the industrial activities and conditions of the area.
45. The amendments protect existing and future industrial activities in the district by limiting the new provisions to an area with an identified stock of older underutilized structures that are often obsolete for modern industrial activity, avoiding changes in areas with a building stock well suited to continuing “traditional industrial use” (generally the area east of the MLK/Grand corridor) and by continuing to allow the full range of industrial uses currently allowed in the project area.
46. The amendments also protect industrial activities from negative impacts by limiting by-right allowances for Traditional Office uses to 5,000 square feet and requiring a conditional use review for Industrial Offices larger than 60,000 that will evaluate potential negative impacts to the area and its transportation system, including off-street parking and freight and truck movement.
47. The amendments slightly increase in the amount of Retail Sales and Service allowed per site, from 3,000 SF to 5,000 SF per site to better reflect the typical configuration of convenience retail that serves industrial uses and their employees. The amendments eliminate the existing conditional use review allowance for larger Retail Sales And Service uses, which have a greater potential negative impact on industrial and employment uses, and for which an adequate supply of more appropriately zoned land is located nearby in the MLK/Grand commercial corridor and other areas.
48. The prohibition on most residential uses is retained, thus protecting industrial businesses from perhaps the most incompatible category of uses.
49. **Policy 2.19, Infill and Redevelopment** calls for encouraging infill and redevelopment in Portland and the Central City and as neighborhood infill in existing residential, commercial and industrial areas. The amendments support this policy by allowing new business uses that will help make infill and redevelopment projects and rehabilitations more economically feasible in a targeted portion of the Central City IG1 zone.

50. **Policy 2.20, Utilization of Vacant Land** calls for full utilization of existing vacant land. The amendments support this policy by allowing a broader range of land uses that will make development of vacant land in the project area more attractive.
51. **Goal 3, Neighborhoods**, calls for the preservation and reinforcement of the stability and diversity of the city's neighborhoods while allowing for increased density, attracting residents and businesses and insuring residential quality and economic vitality. The amendments support this goal by promoting increased employment, the rehabilitation of existing and historic structures, and efficient use of inner-city land that has long been devoted to commercial and industrial uses. They support employment growth in a way that responds to economic development imperatives, is sensitive to existing and desired urban character of the Central Eastside and reduces pressure to convert residential land to other uses. The amendments respond to changes in the regional and global economy by promoting emerging types of production activities not currently well-addressed by the Portland Zoning Code, thereby making Portland an attractive place for new and expanding businesses. The allowances for new business uses will help make redevelopment projects and rehabilitations more economically feasible and thus encourage development activity and job growth. The amendments also support this goal for the reasons stated in the findings for Statewide Planning Goal 9, Economic Development.
52. **Policy 3.4, Historic Preservation**, calls for preserving and retaining historic structures throughout the City. The amendments support this policy by allowing additional kinds of businesses and land uses thus expanding development options and making rehabilitation of older and historic buildings more economically feasible and attractive for owners. The amendments were designed and applied to an area particularly rich with older, often underutilized structures that are no longer attractive to modern heavy industry; they provide needed regulatory flexibility to allow those buildings attract a more diverse mix of tenants and help justify rehabilitation and renovation investments.
53. **Policy 3.5, Neighborhood Involvement** calls for involvement of residents and businesses in planning and decision-making. The amendments support this policy for the reasons stated in the findings for Statewide Planning Goals 1 and 2.
54. **Policy 3.6, Neighborhood Plan** calls for maintaining and enforcing neighborhood plans. The amendments support this policy for the reasons stated in the findings for the Buckman and Hosford-Abernethy Neighborhood Plans.
55. **Goal 4, Housing**, calls for enhancing Portland's vitality as a community at the center of the region's housing market by providing housing of different types, density, sizes, costs and locations that accommodates the needs, preferences, and financial capabilities of current and future households. The amendments are consistent with this goal for the reasons shown in the findings for Statewide Planning Goal 10, Metro Title 1 and Comprehensive Plan Goal 2.
56. **Goal 5, Economic Development**, calls for the promotion of a strong and diverse economy that provides a full range of employment and economic choices for individuals and families in all parts of the city. The amendments support this goal and its policies because they respond to changes in the regional and global economy by addressing emerging types of production activities not currently well-addressed by the Zoning Code, making Portland an attractive place for new and expanding businesses. The new provisions clarify regulations, support job growth and diversity, encourage development activity, and increase the variety of economic activities in the Central Eastside. The amendments also support this goal for the reasons stated in the findings for Statewide Planning Goal 9 and Comprehensive Plan Goal 2.
57. **Policy 5.1, Urban Development and Revitalization** calls for encouraging investment in development, redevelopment, rehabilitation and adaptive reuse of urban land for employment and

housing. The amendments support this policy by allowing additional kinds of businesses and land uses thus expanding development options and making rehabilitation of older and historic buildings more economically feasible and attractive for owners. The amendments were designed and applied to an area particularly rich with older, often underutilized structures that are no longer attractive to modern heavy industry; they provide needed regulatory flexibility to allow those buildings attract a more diverse mix of tenants and help justify rehabilitation and renovation investments.

58. **Policy 5.8, Diversity and Identity in Industrial Areas** and its objectives call for recognizing and promoting a variety of industrial areas in Portland through development regulations, which reflect the varied physical characteristics of the city's industrial areas; distinguishing between older developed industrial areas and newer, less developed areas; and support for mixed employment areas with a mix of industrial and commercial activities where potential land use conflicts are minimized through the use of development standards and by limiting conflicting types of development. The amendments support this policy for the reasons below.
59. The amendments respond to changes in the regional and global economy by addressing emerging types of production activities not currently well-addressed by the Portland Zoning Code. Some of these growing sectors of production and business activity are sometimes referred to as "new industry," "new urban industry," or "digital production" include types of firms that might not be considered industrial uses in the traditional sense, such as printing, publishing, home improvement, remodeling and rehabilitation centers, and manufacturing of stone, clay, and glass items, including art. They also include businesses such as creative services, research and development, software development and other "high tech" and "knowledge-based" industries.
60. The project Zoning Code amendments make it easier for these kinds of businesses, which often have office-like characteristics, to locate in a part of the Central Eastside, which already has other characteristics and assets attractive to these emerging industry types, including proximity to the downtown, an eclectic urban character, and a stock of older buildings adaptable for varied tenant needs. The allowances for new business uses will help make redevelopment projects and rehabilitations more economically feasible and thus encourage development activity and job growth.
61. At the same time, the amendments protect established industrial activities from potentially conflicting uses by: distinguishing between desired new offices that have characteristics of industrial uses and traditional offices that are more likely to negatively impact industrial businesses; creating new conditional use review criteria for larger office uses; reducing opportunities for large retail uses; and limiting the new provisions to an area with an identified stock of older underutilized structures that are often obsolete for modern industrial activity.
62. These changes clarify regulations and increase the variety of economic activities that may occur in the Central Eastside. The proposal will increase employment opportunities in the area, while preserving those that currently exist.
63. The amendments also support this policy for the reasons stated in the findings for Metro Title 4, Industrial and Other Employment Areas.
64. **Policy 5.11, Science and Technology Quarter**, calls for establishing a Science and Technology Quarter in the North Macadam area and recognizing its proximity to the Central Eastside Industrial Districts. The amendments support this policy by encouraging new economy jobs including creative services, research and development, and scientific services that support and complement the biomedical, bioengineering and bioscience industries of the Science and Technology Quarter.

65. **Goal 6, Transportation**, and its objectives call for developing a balanced, equitable, and efficient transportation system that provides a range of transportation choices; reinforces the livability of neighborhoods; supports a strong and diverse economy; reduces air, noise, and water pollution; and lessens reliance on the automobile while maintaining accessibility. The amendments support or are consistent with this goal and its objectives for the reasons below.
66. The amendments support increased employment in the Central City, an area that is well-served by various modes and facilities of the regional transportation system and is proximate to high-density residential areas. They will support existing transit services and provide a base for future services, such as the extension of the Central City Streetcar and new Light Rail facilities, which are planned for the area. These factors will help reduce reliance on the automobile and support efficiencies in the city's transportation systems.
67. Conditional use criteria for larger office uses explicitly evaluate the impacts on the transportation system, including: street designations and capacity, level of service or other performance measures; access to arterials; connectivity; transit availability; on-street parking impacts; access restrictions; neighborhood impacts; impacts on pedestrian, bicycle, and transit circulation; safety for all modes; impacts on truck and freight movement; and adequate transportation demand management strategies.
68. The Portland Office of Transportation analyzed the potential traffic impacts from increased employment expected from the amendments. The analysis found that the additional traffic is incremental and would not have an adverse impact to the area.
69. The resolution that accompanies this project directs the Portland Office of transportation to develop a scope of work and seek funding for a project to create a street plan that will guide changes in the street right-of-way system and provide for the access, loading and mobility needs of existing and anticipated new users in the Central Eastside Employment Opportunity Subarea.
70. Several current, ongoing and expected planning projects are addressing various aspects of the area's transportation needs as well as the overall performance of the transportation systems of the greater Central Eastside and the Central City, including the Freeway Loop Study, the Central City Plan Assessment Project and ongoing transportation system planning by the Office of Transportation.
71. Extensions of two major fixed-rail systems, the Portland Streetcar and the MAX light rail system, are planned for the Central Eastside and both are expected to have stops within or very close to the Employment Opportunity Subarea. The amendments support the efforts to complete those projects by increasing their potential service base. In turn the expanded transit options will help reduce potential traffic impacts from increased employment in the project area, create a more balanced transportation system, relieve congestion, reduce the need to expand regional and local automobile-oriented transportation facilities, and support development in the Central Eastside and the Central City.
72. The amendments also support or are consistent with this goal and its policies for the reasons shown in the findings for: Statewide Planning Goal 12, Transportation; Metro Title 4, Industrial and Other Employment Areas; Comprehensive Plan Goal 6, Transportation and its objectives; and Central City Plan Policy 4, Transportation and its further statements.
73. **Policy 6.12, Regional and City Travel Patterns** calls for supporting use of the street system consistent with various street classifications. The amendments are consistent with this policy because the potential additional traffic is incremental and would not have an adverse impact to the area's streets and should not lead to significant additional inappropriate use of streets. In addition, this project recommends future development of a street plan that will guide changes in

the street right-of-way system and provide for the access, loading and mobility needs of existing and anticipated new users in the Central Eastside Employment Opportunity Subarea.

74. **Policy 6.17, Coordinate Land Use and Transportation** calls for long-range transportation planning. The amendments are consistent with this policy because they were crafted by the Bureau of Planning in close consultation with the Bureau of Development Services and the Office of Transportation, as well as Central Eastside stakeholders, property owners and developers, to ensure their consistency with other planning efforts and objectives. In addition, this project recommends future development of a street plan that will guide changes in the street right-of-way system and provide for the access, loading and mobility needs of existing and anticipated new users in the Central Eastside Employment Opportunity Subarea.
75. **Policy 6.18, Adequacy of Transportation Facilities**, requires evaluation transportation impacts of land use planning and development actions. The amendments support this policy because the Portland Office of Transportation analyzed the potential traffic impacts of the amendments and found that the additional traffic is incremental and would not have an adverse impact to the area. In addition, larger office developments will be subject to conditional use review which will explicitly evaluate the impacts of proposals on the transportation system.
76. **Goal 7, Energy**, calls for promotion of a sustainable energy future by increasing energy efficiency in all sectors of the city. The amendments support this goal because for the reasons stated in the findings for Statewide Planning Goal 13.
77. **Goal 8, Environment**, calls for the maintenance and improvement of the quality of Portland's air, water, and land resources, as well as the protection of neighborhoods and business centers from noise pollution. The amendments support this goal because for the reasons stated in the findings for Statewide Planning Goals 3, 4, 6, and 13; and Urban Growth management Functional Plan Title 3.
78. **Goal 9, Citizen Involvement**, calls for improved methods and ongoing opportunities for citizen involvement in the land use decision-making process, and the implementation, review, and amendment of the Comprehensive Plan. The amendments support this goal for the reasons found in the findings for Statewide Planning Goal 1, Citizen Involvement.
79. **Goal 10, Plan Review and Administration**, calls for periodic review of the Comprehensive Plan, for implementation of the Plan, and addresses amendments to the Plan, to the Plan Map, and to the Zoning Code and Zoning Map. The amendments support this goal because the project reviewed and proposed changes to aspects of the Zoning Code and its implementation. The amendments support this goal for the reasons found in the findings for Statewide Planning Goals 1 and 2.
80. **Policy 10.6, Amendments to the Comprehensive Plan Goals, Policies, and Implementing Measures** requires that the Planning Commission has reviewed all proposed amendments to the Comprehensive Plan and Zoning Code. The amendments support this policy because the Planning Commission reviewed and recommended the amendments for adoption. The amendments also support this goal for the reasons found in the general findings and those for Statewide Planning Goal 1.
81. **Policy 10.9, Land Use Approval Criteria and Decisions** requires that the approval criteria that are stated with a specific land use review reflect the findings that must be made to approve the request. The amendments support this policy because the Conditional Use provisions for new office uses include clearly stated criteria that form the basis for decisions on applications.
82. **Policy 10.10, Amendments to the Zoning and Subdivision Regulations** requires amendments to the zoning and subdivision regulations to be clear, concise, and applicable to the broad range of

development situations faced by a growing, urban city. The amendments support this policy for the reasons below.

83. The amendments were crafted by the Bureau of Planning in close consultation with the Bureau of Development Services and the Office of Transportation, as well as Central Eastside stakeholders, property owners and developers, to ensure their clarity and utility.
84. The amendments respond to changing patterns in the regional and national economy and real estate development environments by allowing for emerging types of production activities not currently well-addressed by the Zoning Code. They will also help make redevelopment projects and rehabilitations more economically feasible in underutilized buildings, where current regulations have made new investments impractical.
85. The amount of Retail Sales and Service and Traditional Office uses allowed by right is increased from 3,000 SF to 5,000 SF per site to better reflect Portland's typical block, lot and building patterns and the typical configuration of convenience retail that serves industrial uses and their employees. These provisions, as well as the new allowances for Industrial Offices (including revised thresholds for triggering conditional use reviews) will facilitate new building configurations that accommodate smaller individual users and support the needs of small and emerging businesses.
86. The amendments simplify certain existing regulations, for instance by removing number-of-uses restrictions for non industrial uses and limiting them strictly by site.
87. Implementation of the new regulations will be assisted by a description of the new Industrial Office subcategory, including explication of their characteristics and a list of examples.
88. **Goal 11, Public Facilities** calls for provision of a timely, orderly and efficient arrangement of public facilities and services that support existing and planned land use patterns and densities. The amendments support this goal and its subgoals and policies because they increase employment and encourage development and redevelopment in the highly urbanized Central City, where urban infrastructure systems are well developed and are designed to accommodate the region's highest densities and facilities demands. The in-place infrastructure and service systems include transportation facilities, water and sewer facilities, waste management, public safety, recreation facilities and other public and private utilities such as communications and energy provision facilities. By relying on existing infrastructure and service systems in the center of the metropolitan area, an efficient land use pattern is encouraged, energy is conserved, and public resources are efficiently allocated. The amendments also support this goal for the reasons stated in the findings for: Statewide Planning Goals 2, 6, 12, and 13; Urban Growth Management Functional Plan Title 4; and Comprehensive Plan Goals 2, 6, and 7.
89. **Goal 12, Urban Design**, calls for enhancing Portland as a livable city, attractive in its setting and dynamic in its urban character by preserving its history and building a substantial legacy of quality private developments and public improvements for future generations. The amendments support this goal by encouraging new land uses that will help make investments in vacant urban land and in existing structures economically feasible. The amendments support this goal for the reasons stated in the findings for Comprehensive Plan Policy 3.4, Historic Preservation.
90. **Policy 12.2, Enhancing Variety** calls for promoting areas of special identity and character. The amendments support this policy by policy by promoting increased employment, development activity and the rehabilitation of existing and historic structures in a way that is sensitive to the existing and desired urban character of the Central Eastside. They encourage emerging business types, including software developers, computer designers and programmers, graphic and industrial designers, video and media studios, and scientific services, which tend to be attracted to older inner-city districts with a distinct, layered urban character like the Central Eastside.

Because their decisions to locate in “gritty” mixed industrial areas are consciously made, they will continue to support and enhance the area’s unique character.

91. **Policy 12.3, Historic Preservation**, calls for protecting significant historic resources. The amendments support this policy for the reasons stated in the findings for Comprehensive Plan Policy 3.4, Historic Preservation.

Findings on the Central City Plan

92. **Policy 1, Economic Development** calls for building upon the Central City as the economic heart of the region and guiding the Central City’s growth to foster the city’s prosperity and livability. The amendments support this goal because they respond to changes in the regional and global economy by addressing emerging types of production activities not currently well-addressed by the Portland Zoning Code. Some of these growing sectors of production and business activity are sometimes referred to as "new industry," "new urban industry," or "digital production" include types of firms that might not be considered industrial uses in the traditional sense, such as printing, publishing, home improvement, remodeling and rehabilitation centers, and manufacturing of stone, clay, and glass items, including art. They also include businesses such as creative services, research and development, software development and other “high tech” and “knowledge-based” industries.
93. The project Zoning Code amendments make it easier for these kinds of businesses, which often have office-like characteristics, to locate in a part of the Central Eastside, which already has other characteristics and assets attractive to these emerging industry types, including proximity to the downtown, an eclectic urban character, and a stock of older buildings adaptable for varied tenant needs. The allowances for new business uses will help make redevelopment projects and rehabilitations more economically feasible and thus encourage development activity and job growth.
94. At the same time, the amendments protect established industrial activities from potentially conflicting uses by: distinguishing between desired new offices that have characteristics of industrial uses and traditional offices that are more likely to negatively impact industrial businesses; creating new conditional use review criteria for larger office uses; reducing opportunities for large retail uses; and limiting the new provisions to an area with an identified stock of older underutilized structures that are often obsolete for modern industrial activity.
95. These changes clarify regulations and increase the variety of economic activities that may legally occur in the Central Eastside. The proposal will increase employment opportunities in the area, while preserving those that currently exist.
96. **Policy 1, Further Statement A** calls for fostering the development of at least 50,000 additional new jobs in the Central City by the year 2010. The amendments support this further statement because they respond to changes in the regional and global economy by addressing emerging types of production activities not currently well-addressed by the Zoning Code, making the project area an attractive place for new and expanding businesses. The new provisions clarify regulations, support job growth and diversity, encourage development activity, and increase the variety of economic activities in the Central Eastside. The amendments also support this further statement for the reasons stated in the findings for Statewide Planning Goal 9 and Comprehensive Plan Goal 2 and Policy 5.8.
97. **Policy 1, Further Statement B** calls for enhancing the Central City’s dominance in finance, government, professional services, culture, entertainment, and as a business headquarters location. The amendments support this further statement by making it easier for new and

emerging business types, such as high technology, creative services and scientific services to locate in a part of the Central Eastside, which already has other characteristics and assets attractive to these emerging industry types, including: proximity to the downtown; an eclectic urban character; and a stock of older buildings adaptable for varied tenant needs. The allowances for new business uses will help make redevelopment projects and rehabilitations more economically feasible and thus encourage development activity and job growth. The amendments also support this further statement for the reasons stated in the findings for Statewide Planning Goal 9 and Comprehensive Plan Goal 2 and Policy 5.8.

98. **Policy 1, Further Statement D** calls for supporting and maintaining manufacturing and distribution as significant components in the Central City economy. The amendments support this further statement for the reasons stated in the findings for Comprehensive Plan Goal 2 and Policies 2.14 and 5.8.
99. **Policy 1, Further Statement F** calls for supporting retention and expansion of existing businesses while attracting and encouraging new businesses in the Central City. The amendments support this further statement because they respond to changes in the regional and global economy by addressing emerging types of production activities not currently well-addressed by the Zoning Code, making Portland an attractive place for new and expanding businesses. The new provisions clarify regulations, support job growth and diversity, and increase the variety of economic activities in the Central Eastside and Central City. The amendments also support this further statement for the reasons stated in the findings for Statewide Planning Goal 9 and Comprehensive Plan Goal 2
100. **Policy 4, Transportation**, calls for improving accessibility to the Central City from the rest of the region, and expanding the Central City's ability to accommodate growth. This policy also calls for extending the light rail system, as well as actions that will maintain and improve other forms of transit and the street and highway system, while preserving and enhancing the city's livability. The amendments support this policy and its further statements for the reasons stated in the findings for Statewide Planning Goal 12 and Comprehensive Plan Goals 6 and Central City Plan Policy 1.
101. **Policy 7, Natural Environment** calls for improving the Central City's environment by reducing pollution, keeping the Central City clean and green, and providing opportunities to enjoy nature. amendments support this policy the reasons stated in the findings for Metro Title 3 and Statewide Planning Goal 6.
102. **Policy 11, Historic Preservation**, calls for preserving and enhancing the historically and architecturally important buildings and places and promoting the creation of our own legacy of the future. The amendments support this policy and its further statements for the reasons stated in the findings for Comprehensive Plan Policy 3.4, Historic Preservation.
103. **Policy 12, Further Statement D** calls for promoting formation of districts with district character. The amendments support this further statement by encouraging infill development and rehabilitation of existing and historic buildings in an eclectic, diverse and unique district. They encourage emerging business types, including software developers, computer designers and programmers, graphic and industrial designers, video and media studios, and scientific services, which tend to be attracted to older inner-city districts with a distinct, layered urban character like the Central Eastside. Because their decisions to locate in "gritty" mixed industrial areas are consciously made, they will continue to support and enhance the area's unique character.
104. **Policy 13, Plan Review** calls for periodic reviewing of the progress of the Central City Plan. The amendments support this policy for the reasons stated in the findings for Comprehensive Plan Goal 10.

105. **Policy 13, Further Statement B** calls for refining and revising the proposed implementation actions as circumstances change. The amendments implement this further statement because they are the product of a targeted evaluation of certain Central City plan district regulations, respond to changes in the regional and global economy, and address emerging types of production activities not currently well-addressed by the Zoning Code.
106. **Policy 20, Central Eastside** and its further statements call for preserving the Central Eastside as an industrial sanctuary, improving freeway access, strengthening the economy of the district as an industrial employment area, and preserving its historic buildings. The amendments support this policy for the reasons below.
107. The amendments clarify and distinguish between Industrial Offices and Traditional Offices in the General Industrial 1 zone within the study area. They facilitate location of the former and restrict the latter. Industrial Offices share characteristics with Industrial uses, are less service-oriented and more production-oriented, generally supply goods and services to other businesses rather than the general public, and do not require customers or clients to the site
108. The amendments facilitate location of emerging types of employment-dense production activities not currently well-addressed by the zoning regulations governing the district. They support job growth in an area long dedicated to employment and industry but which has a stock of underutilized buildings. The new regulations will facilitate rehabilitation of existing buildings and new development by making such developments more economically feasible, thus attracting investment and new businesses.
109. At the same time, the amendments protect established industrial activities from potentially conflicting uses by: distinguishing between desired new offices that have characteristics of industrial uses and traditional offices that are more likely to negatively impact industrial businesses; creating new conditional use review criteria for larger office uses; reducing opportunities for large retail uses; limiting the new provisions to an area with an identified stock of older underutilized structures that are often obsolete for modern industrial activity; avoiding changes in areas with a building stock well suited to continuing “traditional industrial use” (generally the area east of the MLK/Grand corridor); and continuing to allow the full range of industrial uses currently allowed in the project area.
110. The changes clarify regulations and increase the variety of economic activities that may legally occur in the Central Eastside. The proposal will increase employment opportunities in the area, while preserving those that currently exist.
111. The amendments also support or are consistent with this policy and its objectives for the reasons stated in the findings for Statewide Planning Goals 4 and 9 and Comprehensive Plan Policies 2.14 and 5.8.
112. **Policy 20, Further Statement A** calls for encouraging the formation of incubator industries in the district. The amendments implements this further statement by increasing the amount of Retail Sales and Service and Traditional Office uses allowed by right from 3,000 SF to 5,000 SF per site, to better reflect the district’s typical block, lot and building patterns and the typical configuration of small commercial uses that serve industrial uses and their employees. These provisions, as well as the new allowances for Industrial Offices (including revised thresholds for triggering conditional use reviews) will facilitate new building configurations that accommodate smaller individual users and support the needs of small and emerging businesses.
113. **Policy 20, Further Statement B** calls for reinforcing the district’s role as a distribution center. The amendments are consistent with this further statement because they do not restrict distribution uses and are targeted to an area with older, multi-story buildings that are not well suited to modern truck-oriented distribution.

- 114. **Policy 20, Further Statement D** calls for preserving buildings which are of historic and/or architectural significance. The amendments support this further statement for the reasons stated in the findings for Comprehensive Plan Policy 3.4, Historic Preservation.
- 115. **Policy 20, Further Statement E** calls for developing Union and Grand Avenues as the principal north-south connection and commercial spine in the district for transit and pedestrians. The amendments are consistent with this further statement because they do not apply in the MLK/Grand corridor and because they further restrict large retail uses in the project area, thus encouraging such uses to locate on those and other appropriate corridors.
- 116. **Policy 20, Further Statement F** calls for continuing implementation of the Central Eastside Economic Development Policy. The amendments are consistent with this further statement because they result from a collaborative effort that follows-up on recommendations from the Central Eastside Industrial Council and from the Central Eastside Development Opportunities Strategy. The amendments also support this further statement for the reasons stated in the general findings and the findings for Statewide Planning Goals 4 and 9 and Comprehensive Plan Policies 2.14 and 5.8.

Findings on the Buckman Neighborhood Plan

- 117. **Policy 1, Urban Design and Livability** and its objectives call for maintaining and improving the quality and urban character of Buckman’s physical environment, attracting compatible development, and encouraging rehabilitation of existing properties. The amendments support this policy and its objectives by allowing additional land use types in a targeted area separated from residential districts, thus expanding development options and making rehabilitation of existing buildings more likely. The amendments also support this policy its objectives for the reasons shown in the findings for Buckman Neighborhood Plan Policy 4 and Comprehensive Plan Goals 3 and 12.
- 118. **Policy 4, Historic Preservation**, calls for celebrating Buckman’s heritage and preserving its historic character. The amendments support this policy and its objectives by allowing additional kinds of businesses and land uses thus expanding development options and making rehabilitation of older and historic buildings more economically feasible and attractive for owners. The amendments were designed and applied to an area particularly rich with older, often underutilized structures that are no longer attractive to modern heavy industry; they provide needed regulatory flexibility to allow those buildings attract a more diverse mix of tenants and help justify rehabilitation and renovation investments.
- 119. **Policy 5, Transportation**, and its objectives calls for maintaining mobility through alternative modes and reduction of auto and truck impacts on Buckman and its residential areas. The amendments support this policy for the reasons shown in the findings for: Statewide Planning Goal 12, Transportation; Metro Title 4, Industrial and Other Employment Areas; Comprehensive Plan Goal 6, Transportation and its objectives; and Central City Plan Policy 4, Transportation and its further statements.
- 120. **Policy 7, Business**, calls for encouraging businesses that enhance the neighborhood and provide needed goods and services. The amendments support this policy for the reasons stated in the findings for Statewide Planning Goal 9 and Comprehensive Plan Policies 2.14 and 5.8.
- 121. **Objective 7.12** calls for supporting the Central City Plan’s recommendations for the development of the Central Eastside Industrial District. The amendments support this objective for the reasons stated in the findings for the Central City Plan.

Findings on the Hosford-Abernethy Neighborhood Plan

122. **The Hosford-Abernethy Neighborhood Plan Goal** calls for building upon the historic sense of community and creating a better place to live, work, and prosper. The amendments support this goal by the amendments support this goal and its objectives by allowing additional land use types in a targeted area separated from residential districts, thus expanding development options and making rehabilitation of historic buildings more likely. The amendments also support this policy its objectives for the reasons shown in the findings for Comprehensive Plan Goals 3 and 12.
123. **Objective 4.10** encourages preservation, restoration and rehab of historic structures and areas that provide a special sense of identity. The amendments support this objective by allowing additional kinds of businesses and land uses in a targeted area and thus expanding development options and making rehabilitation of older and historic buildings more economically feasible and attractive for owners. The amendments were designed and applied to an area particularly rich with older, often underutilized structures that are no longer attractive to modern heavy industry; they provide needed regulatory flexibility to allow those buildings attract a more diverse mix of tenants and help justify rehabilitation and renovation investments.
124. **Policy 3, Transportation** and its objectives call for encouraging safe and efficient use of the transportation network which minimizes negative impacts on the livability and businesses. The amendments support this policy for the reasons shown in the findings for: Statewide Planning Goal 12, Transportation; Metro Title 4, Industrial and Other Employment Areas; Comprehensive Plan Goal 6, Transportation and its objectives; and Central City Plan Policy 4, Transportation and its further statements.
125. **Policy 5, Commercial/Industrial** and its objectives call for a supportive relationship between the neighborhood's residential and commercial/industrial interests. The amendments support this policy for the reasons stated in the findings for Metro Title 4 and Comprehensive Plan Policies 5.8 and 2.14.
126. **Objective 5.11** promotes the Central Eastside Industrial District as a gateway to the District. The amendments support this objective for the reasons stated in the findings for the Central City Plan.

NOW, THEREFORE, the Council directs:

- a. Exhibit A, *Central Eastside Industrial Zoning Project: Planning Commission Recommendation to the City Council*, dated October, 2006 is hereby adopted.
- b. Title 33, Planning and Zoning of the City Code, is hereby amended as shown in Section V of Exhibit A.
- c. The commentary in Exhibit A and in Exhibit B, *Central Eastside Industrial Zoning Study*, dated December 2003, is hereby adopted as legislative intent and as further findings.

Passed by the Council: December 13, 2006

Mayor Tom Potter
Prepared by: Nicholas Starin
Nov. 22, 2006

GARY BLACKMER
Auditor of the City of Portland
By /s/Susan Parsons

Deputy

BACKING SHEET INFORMATION

AGENDA NO. 1648, 1678-2006

ACTION TAKEN:

DECEMBER 7, 2006 PASSED TO SECOND READING AS AMENDED DECEMBER 13, 2006
AT 9:30 AM

ORDINANCE/RESOLUTION/COUNCIL DOCUMENT NO. 180667 AS AMENDED

COMMISSIONERS VOTED AS FOLLOWS:		
	YEAS	NAYS
ADAMS	X	
LEONARD	X	
SALTZMAN	X	
STEN	X	
POTTER	X	

Central Eastside Industrial Zoning Project

Planning Commission Recommendation
to the City Council

October 2006

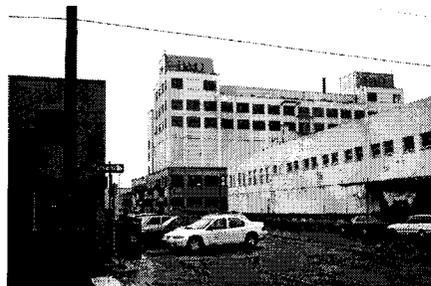
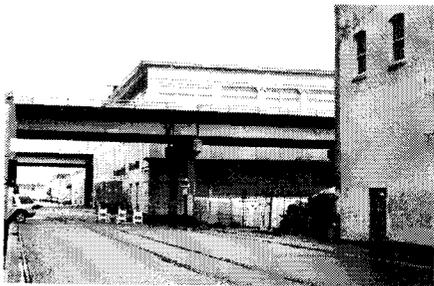


Exhibit A



For more information, contact:
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The Bureau of Planning is committed to providing equal access to information and hearings. If you need special accommodation, call the Bureau of Planning at (503) 823-7700. (TTY 503-823-6868)

Acknowledgements

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Sam Adams, Commissioner
Randy Leonard, Commissioner
Dan Saltzman, Commissioner
Erik Sten, Commissioner

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August 11, 2005

Mayor Tom Potter and Members of Portland City Council
Portland City Hall
1221 SW Fourth Avenue
Portland, OR 97204

Re: Central Eastside Industrial Zoning Project

Dear Mayor Potter and City Commissioners:

On behalf of the Portland Planning Commission, I am forwarding our recommendations regarding the *Central Eastside Industrial Zoning Project*. This proposal would amend the IG1 zoning provisions for a portion of the Central Eastside district of the Central City to create additional flexibility for compatible, employment-dense, "Industrial Office" uses. The new provisions respond to the vision for the Central Eastside as articulated through the PDC-sponsored *Central Eastside Development Opportunities Strategy* and the Central Eastside Industrial Council's *Central Eastside Vision* document. This vision calls for protecting and building upon the strengths and unique character of the Central Eastside by encouraging "new urban industries" to locate in the district, including technology and software firms, knowledge-based industries, and creative services.

Specifically, the proposed amendments would do the following:

- **Create a new "Industrial Office" subcategory within the Office use category.** A new "Industrial Office" subcategory would differentiate "new urban industries," such as creative services, research and development, and high technology, from "Traditional Office" uses, such as law firms, financial businesses and medical clinics. While sharing some characteristics of typical office uses, these businesses are less service- and more production-oriented than Traditional Office uses, within an expanded definition of "production" that encompasses digital and information products such as software, design work, and advertising materials. They tend to serve other businesses, as opposed to the general public, do not generally require customers to visit the site, and are more likely to desire and fit into a "grittier" industrial area like the Central Eastside.
- **Set higher allowances for Industrial Office uses and limit Traditional Offices in an "Employment Opportunity Area."** The distinction between Industrial and Traditional Offices would apply only within a new CES subarea west of the MLK/Grand corridor, where significant amounts (up to 60,000 SF per site) of Industrial Office uses are allowed without a land use review. This encourages the desired types of businesses to locate in the CES, removes

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regulatory barriers to small firms and sites, and supports redevelopments that adapt underutilized older buildings to new high-employment generating uses. Traditional Office uses will continue to be more strictly limited, with only 5,000 SF per site allowed byright.

- **For large projects, apply Conditional Use approval criteria that focus on critical impacts.** For projects that include more than 60,000 square feet of Industrial Office uses (or more than 5,000 square feet of Traditional Offices) conditional use approval and a public hearing would be required. New approval criteria would require projects to demonstrate that they will not seriously and detrimentally impact the area's transportation system, including truck and freight movement, and show that the new uses will not typically require customers to visit the site.
- **Limit Retail Sales And Service Uses to 5,000 square feet.** While the amendments create new flexibility for some compatible employment uses, they would also remove the existing conditional use allowance for larger retail uses (currently allowed up to 20,000 square feet). The by-right retail limit is raised slightly from 3,000 to 5,000 square feet (to more closely align with common lot sizes and floor plans), while larger retail uses would be prohibited.

During the hearing on May 24, 2005, the Planning Commission heard no testimony in opposition to the overall proposed amendments. A few testifiers questioned retail limitations to 5000 square feet. Several individuals and organizations testified in support, including the Central Eastside Industrial Council (CEIC), which has actively participated in the development of this project.

There is unanimous support on the Planning Commission for the proposed changes. However, we do have a few concerns that we would like to draw to your attention. While we recognize that the amendments respond to the economic goals expressed by stakeholders, we are somewhat concerned that they are preceding broader-based planning efforts for the future of the Eastbank Freeway and the Central Eastside waterfront. However, we also recognize that the amendments would not extend to the critical parcels adjacent to the river, and, therefore, will not encourage speculative development that could preclude future opportunities prior to more intensive planning and public discussion.

Industrial sanctuaries are a cornerstone of the City's land use policy framework. The amendments are intended to update the zoning regulations within a portion of a unique inner-city industrial area to reflect changes in the twenty-first century economy and the way we think about "industrial" businesses and land uses. They provide incentives to encourage adaptive reuse of the district's older and underutilized multi-story industrial buildings that do not work well for many modern "traditional" industrial uses. However, the Commission believes that these amendments are best thought of as an experiment, and we support both their limited scope (e.g. continued restrictions on traditional office and residential uses) and their application within a bounded geographical context. A follow-up monitoring program over the next few years is critical to ensuring success and avoiding unintended consequences, such as negative impacts to existing "traditional" industrial businesses and "drift" towards Traditional Offices. So too, a

Mayor Tom Potter and Members of Portland City Council
August 11, 2005
Page 3 of 3

follow-up street planning project for the area is desirable in order to guide future right-of-way improvements that serve both existing and anticipated users.

Recommendations

The Portland Planning Commission recommends that City Council take the following actions:

1. Pass the Ordinance that:

- Adopts the *Central Eastside Industrial Zoning Project* report and its appendices;
- Amends the Zoning Code as shown in Part VI of the report;

2. Pass the Resolution that:

- Directs the Bureau of Planning, with the assistance of the Bureau of Development Services and the Portland Development Commission, to monitor the impact of the regulations for three years after implementation. The monitoring should include: (1) review of building permit, land use review, and code enforcement activity in the project area; (2) annual field surveys of sites taking advantage of the new provisions to identify business and tenant changes; and (3) annual meetings with the Central Eastside Industrial Council to discuss impacts of the regulations.
- Directs the Portland Office of Transportation to initiate a project to develop a street plan for the Central Eastside Employment Opportunity Subarea to guide changes in the street right-of-way system that provide for the access, loading and mobility needs of existing and anticipated new users in the project area.

Thank you for considering the recommendations of the Portland Planning Commission.

Sincerely,



Ingrid Stevens, President
Portland Planning Commission

cc: Portland Planning Commission

Table of Contents

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Appendix (Under Separate Cover):

Exhibit B: Central Eastside Industrial Zoning Study, Dec. 2003

Planning Commission Recommendations

The Portland Planning Commission recommends that City Council take the following actions:

1. Pass the Ordinance that:

- Adopts the *Central Eastside Industrial Zoning Project* report and its appendices;
- Amends the Zoning Code as shown in Part V of the report;

2. Pass the Resolution that:

- Directs the Bureau of Planning, with the assistance of the Bureau of Development Services and the Portland Development Commission to monitor the impact of the regulations for three years after implementation. The monitoring should include: (1) review of building permit, land use review, and code enforcement activity in the project area; (2) annual field surveys of sites taking advantage of the new provisions to identify business and tenant changes; and (3) annual meetings with the Central Eastside Industrial Council to discuss impacts of the regulations.
- Directs the Portland Office of Transportation to initiate a project to develop a street plan for the Central Eastside Employment Opportunity Subarea to guide changes in the street right-of-way system that provide for the access, loading and mobility needs of existing and anticipated new users in the project area.

Exhibit A

I. Project Background and Goals

In 2002, the Portland Development Commission (PDC), working with other City bureaus and Central Eastside stakeholders, created a Development Opportunity Strategy (DOS) whose broad goal was to stimulate economic development and increase employment in the Central Eastside, targeting the southwestern portion of the district. The DOS report (adopted by PDC Resolution No. 5856 and City Council Resolution No. 36082) recommended a wide array of implementation measures intended to foster a unique and vital inner-urban employment and industrial area, encourage a creative mix of employment-dense businesses, and facilitate new infill development and redevelopment of existing underutilized structures.

In the last four years, PDC, City bureaus, the Central Eastside Industrial Council (CEIC), neighborhood organizations, and businesses have been implementing various elements of the development strategy. In addition, the CEIC has been developing a Vision for the district that calls for an evolutionary approach to change—encouraging cutting-edge employment-dense “new urban industry” that is compatible with more traditional industrial uses in the Central Eastside. The Central Eastside Industrial Zoning Project is a collaborative effort that follows-up on specific recommendations of the CEIC Vision and the DOS report to evaluate the Central Eastside’s industrial zoning regulations, and amend them where appropriate in support of the vision and development strategy.

A fundamental objective of the development strategy is to “capture more employment intensive business and progressive types of jobs emerging in our regional, national and global economy.” In order to help achieve that objective, two concurrent and related studies were undertaken: 1) a market analysis to help understand underlying economic factors and better define the desired business types (conducted by ECONorthwest); and 2) a zoning analysis to better understand the existing Central City Plan District zoning regulations that govern the Central Eastside and to identify any barriers they present to desired businesses and development activity. The zoning study was conducted by the Bureau of Planning and is attached to this report as an appendix (Exhibit B: *Central Eastside Industrial Zoning Study*, December 2003). Together these reports lay the groundwork for the current legislative project to amend portions of the IG1 regulations in the Central Eastside.

The economic and zoning analyses helped to ascertain the types of businesses that would assist in realizing the vision for the area and identified regulatory and other barriers they face in making locational decisions. Zoning barriers identified as potentially discouraging some desired business and development activities that could be addressed through targeted zoning code included:

- Uncertainty and expense associated with conditional use reviews for commercial uses (as opposed to by-right allowances), that may particularly discourage smaller firms;
- Restrictions on the configuration and amounts of commercial uses allowed within sites that restrict office-intensive developments on the large number of small sites and existing buildings in the district; and
- Need for a clearer definition of industrial-like and industrial-compatible office uses (including “digital production”), to help differentiate them from undesired office uses

that also produce “digital goods” (e.g. consulting firms and accountants) and for a more direct correspondence with desired uses.

The present legislative phase of the project has confirmed that the targeted business types are difficult to categorize, especially in terms of land use and zoning classifications. Some of the desired businesses, depending on the circumstances, might or might not fit within “traditional” industrial use classifications, such as publishing and printing, home improvement, remodeling and rehabilitation centers, and manufacturing of stone, clay, and glass items, including art. Many of these desired activities are sometimes described as “new urban industries.” Another group of desired businesses are sometimes described as “new economy,” “information economy,” “creative services,” or “digital production.” These include, for instance, design services, engineering, research and development, software development and other “high tech” activities. These types of businesses often take place in an office-type environment and existing industrial zoning can create significant hurdles for them.

Creating a zoning tool that reliably distinguishes between uses such as those listed above and more traditional office uses and activities that stakeholders generally agreed were not desired in the industrial portions of the Central Eastside, such as law offices and financial services, presented one of the major challenges of this project. However it should be noted that making such distinctions is an inherent part the land use regulatory process. The wide and evolving diversity of business and development types presents classification challenges to Bureau of Development Services staff on a daily basis, now and in the future.

Some of the desired business types are already established in the Central Eastside, form part of its character and present opportunities for building on the existing strengths of the area, for example specialty design services. Some of these uses are classified as Office Uses in the Portland Zoning Code, which is problematic under Industrial Sanctuary zoning provisions which sharply limit office uses. Others have been classified as Industrial, which creates implementation and enforcement problems: the premises of a web-page designer and an accountant may appear identical, yet one is “new industry” and the other is not. If the web-page designer moves out, there is nothing to tell accountants that this is not general office space, appropriate for traditional office firms.

A Measured Approach in a Unique Industrial Sanctuary

This project is an attempt to advance the aims of the Central Eastside Vision and Development Strategy in a manner that works within the structure of the Portland Zoning Code and is supportive of broader goals and policies for the Central City and Portland.

The proposed code amendments described in the following sections increase zoning flexibility in a portion of the Central Eastside for certain kinds of office uses that share characteristics with industrial uses, increase employment density, and are believed to be “good neighbors” in an eclectic, working industrial area. The amendments would loosen industrial zoning restrictions—in a measured way that respects the district’s historic character, protects its industrial businesses and builds on its existing and emerging strengths. By allowing new uses that encourage rehabilitation of older buildings, the regulations will foster preservation and revitalization of the diverse architectural fabric that helps distinguish the Central Eastside as an inner-city industrial and employment center,

unique in Portland's urban ecology. They respond to our changing economy and support ongoing efforts by the public and private sectors to keep the district vital in a manner consistent with the CEIC Vision's call for adapting to change through "evolution, not revolution."

The amendments are also broadly consistent with existing City land use and economic development goals and specifically implement a number of them, including:

- The *Central City Plan's* directive to encourage the Central Eastside as an industry incubator; and
- The *Comprehensive Plan's* "Diversity and Identity in Industrial Areas" policy which calls for: recognizing and promoting a "variety of industrial areas in Portland through development regulations which reflect the varied physical characteristics of the city's industrial areas;" distinguishing between older developed industrial areas and newer, less developed areas; and support for mixed employment areas with a "mix of industrial and commercial activities" where potential land use conflicts are minimized "through the use of development standards and by limiting conflicting types of development."

II. Summary of Current Zoning Regulations

The Central Eastside Subdistrict contains both Employment Zones (EG1, EG2, EX) and Industrial Zones (IH, IG1, IG2) and a small amount of residential zoning. The table on the following page summarizes relevant use regulations. An existing zoning map is included on page 12.

Summary of Relevant Regulations

		Industrial Uses	Retail Uses	Office Uses	Residential Uses
Employment Zones	EG1	Manufacturing & Production, Warehousing & Freight Movement, Wholesale Sales, and Industrial Service allowed.	60,000 SF or 1:1 FAR per site is allowed.	1:1 FAR per site is allowed.	Most are by Conditional Use. Higher allowances for Historic Landmarks.
	EG2		More than 60,000 SF or 1:1 FAR by Conditional Use. Higher allowances for Historic Landmarks.		
	EX	Railroad Yards and Waste-Related are prohibited.	Allowed		
Industrial Zones	IG1	All allowed except Waste-Related which is a Limited/Conditional Use.	1 Retail or Office use per site is allowed, up to 3,000 SF. More than 1 Retail or Office use per site by Conditional Use. More than 3,000 SF by Conditional Use, up to maximum of 25,000 SF or 1:1 FAR for Retail, up to a maximum of 60,000 SF or 1:1 FAR for Office. Criteria for Office require 33% of floor area be devoted to "development, testing, manufacturing, processing, fabrication, packaging, or assembly of goods" including "electronic or digital products such as internet home pages, computer software, advertising materials, and others." Higher allowances for Historic Landmarks.		Generally not permitted, with very limited exceptions.
	IG2		4 Retail or Office uses per site are allowed, up to 3,000 SF per use. More than 4 uses per site by Conditional Use. More than 3,000 SF for any one use by Conditional Use, up to maximum for 25,000 SF or 1:1 FAR Higher allowances for Historic Landmarks.		
	IH		4 Retail or Office uses per site are allowed, up to 3,000 SF per use. More than 4 uses per site by Conditional Use. More than 3,000 SF for any one use by Conditional Use, up to maximum for 12,000 SF or 1:1 FAR. Higher allowances for Historic Landmarks.		

III. Project Approach and Options Considered

A community working group was formed to help staff consider and evaluate options. The group included representatives from the Central Eastside Industrial Council (CEIC), the Buckman and Hosford-Abernethy neighborhood associations, property owners, developers, and owners of businesses from computer and software firms to distribution and manufacturing.

The overall approach proposes creating a subarea of the Central Eastside where increased zoning flexibility for desired industrial-like and industrial-compatible employment uses is effected through amendments to the Central City Plan District provisions that govern the IG1 zone in the district. Using a plan district approach has the advantage of working with an existing zoning tool that already provides a framework for tailoring regulations to the specific characteristics and needs of the Central Eastside. Amending the existing plan district regulations was deemed a more appropriate method than amending the Comprehensive Plan to create an entirely new zone.

After much discussion, two specific options for achieving the project's goals were considered in detail. The first option, characterized as "simple and broad," would simply increase the amount of Office allowed in the IG1 zone in the subarea without review, and fine-tune the approval criteria for larger amounts allowed through a conditional use review. The second option, characterized as "complex and targeted," would attempt to distinguish industrial activities that occur in offices from more "traditional" Office uses. These "Industrial Office" uses would be allowed in larger amounts (60,000 square feet by right, more through a conditional use review). Both options would eliminate the existing "uses per site" restrictions for office and retail uses, which create hurdles for small businesses and multi-tenant developments, in favor of a simpler "square footage per site" approach.

Both options would retain existing restrictions on residential uses, generally felt to be the most incompatible uses in industrial areas. Both options would also include modifications to the regulations for Retail Sales And Service uses which would slightly increase the by-right retail allowances (from 3,000 square feet to 5,000 square feet), to better match the Central Eastside's lot size increments and the space needs of supportive retail businesses. However, the existing allowances for larger retail uses through a conditional use review would be eliminated because of the potential for larger negative impacts (especially traffic and parking) and because there was agreement that larger retail businesses are more appropriate for nearby commercial and mixed-use zones, such as along the EX-zoned MLK/Grand, Burnside and Morrison corridors.

The location for the proposed subarea was based on a number of factors including: the desire to target an area with a high concentration of older, underutilized buildings that are functionally obsolete for modern industrial uses; the desire to minimize potential impacts and discourage office activities in areas with a building stock well suited to continuing "traditional industrial use" (generally the area east of the MLK/Grand corridor) and the critical area along the waterfront where future development should be planned for within the context of more comprehensive efforts such as the Central City Plan update; the location of the Development Opportunities Strategy study boundary; existing zoning; and land use and development patterns (which were determined through a land use inventory of the district).

The specifics of the two options are summarized in the following table, followed by a discussion of their respective advantages and disadvantages.

Summary of Options Considered

	Existing Regulations	Option 1 Simple and Broad: Increase Office Allowance	Option 2 Complex and Targeted: New "Industrial Office" Use Subgroup
Traditional Office-- Allowed	1 Office (or Retail) use per site, up to 3,000 SF.	12,000 SF per site.	5,000 SF per site
Traditional Office—by Conditional Use	More than 1 Retail or Office use per site More than 3,000 SF, up to maximum of 60,000 SF or 1:1 FAR. Criteria require 33% of floor area be devoted to specified "new industry" uses.	More than 12,000 SF, up to a maximum of 60,000 SF	More than 5,000 SF. up to a maximum of 60,000 SF, with new approval criteria
Industrial Office— Allowed			60,000 SF per site
Industrial Office—by Conditional Use			More than 60,000 SF, with new approval criteria
Retail-- Allowed	1 Retail (or Office) use per site, up to 3,000 SF.	5,000 SF per site	5,000 SF per site
Retail—by Conditional Use	More than 3,000 SF, up to maximum of 25,000 SF or 1:1 FAR.	More than 5,000 SF, up to maximum of 20,000 SF	None
<i>Note: There are higher allowances for Historic Landmarks.</i>			

Option 1 -- Simple and Broad: Increase Office Allowance

This option would allow more Office uses and more square footage in Office use without attempting to describe or target a specific new "industrial office" land use subcategory.

Advantages

- Simple to understand and easy to implement and enforce, compared to Option 2.
- Increases opportunities for "new industrial" and "creative service" activities to locate in the area, perhaps making Portland and the Central Eastside more attractive for these businesses.
- Does not require creating a new "fuzzy" land use subgroup.

Disadvantages

- Does not specifically target desired uses such as "industrial offices" or "creative services."
- Would allow traditional offices such as law firms, financial services, and the like. These are the types of Office uses that are most likely to create land use conflicts and price pressure on the Industrial uses in the area.
- Would not solve the problem with the current regulations where some uses do not clearly fit into one use category, or the enforcement issues related to that problem.

Option 2 -- Complex and Targeted: New "Industrial Office" Use Subgroup

This option would divide the Office use category into two subgroups - Traditional Office and Industrial Office. It would allow significant amounts of Industrial Office without review and larger amounts through a conditional use review, with tighter restrictions on Traditional Office uses. New approval criteria for Office uses that are a conditional use would be adopted.

Advantages

- Increases opportunities for "new industrial" and "creative service" activities to locate in the area, perhaps making Portland and the Central Eastside more attractive for these businesses.
- Targets desired office/industrial uses and limits potential for traditional offices such as legal firms, financial services, and the like, and their associated impacts

Disadvantages

- The distinctions between Traditional Office and Industrial Office uses may be difficult to determine and enforce, especially over time. Some aspects of these difficulties include:
 - The Bureau of Development Services (BDS) only reviews uses when building permits are required. If no permits are needed—such as when no physical changes are being made to the space—the City will not be able to prevent a Traditional Office use from moving into space that has Industrial Office status.
 - Enforcement after a Traditional Office use moves into space approved only for Industrial Office is difficult both procedurally and politically; the Traditional Office use would have to terminate a lease after they had already moved in, or sell space they had purchased. This is the type of situation that fosters requests to City Council to amend regulations or forego enforcement.
 - The requirement that Industrial Office uses have limited visits from customers cannot be practically monitored.
 - The characteristics and examples listed for the two Office subgroups provide guidance, but not a clear, bright distinction. BDS expects applicants to argue that their “unique business operation” better matches the characteristics of an Industrial Office use and therefore should be allowed without the Traditional Office restrictions, even if it appears on the list of examples for Traditional Office.
- There may be unintended consequences such as having some uses currently classified as “Industrial” fall into new “Industrial Office” subgroup and thus be subject to “Industrial Office” restrictions.

IV. Preferred Option

The Community Working Group and Planning staff found that Option 2 most closely fits the goals and objectives identified for the Central Eastside. This option provides greater flexibility for a subset of office-like uses within a designated subarea of the Central Eastside, while not opening up the risk of significant displacement of traditional industrial uses. The recommended subarea boundary and new code language that implements Option 2 is show in Section V, Recommended Zoning Code Amendments.

Option 2's use of the “Industrial Office” subgroup limits the new uses to those that fit the Central Eastside's employment and development objectives while being compatible with its industrial fabric. “Industrial Office” businesses are less service-oriented and more production-oriented, with the meaning of production expanded to include digital products such as software, design work, and advertising materials. These businesses tend to be attracted to older inner-city districts with a distinct, layered urban character like the Central Eastside. Because their decisions to locate in “gritty” mixed industrial areas are consciously made, they make good neighbors for industrial businesses and activities. They also tend to serve other businesses, as opposed to the general public, and do not generally require

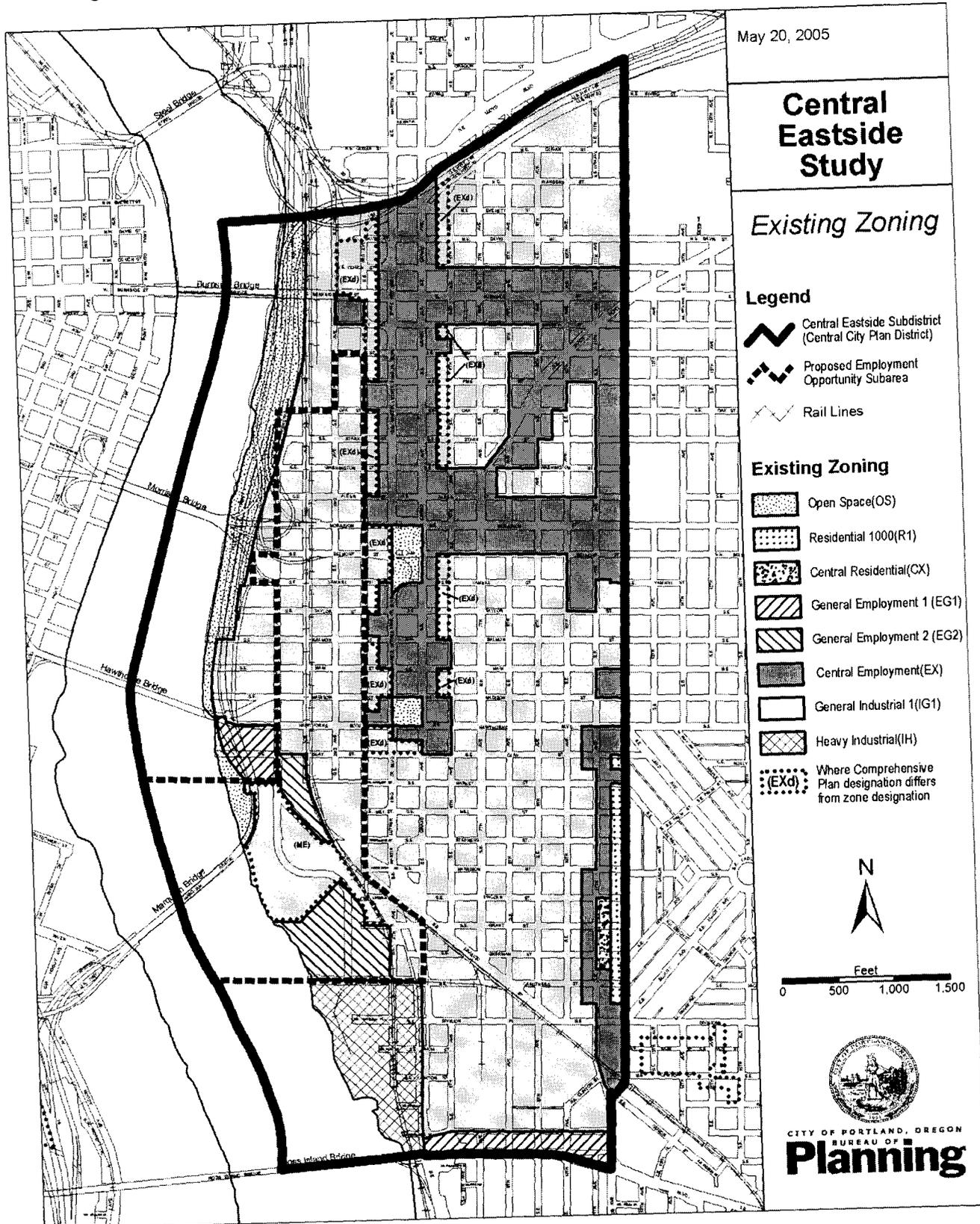
customers to visit the site, minimizing the potential for negative traffic impacts on industrial activities.

Under this option, the allowance for residential uses, which many feel is the single greatest threat to industrial uses, is not increased. There is a slight increase in the amount of Retail Sales And Service allowed per site, from 3,000 SF to 5,000 SF per site; this size better reflects the typical configuration of convenience retail that serves industrial uses and their employees. However, the proposal would eliminate the Conditional Use review that allows for larger Retail Sales And Service uses, which are more appropriate for commercial and mixed-use areas such as along MLK/Grand and other nearby corridors.

Both Office and Retail Sales And Service limitations are regulated on a “square footage per site” basis only; the existing “uses per site” conditional use trigger is eliminated in the subarea.

Option 2 does present some risk that Traditional Office uses will increase—illegally—in the area. If no building or occupancy permits are required for tenant improvements or otherwise, there will be no opportunity for the City to check that the new use is allowed. Spaces approved for Industrial Office uses could drift towards Traditional Office uses. However, the Community Working Group and Planning staff both noted that this problem exists under the current regulations and is one of the reasons for this study. There is concern that Option 2 will actually increase the number of these incompatible uses while also creating unrealistic expectations about the City's ability to enforce the regulations; however, the members of the working group and other area stakeholders understand this risk and appear to be willing to accept it. They appear to understand that nearby businesses and groups like the CEIC will be important actors in monitoring the success of these regulations, and helping with enforcement issues. In addition, there is agreement that the new provisions are a kind of test case that is limited to a specified subarea. The Bureau of Planning, with the assistance of the Bureau of Development Services, the Portland Development Commission and the Central Eastside Industrial Council, will monitor the impact of the regulations for three years after implementation to assess their effectiveness and determine if unintended consequences are manifested.

Existing Zoning in the Central Eastside



V. Recommended Zoning Code Amendments

The recommended amendments to the Zoning Code are shown in this section on odd-numbered pages in Bookman Old Style font. Additions are underlined, while deletions are shown in ~~striketrough~~.

Commentary is in Comic Sans font on even-numbered pages.

Chapter 33.920, Descriptions of the Use Categories: Commentary

These changes define new subgroups within the Office use category: Traditional Office and Industrial Office.

A precedent for subgroups within a single use category exists in the definition of the Retail Sales And Service category which distinguishes between sales-oriented, personal service-oriented, entertainment-oriented and repair-oriented Retail uses. Unlike the Retail subgroups which are only distinguished through lists of examples, the definitions of the new Office subgroups include examples as well as language that describes their characteristics, to assist City staff in making use determinations.

The distinction between the two subgroups would only apply in the Employment Opportunity Subarea in the Central Eastside.

33.920.240 Office

- A. Characteristics.** Office uses are characterized by activities conducted in an office setting that focus on the provision of goods and services, usually by professionals. Traditional Office uses are characterized by activities that conducted in an office setting and generally focusing focus on business, government, professional, medical, or financial services. Industrial Office uses are characterized by activities that, while conducted in an office-like setting, are more compatible with industrial activities, businesses, and districts. Their operations are less service-oriented than Traditional Office uses and focus on the development, testing, production, processing, packaging, or assembly of goods and products, which may include digital products such as internet home pages, media content, designs and specifications, computer software, advertising materials, and others. They primarily provide products to other businesses. They do not require customers or clients to visit the site; any such visits are infrequent and incidental.
- B. Accessory uses.** Accessory uses may include cafeterias, health facilities, parking, or other amenities primarily for the use of employees in the firm or building.
- C. Examples.** Examples include uses from the two subgroups listed below:
1. Traditional Office: Professional services such as lawyers, or accountants, engineers, or architects; financial businesses such as lenders, brokerage houses, bank headquarters, or real estate agents; data processing; sales offices; government offices and public utility offices; TV and radio studios; medical and dental clinics, medical and dental labs; and blood-collection facilities.
 2. Industrial Office: Software and internet content development and publishing; computer systems design and programming; graphic and industrial design; engineers; architects; telecommunication service providers; data processing; television, video, radio, and internet studios and broadcasting; scientific and technical services; and medical and dental labs.
- D. Exceptions.**
1. Offices that are part of and are located with a firm in another category are considered accessory to the firm's primary activity. Headquarters offices, when in conjunction with or adjacent to a primary use in another category, are considered part of the other category.
 2. Contractors and others who perform services off-site are included in the Office category if equipment and materials are not stored on the site and fabrication, services, or similar work is not carried on at the site.

Chapter 33.510, Central City Plan District: Commentary

The amendments to 33.510.113 Retail Sales And Service and Office Uses in the IG1 Zone establish the allowances for Industrial Office, Traditional Office and Retail Sales And Service uses in the new Employment Opportunity Subarea. The new language on this page simply clarifies that the existing Central City provisions for Office and Retail Sales And Service uses continue to apply in the IG1 zone outside the new subarea (primarily in the Central Eastside and Lower Albina areas) and are not recommended for change. These include existing "general" by-right and conditional uses allowances, as well as the provision for larger allowances in National Register of Historic Places-listed properties which may be used either within or outside of the new Employment Opportunity Subarea.

The Employment Opportunity Subarea provisions and additional commentary are contained in a new subsection C. Employment Opportunity Subarea, on the following pages.

33.510.113 Retail Sales And Service and Office Uses in the IG1 Zone

A. Generally.

1. Where these regulations apply. The regulations of this subsection apply to sites in the IG1 Zone that are not subject to historic resources as specified in Subsections B and C, below.
2. Allowed uses. One Retail Sales And Service or Office use is allowed per site. The square footage of the floor area plus the exterior display and storage area may be up to 3,000 square feet.
3. Conditional uses.
 - a. More than one Retail Sales And Service or Office use on a site is a conditional use.
 - b. Retail Sales And Service uses where the floor area plus the exterior display and storage area is more than 3,000 square feet are a conditional use. Retail Sales And Service uses where the floor area plus the exterior display and storage area is more than 25,000 square feet, or the FAR is more than 1:1, are prohibited.
 - c. Office uses where the floor area plus the exterior display and storage area is more than 3,000 square feet are a conditional use. Office uses where the floor area is more than 60,000 square feet or the FAR is more than 1:1 are prohibited.

B. Historic resources.

1. Where these regulations apply. The regulations of this subsection apply in the IG1 Zone to historic resources that are listed on the National Register of Historic Places or are identified as contributing in the analysis done in support of a Historic District's creation.
2. Allowed uses. Up to 12,000 square feet on a site may be in Retail Sales And Service or Office use. The total amount of square footage includes floor area, exterior display, and storage area of all Retail Sales And Service and Office uses on the site. More than 12,000 square feet on a site in Retail Sales And Service uses is prohibited.
3. Conditional uses. More than 12,000 square feet on a site may be in Office uses if approved through a conditional use. The total amount of square footage includes floor area, exterior display, and storage area of Office uses on the site. If there are also Retail Sales And Service uses on the site, no more than 12,000 square feet may be in Retail Sales And Service use.

Chapter 33.510, Central City Plan District: Commentary (cont.)

This new subsection specifies allowances for Office and Retail Sales And Services in the IG1 zone in the new Employment Opportunity Subarea, summarized in the table below:

Traditional Office--Allowed	5,000 SF per site
Traditional Office—by Conditional Use	More than 5,000 SF. up to a maximum of 60,000 SF, with new approval criteria
Industrial Office—Allowed	60,000 SF per site
Industrial Office—by Conditional Use	More than 60,000 SF, with new approval criteria
Retail--Allowed	5,000 SF per site
Retail—by Conditional Use	None

Both Office and Retail Sales And Service limitations are regulated on a "square footage per site" basis only; the existing "uses per site" conditional use trigger is eliminated in the subarea. No changes to the strict limitations on residential uses are recommended.

These provisions increase the amount of Office uses allowed in the subarea with different specified amounts depending on whether a use is Industrial Office or Traditional Office (see definitions in proposed amendments to chapter 33.920). The recommended allowed and conditional use square footage figures are based on several factors, including: the district's typical lot sizes and building footprints, the district's existing building sizes, number of stories and characteristics; the space needs of small businesses and targeted business types; and existing square footage allowances in other parts of the Central Eastside and other areas.

C. Employment Opportunity Subarea.

1. Purpose. The regulations of this Subsection promote the preservation of industrial land and development and support the vitality of industrial businesses while providing opportunities for a broad and diverse mix of employment uses that are compatible with industrial activities and that build on the economic strengths, locational advantages and urban character of the Central Eastside.
2. Where these regulations apply. The regulations of this subsection apply to sites in the IG1 Zone in the Employment Opportunity Subarea of the Central Eastside Subdistrict that are not subject to Subsection B.
3. Allowed uses.
 - a. Retail Sales And Service. Up to 5,000 square feet of the floor area plus the exterior display and storage area on a site may be in Retail Sales And Service use. More than 5,000 square feet in Retail Sales And Service use on a site is prohibited.
 - b. Traditional Office. Up to 5,000 square feet of floor area on a site may be in Traditional Office use.
 - c. Industrial Office. Up to 60,000 square feet of the floor area on a site may be in Industrial Office use.
4. Conditional uses.
 - a. More than 5,000 square feet in Traditional Office use on a site is a conditional use. More than 60,000 square feet in Traditional Office use on a site is prohibited.
 - b. More than 60,000 square feet in Industrial Office use on a site is a conditional use.

Map 510-1: Commentary

The change to Map 510-1 adds the Employment Opportunity Subarea to the Central Eastside Subdistrict of the Central City Plan District where the new Industrial Office and related provisions apply. The location for the proposed subarea was based on a number of factors including: the desire to target an area with a high concentration of older, underutilized buildings that are functionally obsolete for modern industrial uses; the desire to minimize potential impacts and discourage office activities in areas with a building stock well suited to continuing "traditional industrial use" (generally the area east of the MLK/Grand corridor) and the critical area along the waterfront where future development should be planned for within the context of more comprehensive efforts such as the Central City Plan update; the location of the Development Opportunities Strategy study boundary; existing zoning; and land use and development patterns (which were determined through a land use inventory of the district).

Chapter 33.815, Conditional Uses: Commentary

The changes to this table of contents reflects creation of a new subsection with approval criteria for Office uses in the new Employment Opportunity Subarea in the Central Eastside.

**CHAPTER 33.815
CONDITIONAL USES**

Sections:

General

[No changes]

Approval Criteria

- 33.815.100 Uses in the Open Space Zone
- 33.815.105 Institutional and Other Uses in R Zones
- 33.815.107 Short Term Housing in R Zones
- 33.815.110 Office and Retail Sales And Service Uses in the RX Zone
- 33.815.115 Specified Uses in Commercial Zones
- 33.815.120 Commercial Parking Facilities in the RX, CX, CG, and E Zones, Outside the Central City Plan District, the Columbia South Shore Plan District and the Cascade Station/Portland International Center Plan District
- 33.815.121 Commercial Parking Facilities in the RX, CS, and CX Zones, in the Hollywood Plan District
- 33.815.122 Nonresidential Uses on Specified Sites located in the RX Zone within the Central City Plan District
- 33.815.125 Specified Uses in Industrial Zones
- 33.815.126 Office Uses in the IG1 Zone in the Central City Plan District
- 33.815.127 Accessory Offices and Headquarters Offices in the IH Zone in the Guild's Lake Industrial Sanctuary Plan District
- 33.815.128 Retail Sales And Service Uses in the EG Zones
- 33.815.129 Office Uses in Specified Historic Resources in the Industrial Zones in the Central City Plan District
- 33.815.130 Residential Uses in the EG1, EG2, IG1, IG2, and IH Zones
- 33.815.132 Office Uses in the IG1 Zone in the Employment Opportunity Subarea of the Central City Plan District
- 33.815.140 Specified Group Living Uses in the C and EX Zones
- 33.815.200 Aviation And Surface Passenger Terminals
- 33.815.205 Detention Facilities
- 33.815.210 Helicopter Landing Facilities
- 33.815.215 Major Event Entertainment
- 33.815.220 Mining and Waste-Related
- 33.815.222 Park-and-Ride Facilities for Mass Transit
- 33.815.223 Public Safety Facilities
- 33.815.225 Radio Frequency Transmission Facilities
- 33.815.230 Rail Lines and Utility Corridors
- 33.815.300 Commercial Parking Facilities in the Columbia South Shore Plan District
- 33.815.301 Industrial Businesses in the Columbia South Shore Plan District
- 33.815.302 Professional / Technical Facilities in the Columbia South Shore Plan District
- 33.815.303 Retail Sales and Service Uses in the Columbia South Shore Plan District
- 33.815.304 Retail Sales And Service Uses on Specified Sites in the South Waterfront and the River District Subdistricts
- 33.815.305 Replacement Parking Facilities in the Central City Plan District
- 33.815.308 Commercial Parking in Multi-Dwelling Zones and Commercial Parking Access from Main Streets in the Northwest Plan District
- 33.815.310 Industrial Uses in the IR Zone

33.815.125 Specified Uses in Industrial Zones: Commentary

This change just adds a reference to the new criteria in Section 33.815.132. These approval criteria will continue to apply to conditional use reviews for Retail Sales And Service, Office, Commercial Outdoor Recreation, Commercial Parking Facilities, Community Service, and Daycare uses in Industrial zones.

33.815.125 Specified Uses in Industrial Zones

These approval criteria apply for uses in the following categories in the industrial zones: Retail Sales And Service, Office, Commercial Outdoor Recreation, Commercial Parking Facilities, Community Service, and Daycare uses. Office uses in the IG1 zone in the Central City Plan District may use approval criteria 33.815.126: Office Uses in the IG1 Zone in the Central City Plan District, if they contain characteristics of manufacturing businesses. Office uses in individually listed structures on the National Register of Historic Places and structures identified as contributing in the analysis done in support of a Historic District's creation in the I zones in the Central City Plan District may use the criteria listed in 33.815.129, Office Uses in Specified Historic Resources in the Industrial Zones in the Central City Plan District. Office uses in the IG1 zone in the Employment Opportunity Subarea of the Central City Plan District may use the approval criteria listed in 33.815.132, Office Uses in the IG1 Zone in the Employment Opportunity Subarea of the Central City Plan District. These approval criteria promote preservation of land for industry while allowing other uses when they are supportive of the industrial area or not detrimental to the character of the industrial area. The approval criteria are:

- A.** The proposed use will not have significant adverse effects on nearby industrial firms, and on truck and freight movement;
- B.** The transportation system is capable of supporting the proposed use in addition to the existing uses in the area. Evaluation factors include street designations and capacity, level of service; on-street parking impacts; access restrictions; connectivity; neighborhood impacts; impacts on pedestrian, bicycle, and transit circulation; safety for all modes; and adequate transportation demand management strategies;
- C.** The proposed use will not significantly alter the overall industrial character of the area, based on the existing proportion of industrial and non-industrial uses and the effects of incremental changes;
- D.** The proposed use needs to be located in an industrial area or building because industrial firms or their employees constitute the primary market of the proposed use; and
- E.** City-designated scenic resources are preserved.

33.815.126 Office Uses in the IG1 Zone in the Central City Plan District: Commentary

This change just adds a reference to the new criteria in Section 33.815.132. These approval criteria will continue to apply to conditional use reviews for Office uses in the Central City IG1 zone, including the Central Eastside.

33.815.126 Office Uses in the IG1 Zone in the Central City Plan District

These approval criteria promote preservation of land for industry while providing opportunity for businesses that contain both an office and a manufacturing or production component. Office uses that do not meet the criteria below may apply for conditional use status through the criteria listed in 33.815.125, Specified Uses in the Industrial Zones. Office uses in individually listed structures on the National Register of Historic Places and structures identified as contributing in the analysis done in support of a Historic District's creation in the IG1 zone in the Central City Plan District may use the criteria listed in 33.815.129, Office Uses in Specified Historic Resources in the Industrial Zones in the Central City Plan District. Office uses in the IG1 zone in the Employment Opportunity Subarea may use the approval criteria listed in 33.815.132, Office Uses in the IG1 Zone in the Employment Opportunity Subarea of the Central City Plan District. The approval criteria are:

- A.** The proposed use will not have significant adverse effects on nearby industrial uses and truck and freight movement;
- B.** The transportation system is capable of supporting the proposed use in addition to the existing uses in the area. Evaluation factors include street designations and capacity, level of service or other performance measures; access to arterials; connectivity; transit availability; on-street parking impacts; access restrictions; neighborhood impacts; impacts on pedestrian, bicycle, and transit circulation; safety for all modes; and adequate transportation demand management strategies;
- C.** City-designated scenic resources are preserved;
- D.** At least 33 percent of the floor area of the proposed use is dedicated for the development, testing, manufacturing, processing, fabrication, packaging, or assembly of goods. "Goods" include products made from man-made, raw, secondary, or partially completed materials. "Goods" does not include the products or services offered by traditional Office uses described in 33.920.240, but may include electronic or digital products such as internet home pages, computer software, advertising materials, and others; and
- E.** The nature of the business does not require customers to visit the site in order to purchase manufactured goods.

33.815.129 Office Uses in Specified Historic Resources in the Industrial Zones in the Central City Plan District: Commentary

No amendments are proposed for this subsection; it is included here to provide additional context. These approval criteria may be used for Office uses in National Register-listed historic buildings in the Central Eastside IG1 zone (throughout the district, not just the Employment Opportunity Subarea). See commentary for Section 510, Central City plan district for more on this provision.

33.815.129 Office Uses in Specified Historic Resources in the Industrial Zones in the Central City Plan District

These approval criteria promote preservation of historic resources that are listed on the National Register of Historic Places or are identified as contributing in the analysis done in support of a Historic District's creation. They provide for increased allowances for office uses in the industrial zones, while limiting negative impacts on the transportation system and nearby industrial uses. The increased allowances for office uses recognize that some historic industrial buildings cannot economically accommodate modern industrial activities due to design inefficiencies or structural deficiencies. The office allowances facilitate preservation and reuse of these structures and are not intended as a means of converting viable industrial uses to office uses. The approval criteria are:

- A.** The proposed use will not have significant adverse effects on nearby industrial uses and truck and freight movement;
- B.** The transportation system is capable of supporting the proposed use in addition to the existing uses in the area. Evaluation factors include street designations and capacity, level of service or other performance measures; access to arterials; connectivity; transit availability; on-street parking impacts; access restrictions; neighborhood impacts; impacts on pedestrian, bicycle, and transit circulation; safety for all modes; and adequate transportation demand management situations;
- C.** The proposed use will not significantly alter the overall industrial character of the area, based on the existing proportion of industrial and non-industrial uses and the effects of incremental changes; and
- D.** The owner must execute a covenant with the City, as described in Subsection 33.445.610.D.

33.815.132 Office Uses in the IG1 Zone in the Employment Opportunity Subarea in the Central City Plan District

This new section establishes the conditional use approval criteria for Office uses in the new Employment Opportunity Subarea. The criteria apply to requests for Traditional Office uses greater than 5,000 square feet and less than 60,000 square feet, and for Industrial Office uses greater than 60,000 square feet.

The criteria are intended to allow opportunities for compatible Office uses while minimizing the likelihood of negative impacts on industrial businesses and activities, particularly the transportation and parking systems of the area. The first criterion is similar to existing examples in other sets of approval criteria used to ensure that the transportation system can support the new use in addition to existing uses. The new criterion in this section adds a truck and freight movement evaluation factor, a critical element in reducing potential conflicts with industrial activity. The second criterion requires that the proposed Office use not typically require customers or clients to visit the site to receive goods or services. This will help reduce the potential for traffic conflicts.

33.815.132 Office Uses in the IG1 Zone in the Employment Opportunity Subarea in the Central City Plan District

These approval criteria promote preservation of industrial land and development and support the vitality of industrial businesses while providing opportunities for compatible employment intensive businesses. The approval criteria are:

- A.** The transportation system is capable of supporting the proposed use in addition to the existing uses in the area. Evaluation factors include street designations and capacity, level of service or other performance measures; access to arterials; connectivity; transit availability; on-street parking impacts; access restrictions; neighborhood impacts; impacts on pedestrian, bicycle, and transit circulation; safety for all modes; impacts on truck and freight movement; and adequate transportation demand management strategies;

- B.** The nature of the business does not typically require customers or clients to visit the site.

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Central Eastside Industrial Zoning Study

December 2003

CITY OF PORTLAND, OREGON
BUREAU OF
Planning



Exhibit B

For more information on the Central Eastside Industrial Zoning Study, please contact:

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To help ensure equal access to information, the City of Portland Bureau of Planning offers accommodation to persons with disabilities. Call 503-823-7700 in advance to arrange for accommodation. TTY: 503-823-6868

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Executive Summary

The emerging development vision for the Central Eastside includes increased employment density, accommodation of the “new urban economy” and preservation of the district’s industrial fabric. The vision calls for managed change in this unique inner-city industrial and employment area, where continuity with the established foundation of industrial activities is balanced with the need for adaptability to economic changes.

The *Central Eastside Market Analysis*, prepared by ECONorthwest as a companion to this report, identified three broad groups of target businesses that would potentially find the CES a desirable location and would help attain this vision. The first group includes primarily industrial sectors (e.g. specialty metal fabrication and stone/clay/glass manufacturing) that face few zoning barriers in the CES. The two other groups include “industrial-serving” firms (e.g., engineering, certain kinds of contracting, etc.) and “industrial-like” service firms (e.g., creative services and software development). Many of the firms associated with these sectors, as well as some technology businesses that might belong in first group, have significant office needs that could potentially conflict with zoning provisions that restrict commercial development in the industrial portions of the district.

This study has determined that, overall, Central Eastside zoning does not appear to be a *major* barrier to most of the target-sector businesses. This is supported by the fact that many of these kinds of firms are already located in the district. They face very few zoning barriers in the employment-designated parts of the district (EX and EG zones), and there are several zoning tools available for locating office-intensive uses even in the IG1-zoned industrial area, including:

- 3,000 square feet of general office or retail allowed by-right;
- Accessory office and showroom space allowed by-right, when supporting an industrial use;
- Unlimited amount of headquarters office allowed, when in conjunction with an industrial use;
- 60,000 square feet of industrial-serving office (25,000 square feet of retail) allowed through conditional use review, when industrial firms are the primary market for the use;
- 60,000 square feet of industrial office allowed through conditional use review, when at least 33 percent of the floor area is devoted to manufacturing or “digital production;” and
- Flexibility within the Zoning Code’s industrial use categories to encompass many target-sector businesses

The regulations that limit the amount and type of commercial development may discourage some target firms from locating in the Central Eastside’s IG1 area, in certain circumstances. For instance, some industrial-serving office-based firms (e.g., architecture and engineering companies) that do not meet the definition of “digital production” could not generally occupy spaces larger than 3,000 square feet in the IG1-zoned parts of the CES, unless they were able to demonstrate that their primary market is industrial firms and employees.

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These restrictions, however, are supported by Portland's Industrial Sanctuary policies and serve to limit large-scale commercial development that is inconsistent with the vision for the CES and that could threaten its long-term viability as an industrial district.

Zoning barriers that have been identified as potentially discouraging some target firms that might otherwise locate in the CES, and that that could be addressed through targeted zoning code amendments that would support the emerging vision for the district and existing policies include:

- Uncertainty and expense associated with commercial allowances that require a conditional use review (as opposed to by-right allowances), such as the "digital production" provision, that may particularly discourage smaller firms;
- Restrictions on the configuration and amounts of commercial uses allowed within sites that restrict office-intensive developments on the large number of small sites and existing buildings in the district; and
- Need for a clearer definition of "digital production" uses, to help differentiate them from undesired office uses that also produce "digital goods" (e.g. consulting firms and accountants) and for a more direct correspondence with desired uses.

This report is intended to frame important issues, clarify how zoning regulates the target land uses and activities, and set a clear direction for a follow-up project to amend CES zoning provisions consistent with an overall objective of raising employment density while protecting the industrial character of the district.

Recommended Zoning Amendments

The Bureau of Planning recommends a focussed legislative planning project to create greater, but limited, flexibility in the Central Eastside IG1 zone for certain kinds of industrial activities that have significant office components or office-like characteristics. The recommended approach is to amend the existing Central City Plan District regulations. This approach limits the scale of any changes (and thus of any unintended consequences) and eliminates the need for a broad-based citywide process to amend the Comprehensive Plan, as would be necessary to create a new zoning designation. The recommended focussed zoning project can be completed in nine months and would commence in winter 2003/2004.

The following specific amendments are recommended for consideration:

1. **Allow "digital production" industrial office uses up to 10,000 square feet by-right** (as opposed to requiring a conditional use review)¹. "Digital production" industrial office uses more than 10,000 square feet would still require conditional use approval. The definition of "digital production" would also be refined and possibly expanded to best fit the targeted activities and to facilitate zoning implementation and enforcement. Any office use could take advantage of this allowance if at least 33 percent of the floor area was dedicated to traditional manufacturing or processing activities. These amendments

¹ The existing "digital production" provision allows office uses in the IG1 zone up to 60,000 SF if 33 percent of the floor area of the proposed use is dedicated to either traditional manufacturing and processing activities or those that produce "electronic or digital products such as internet home pages, computer software, advertising materials and others." This provision was adopted in 1999 to allow some flexibility for "new economy" business activities and creative services in Central City industrial areas.

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respond to the needs of smaller target firms, such as those in the creative services, by eliminating the costs, delays and uncertainties associated the conditional use process.

- 2. Limit the total amount of non-accessory and non-headquarters offices to 60,000 square feet per site, while removing restrictions on the number and size of individual office uses allowed per site².** That is, the sum of the floor areas of all non-accessory and non-headquarters office uses on a site, whether allowed by-right or through a conditional use (including “digital production” industrial office uses), must not exceed 60,000 square feet. Removing the FAR limit and limiting overall office size by site will facilitate redevelopment of existing structures that contain larger spaces that could be subdivided to accommodate smaller office-intensive uses, for instance on underutilized upper stories. The overall 60,000 square foot site limit still provides an absolute limit on the size of an individual office use.

An alternative approach would allow “digital production” industrial office uses greater than 60,000 square feet (perhaps with no specified upper limit) through a conditional use process. This approach will need additional analysis, as it has greater potential for negative impacts on nearby industrial uses. Either approach will likely require refinement of the existing “digital production” industrial office conditional use approval criteria, with the objective of providing clear means for ensuring that large-scale industrial office development does not significantly impact nearby industrial operations or compromise the overall industrial nature of the CES industrial sanctuary.

- 3. Reduce or eliminate existing conditional use retail use allowances, which currently permit retail uses up to 25,000 square feet.** The existing by-right retail allowance of 3,000 square feet would be retained or perhaps slightly increased. These amendments would help reinforce the existing mixed-use corridors along NE MLK Boulevard and Grand Avenue as the appropriate location for retail activity and preserve industrially-zoned land and buildings for industrial employment uses, while providing for small supportive retail uses. “Retail-like” activities, such as industrial showrooms, are already allowed under existing industrial zoning.
- 4. Explore increased allowances for retail and office uses in designated historic landmarks** in the industrial and employment zones. Additional flexibility for by-right commercial uses would encourage preservation, continued investment and reuse of the district’s landmarks by allowing uses that generate rents potentially high enough to justify upgrades.
- 5. Explore creating minimum parking space requirements for new commercial development in industrial zones** in order to mitigate the impacts of new development on truck and freight access and circulation. There are currently no minimum parking requirements in the Central Eastside.

The Zoning Package

The zoning framework created by the proposed amendments, together with the existing regulations, would include multiple means for locating the target activities and industries in the IG1 portions of the district. These provisions are summarized in the table on the following page.

² The existing regulations require conditional use approval for more than one office use per site and limit office uses to 60,000 square feet or 1:1 FAR per use.

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Summary of Recommended Zoning Package for the IG1 Zone in the CES

#	Provision	Amount	Existing	Proposed
Office allowed by-right				
1	GENERAL OFFICE:	3,000 sq. ft.	X	
2	INDUSTRIAL OFFICE: Must have at least 33 percent of the use devoted to either traditional manufacturing or processing, or to "digital production," such as software and web development.	10,000 sq. ft.		X
3	ACCESSORY OFFICE: Must be <i>accessory</i> to industrial uses meaning "subordinate" and "clearly incidental" to an allowed industrial use on a site.	No specific limit but must be subordinate and incidental	X	
4	HEADQUARTERS OFFICE Must be in conjunction with, or adjacent to, an industrial use.	No specific limit	X	
Office allowed by conditional use (c.u.)				
5	INDUSTRIAL SERVING OFFICE Must demonstrate that the office use will not significantly alter the industrial character of the area and that it needs to be in an industrial area because industrial firms and employees constitute its primary market.	60,000 sq. ft.	X	
6	INDUSTRIAL OFFICE: Must have at least 33 percent of use devoted to either traditional manufacturing or processing or to "digital production," such as software and web development. Must demonstrate that they will not have significant adverse effects on nearby industrial uses and that the nature of the business does not require customers to visit the site. An alternative approach would allow a larger--or unlimited--amount of "digital production" industrial office through conditional use.	60,000 sq. ft.	X	
Total amount of by-right or c.u. office				
7	TOTAL AMOUNT OF OFFICE The <i>total</i> amount of <u>non-accessory</u> and <u>non-headquarters</u> office must not exceed 60,000 square feet <i>per site</i> . There would be no restrictions on the size or number of individual office uses on the site. In other words, the floor area of all individual office uses allowed under provisions 1,2,5, and 6 can total no more than 60,000 square feet per site. An alternative approach would allow a larger--or unlimited--amount of "digital production" industrial office through conditional use.	60,000 sq. ft.		X
Retail allowed by-right				
8	GENERAL RETAIL	3,000 sq. ft.	X	
Retail allowed by conditional use (c.u.)				
9	INDUSTRIAL SERVING RETAIL Reduce or eliminate existing conditional use provisions for retail uses up to 25,000 sq. ft.	0 sq. ft.		X

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Introduction

Background

This document is part of a second phase of a Portland Development Commission-sponsored study on Portland's Central Eastside (CES). The first phase resulted in the *Central Eastside Development Opportunities Strategy (DOS)*, released in April 2002. The DOS created a vision and strategy for the development of an area along Water Avenue between the Morrison bridgehead and Caruthers Street. Phase II is intended to build on the DOS and move it closer to implementation. Specifically, it investigates how new office-intensive and other high-density employment-generating users might be brought into the industrial parts of the CES without having negative impacts on the operations and long-term viability of existing and possible future industrial uses. The consensus among CES stakeholders involved in the DOS process to-date indicate a desire for a blend of more traditional industrial uses with newer ones that might include office or office-like space as part of their operations. Stakeholders have also expressed a desire to avoid a rapid and fundamental change away from the overall industrial character within the district's industrial areas, as has occurred in the River District, for example.

The desire to preserve the overall industrial character of the CES is supported by a framework of regional and city industrial land policy. These policies and regulations are based on the premise that industrial land is a finite resource that is critical to the city's economic health, while being vulnerable to encroachment by other uses. Metro's Title 4 requires jurisdictions to limit commercial uses in industrial areas and also limits subdivision of large industrial tracts. Portland's Industrial Sanctuary policies call for preserving land primarily for industrial purposes and for recognizing the unique attributes of the city's industrial and employment areas. The Central City Plan calls for preserving the CES as an industrial sanctuary and encourages "incubator industries" in the district. Among the primary implementation tools for these policies are Zoning Code provisions that sharply limit nonindustrial uses in industrial areas. The policies are discussed in greater detail in Appendix A, while CES industrial zoning provisions are discussed in the central part of this report.

Purpose and Methodology of this Report

The issues addressed this study may be divided into two main components:

1. **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?
2. **Zoning / land use issues:** What is the current industrial policy and zoning framework in the CES and what changes would be necessary to facilitate locating the targeted industries identified in the market analysis in the district?

A report prepared by ECONorthwest, *Central Eastside Market Analysis*, focuses on the economic and market issues. This report focuses on the zoning and land use issues. Specifically, it responds to recommendations in the *CES Development Opportunity Study* that call for consideration of new zoning regulations that provide more flexibility for commercial uses and office-like industrial uses in industrial zones. This report does not amend any policies or

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regulations but is intended to frame important issues, clarify how existing zoning regulates the target land uses, and set a clear direction for a follow-up legislative project to amend CES zoning provisions consistent with an overall objective of raising employment density in the district while limiting negative impacts on existing and future “traditional industrial” operations. The intent will be to facilitate managed change by responding to changes in the industrial economy while preserving the overall industrial character of the district.

The Bureau of Planning used several approaches for gathering information in the preparation of this report. Two focus groups, consisting of CES businesses persons, land owners, developers, and real estate agents were held in April 2003. The focus groups provided information on which business types they see as desirable, which they see as undesirable in the CES, and why. Participants also identified some of the obstacles to attracting these uses, including perceived land use and zoning barriers. They also provided direction for making changes necessary to attract the desirable business types. A summary of the focus group discussions is contained in ECONorthwest's *Central Eastside Market Analysis* report.

Staff also undertook a technical analysis of the existing planning and regulatory framework in the district. This involved literature reviews, data and mapping analysis and discussions with CES stakeholders, development professionals and development review staff about the effects of industrial policies and regulations. Research of industrial policies and development efforts in other cities included literature reviews, internet research and expert interviews.

Next Steps:

A legislative planning project to refine and implement the zoning code amendments consistent with the recommendations of this report is expected to commence winter 2003/2004. This project will take approximately 9 months to complete. It will include broad citizen and public agency review and will involve public hearings before the Portland Planning Commission and the City Council.

This focussed zoning project would complement other ongoing work by the Bureau of Planning, the Portland Development Commission (PDC), other public agencies, and neighborhood and business organizations to implement the *CES Development Opportunities Strategy* and other policy goals for the district. These projects are diverse in purpose and scope, ranging from individual development projects at key locations to a PDC-sponsored parking strategy for the DOS area to the City's *River Renaissance* effort, which has broad goals for assuring a healthy river, a prosperous working harbor and vibrant waterfront districts.

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Central Eastside Target Industries and Activities

The April 2002 *Central Eastside Development Opportunity Strategy* (DOS) prepared by SERA Architects for the Portland Development Commission and the March 21, 2002 draft *Vision for the Evolution of an Urban Industrial District (CEIC Vision)* prepared by the Central Eastside Industrial Council articulated development and land use goals for the Central Eastside. This vision called for attracting new types of businesses to the Central Eastside that would increase employment density while preserving the district's "urban industrial employment fabric." The target businesses, referred to as "new urban industries" in the *CEIC Vision*, were described in general terms as more office-intensive than traditional industrial uses and as being linked with creative services, knowledge-based industries and the "new economy." Utilizing focus groups, interviews, stakeholder meetings and other research, the current study has further refined and analyzed the target industries and activities identified in the *DOS* and *CES Vision* documents. Additional information on these industries and activities is contained the *ECONorthwest Market Analysis* report.

There are two ways to describe the group of targeted industries. They can be described in terms of "activities", which are the kinds of work processes a business uses such as wholesale, manufacturing and administration. They can also be described in terms of "industrial sectors", which are described in terms of the actual products or services produced such as paint manufacturing, construction services or computer software development. The Portland Zoning Code defines industrial land uses primarily in terms of "activity" although land use classifications take into account characteristics of both activity and business sector.

The industrial *activities* targeted as desirable in the CES are those associated with existing "traditional" industrial operations in the district, as well as:

- **Office-intensive industrial uses**
- **Wholesale or manufacturing uses with showroom space**
- **Certain stand-alone retail and office uses**

The desired office and retail uses were more specifically described as either:

- **Industrial-serving**, for instance industrial engineering firms, medical facilities specializing in occupational health, and construction/maintenance contractors considered to be office uses; or
- **Industrial-like**, for instance creative services, including film/video/photography, sound studios, studio art, computer-based media, and others.
- The CES vision does not support residential or "big-box" retail development in industrial parts of the district. Support for limited work/live space and smaller retail uses supportive of the industrial and employment uses in the area has been expressed by some CES stakeholders.

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Potential *business sectors* that appear to be a good match for the CES, based on identified stakeholder desires, as well as industry characteristics and trends include:

- **Printing and publishing**
- **Technology businesses**
- **Construction/ rehab/ home improvement**
- **Specialty metal fabrication**
- **Food and beverage manufacturing**
- **Stone/ clay/ glass manufacturing**
- **Woodworking and wooden furniture**
- **Creative Services**
- **Software and related sectors**

Some of these target industries, for example printing and publishing and construction/rehab/home improvement already have a visible presence in the CES and thus work within established themes. Others, such as creative services build upon nascent trends in the district and fit with aspirations voiced by CES stakeholders.

Firms within some of the desired industry sectors, particularly creative services, technology and software development, have significant office needs. To the extent that their principle activities tend to have more characteristics of office activity than industrial activity, these firms may face zoning barriers to locating in the CES. Firms within other sectors, such as Stone/clay/glass manufacturing, tend to have smaller office space needs and, to the extent that their primary activities are "industrial," face fewer potential zoning hurdles in the industrially zoned portions of the CES. The next section of this report discusses Central Eastside zoning and how it addresses these target activities and business sectors.

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Zoning Regulations and the CES Target Industries

Previous development strategies for the Central Eastside, such as the *CES Development Opportunities Strategy* and the *CEIC Vision* conjectured that zoning regulations limit the ability of desired target industries to locate in the Central Eastside. To explore this premise, this section summarizes current zoning regulations for the Central Eastside, with an emphasis on allowances for nonindustrial uses in employment and industrial zones.

The policy underpinnings to the City's industrial zoning are based on the premises that industrial land is critical to the economic health of the city, that it is a finite resource that is vulnerable to encroachment by other uses in an open market and that industrial operations have impacts that require it to be isolated from other uses, especially housing. The City's Industrial Sanctuary policies are discussed in greater detail in Appendix A.

Land Use Categories

Understanding how Portland's Zoning Code defines land uses is an important first step in understanding how those uses are regulated in industrial zones. From a zoning perspective, whether a specific target-industry development proposal is able to locate in the CES is dependant on what use category development review staff determine the proposed use best fits. In some cases, this determination is relatively straight forward, but in many case, for instance with industrial uses that contain significant office-like characteristics, this determination may be difficult.

The Zoning Code defines land uses based on functional, end-product, and physical characteristics. Factors used in making use determinations include:

- The type and amount of activities present (e.g. assembly of goods or sales of goods);
- The type of customers (e.g. general public or other businesses);
- How goods or services are sold or delivered; and
- A variety of site and use factors such as building arrangement, hours of operation, vehicle trip generation, and others.

The use categories are meant to provide a systematic but flexible basis for assignment of present and future uses to zones; they do not attempt to provide an exhaustive list of all possible types of land uses or businesses (as was the approach in Portland prior to 1991). In determining a given proposal's use category development review staff look at its specific characteristics, activities and impacts, as opposed to its business sector per se. The code does contain lists of example uses for each of the categories. These examples correspond more closely to actual businesses or industry sectors. The code also provides examples of uses that are allowed as accessory to the primary use on a site, for instance parking or offices accessory to a manufacturing plant.

While this system provides the flexibility for the code to respond to changes in the nature of business activities and land development, it also creates some uncertainty. A use may not clearly match the stated examples or may contain activities that might reasonably fit in more

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than one use category. In such cases, a fair degree of discretion may be involved in determining whether a development proposal complies with the zoning code.

The industrial use categories in the Portland Zoning Code are:

- Manufacturing and Production;
- Warehouse and Freight Movement;
- Wholesale Sales;
- Industrial Service;
- Railroad Yards; and
- Waste Related.

All of these categories are allowed in the industrial zones (IH, IG2 and IG1), and all those except Railroad Yards and Waste-Related are allowed in employment zones (EG2, EG1 and EX).

The Zoning Code further characterizes these categories by listing specific examples of uses within each. Specific examples from the code's *industrial* categories (and would thus be allowed in industrial zones) that most closely correspond with one or more of the target businesses include:

- Repair of scientific or professional instruments
- Sales, repair, storage, salvage or wrecking of...building materials
- Photo finishing laboratories
- Building, heating, plumbing or electrical contractors
- Printing, publishing and lithography
- Research and development laboratories
- Processing of food and related products
- Catering establishments
- Breweries, distilleries and wineries
- Weaving or production of textiles or clothing
- Production of chemical, rubber, leather, clay, bone, plastic, stone, or glass materials or products
- Movie production facilities
- Manufacture or assembly of instruments, including musical instruments...precision items, and other electrical items
- Production of artwork and toys
- Sign making
- Wholesalers of food, clothing, auto parts, building hardware

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A development proposal clearly corresponding to these example uses would be allowed by-right in IG1 zoned areas of the CES, as long as the characteristics and associated activities of the proposal correspond generally with the description of the use category. For example, “Sales, repair, storage, salvage or wrecking of...building materials” is included as an Industrial Service use. A proposal for a facility that deconstructs, salvages and refinishes building components and resells them primarily to building contractors or designers would probably be classified as an Industrial Service or a Wholesale Sales, or both, depending on the relative amounts of each main *activity* (salvage and wholesale sales). Uses within either category would be allowed in the IG1 zone. However, if the proposal was for a hardware store that was oriented to the general public, the use would probably be classified as Retail Sales and Service, because the Industrial Services description states that “few customers, especially the general public, come to the site” and Retail Sales and Services are described as involving sales, leasing or rental of “new or used products to the general public.” Again, the system is designed to look at a use’s activities and impacts.

Comprehensive Plan and Zoning Map Designations

Portland’s Zoning Code contains two overall groups of zoning designations that provide for industrial uses. These are the industrial sanctuary zones (IG1, IG2, IH) and the employment zones (EG1, EG2, EX). In general, industrial uses are allowed in both categories, while the employment zones have greater allowances for office and retail uses, as well as allowing some residential, in certain circumstances.

Most of the Central Eastside study area is covered by one of the employment or industrial zones. About two thirds of the district is designated on the City’s *Comprehensive Plan Map* as Industrial Sanctuary, and most of that is zoned IG1. Some IH-zoned land is located in the southwest corner of the district. About a third of the study area is designated for employment. Most of the employment area is designated EX, which is more a mixed-use zone than a true employment zone. The EX zoning is concentrated along the major street corridors: MLK/Grand; Sandy; Burnside; Morrison; and 11th/12th. Some EG-zoned land is located in the southwest part of the district.

The tables below summarize the areas dedicated to the different Zoning and Comprehensive Plan Map designations, excluding area devoted to rights-of-way. A Central Eastside zoning map follows on the next page, indicating the general zoning pattern in the district. The rest of this chapter discusses how employment and industrial zoning regulates land uses in the Central Eastside, particularly those associated with the targeted industries.

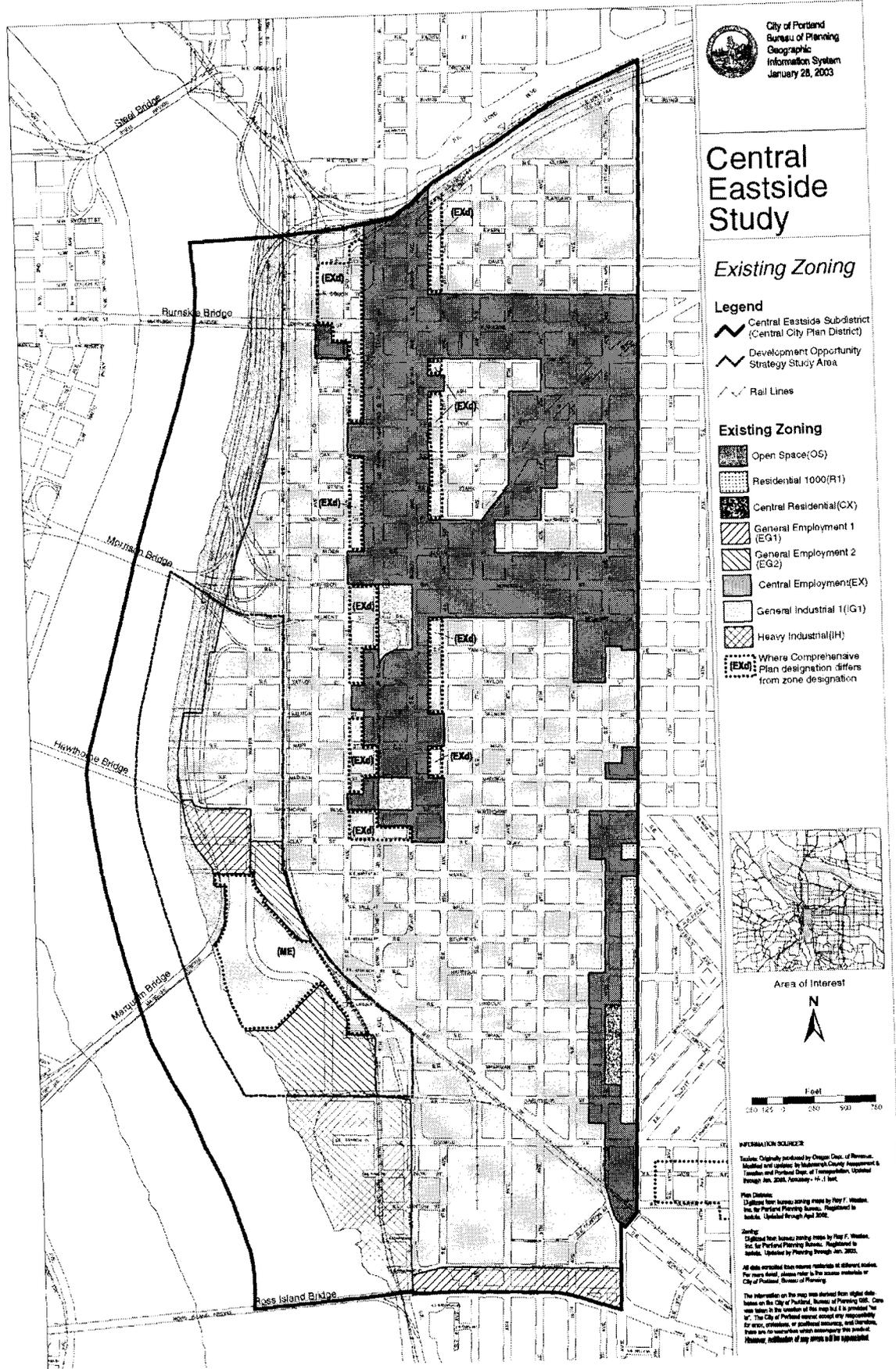
CES Zoning

Zone	Taxlot Acres	% of Area	Lots	% of Lots
EG1	7.4	1.9%	32	2.0%
EG2	13.9	3.6%	22	1.4%
EX	80.2	20.9%	522	32.0%
Total	253.2	65.9%	905	55.6%

Designation	Taxlot Acres	% of Area	Lots	% of Lots
IH	19.2	5.0%	32	2.0%
Industrial Sanctuary IS	241.4	62.8%	793	48.7%
Mixed Employment ME	36.6	9.5%	80	4.9%
Central Employment EX	95.9	25.0%	640	39.3%
Open Space OS	5.5	1.4%	37	2.3%
Total	384.4	100.0%	1629	100.0%

Designation	Taxlot Acres	% of Area	Lots	% of Lots
MD Multi-Dwelling R1	3.8	1.0%	57	3.5%
Central Residential RX	1.1	0.3%	22	1.4%
Total	384.4	100.0%	1629	100.0%

Central Eastside Industrial Zoning Study



City of Portland
Bureau of Planning
Geographic
Information System
January 28, 2003

Central Eastside Study

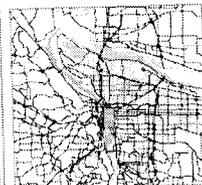
Existing Zoning

Legend

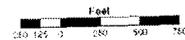
- Central Eastside Sub-district (Central City Plan District)
- Development Opportunity Strategy Study Area
- Rail Lines

Existing Zoning

- Open Space (OS)
- Residential 1000 (R1)
- Central Residential (CX)
- General Employment 1 (E-G1)
- General Employment 2 (E-G2)
- Central Employment (EX)
- General Industrial 1 (I-G1)
- Heavy Industrial (IH)
- Where Comprehensive Plan designation differs from zone designation
- (EXd)



Area of Interest



INFORMATION SOURCE

Basics: Originally prepared by Oregon Dept. of Revenue. Modified and updated by Multnomah County Assessor's Office and Portland Dept. of Transportation. Updated through Jan. 2003. January 19-1, 2003.

Plan Districts

Updated from zoning maps by Ray F. Whelan, Inc. for Portland Planning Bureau. Registered to Public. Updated through April 2002.

Zoning

Updated from zoning maps by Ray F. Whelan, Inc. for Portland Planning Bureau. Registered to Public. Updated by Planning Through Jan. 2003.

All data extracted from various materials at different scales. For more detail, please refer to the source materials of City of Portland, Bureau of Planning.

The information on this map was derived from digital data bases on the City of Portland, Bureau of Planning GIS. Care was taken to the extent of this map but it is provided "as is". The City of Portland cannot accept any responsibility for errors, omissions, or political, economic, and jurisdictional, there are no warranties whatsoever concerning this product. However, publication of any errors will be appreciated.

Central Eastside Industrial Zoning Study

The following tables summarizes the use regulations for the employment and industrial zones found in the CES. The rest of this section discusses these regulations in more detail and analyses to what extent they facilitate or discourage location of target activities and industries in the Central Eastside.

Summary of Selected Employment and Industrial Base Zone Use Regulations

		Generalized Use Category			
		Industrial	Retail	Office	Residential
Employment Zones	EG1	Most allowed, except rail yards and waste-related.	Limited to 60,000 SF or 1:1 FAR (2:1 in landmark) per site Above 60,000 or 1:1 (2:1 in landmark) by CU.	Limited to 1:1 FAR (2:1 in landmark) per site.	Most are CU. Living quarters for one caretaker per site allowed by right.
	EG2				
	EX		Allowed		
Industrial Zones	IG1	Most allowed, waste-related is CU.	<i>Allowed:</i> 1 use per site, up to 3,000 SF <i>Conditional Use:</i> <ul style="list-style-type: none"> • More than 1 use per site, • Up to 25,000 SF or 1:1 FAR per use, or • Up to 60,000 SF or 2:1 FAR per use in landmark. • Office in Central City: 60,000 SF or 1:1 FAR if 33% of floor area devoted to “development, testing, manufacturing, processing, fabrication, packaging, or assembly of goods,” including “digital or electronic goods” 		Generally not allowed. Houseboats allowed with CU. Living quarters for one caretaker per site allowed by right.
	IG2		4 uses per site limited to 3,000 SF per use. More than 4 uses and up to 25,000 SF or 1:1 FAR per use through CU (60,000 or 2:1 per use in landmark)		
	IH		4 uses per site limited to 3,000 SF per use. More than 4 uses and up to 12,000 or 1:1 FAR per uses through CU (25,000 or 2:1 per use in landmark)		

Target Industry / Commercial Uses in the CES IG1 Zone

The IG1 zone, together with the IG2 and IH zones, implement the City’s Industrial Sanctuary Comprehensive Plan designation. These zones provide areas where most industrial uses may locate, while other uses are restricted to prevent potential conflicts and preserve land for industry. Because housing is generally considered to be the most incompatible use in industrial areas, residential uses are all but prohibited in all three industrial zones (the exceptions are conditional use allowances for houseboats and provisions for caretakers’ residences). The IG1 zone is generally found in the city’s older industrial areas, such as the CES, where a grid block

Central Eastside Industrial Zoning Study

pattern and smaller lots are prevalent and land is mostly developed. IG1 areas also generally have higher building coverages than IH and IG2 areas.

While nonindustrial uses are sharply limited in the IG1 zone, there are several provisions allowing such uses in certain circumstances, some of which are unique to the Central City (including the CES). Taken together, these regulations provide a significant means by which the targeted office-intensive and office-like industrial uses may locate in the district. Note that the IG1 commercial provisions discussed below apply to “stand alone” or primary office and retail uses; accessory uses are not subject to these limits, as discussed in the accessory and headquarters allowances section that follows this section.

The existing commercial use regulations for the IG1 zone in the Central Eastside are discussed below. A table summarizing these provisions follows at the end of the section. A flow-chart is also included that brings together the various office use regulations for the IG1 zone into a generalized “decision tree” that illustrates how development review staff would determine if an office use was allowed in the CES.

By-right Small Commercial

One retail or office use of up to 3,000 square feet is allowed by-right per site. No special approvals are needed for these uses. More than one such use on a site, or uses larger than 3,000 square feet, would require a conditional use approval (see below). Although this provision is intended to allow small commercial businesses that serve the needs of the local industrial area, there is no neighborhood-serving test or condition applied to these small uses. Businesses from within the target industry groups with very small space needs—under 3,000 square feet—whose primary activities clearly fall into the office or retail use categories and have no industrial component are thus allowed under the current zoning. For instance, a small graphic design firm whose services are oriented to the general public, or a small art gallery, could locate in the CES with little difficulty from a zoning perspective.

The provision requiring conditional use approval for more than one office or retail use per site may present obstacles to the redevelopment of older industrial buildings that have large internal spaces that could be divided into smaller units. This IG1 standard is more restrictive than in the other two industrial zones (IG2 and IH), where up to four retail or office uses per site are allowed without triggering a conditional use review.

Conditional Use Industrial-Serving Commercial

Retail Sales and Service uses up to 25,000 square feet or a maximum FAR of 1:1 (2:1 in a historic landmark) are allowed when approved through a conditional use review process. Office uses up to 60,000 square feet or a maximum FAR of 1:1 (2:1 in a historic landmark) are allowed when approved through a conditional use review process. Note that the 60,000 square foot office provision is unique to the Central City; office uses in IG1 districts in other parts of the city are generally limited to 25,000 square feet (or 60,000 in a landmark). In this respect, the Central Eastside already has increased flexibility for office-intensive uses, compared to other industrial districts.

Conditional use reviews are discretionary decision-making processes where specific criteria must be met before a certain use is allowed on a site. Conditional use applications may be denied, approved or approved with conditions that mitigate for potential negative impacts of the proposed use. The standard conditional use approval track for office and retail uses in the IG1 zone that is available citywide, including within the CES, involves fairly high standards for

Central Eastside Industrial Zoning Study

approval, commensurate with the policy goal of restricting nonindustrial uses in industrial areas. The approval criteria require that the applicant demonstrate that:

- The use will not have significant adverse effects on nearby industrial uses;
- The transportation system is capable of supporting the proposed use in addition to existing uses;
- The use will not significantly alter the industrial character of the area;
- Designated scenic resources are preserved; and
- The use needs to be in an industrial area because industrial firms and employees constitute its primary market.

This last approval criterion is perhaps the most restrictive. Sometimes referred to as “Condition D,” this criterion has been cited by CES stakeholders as the most difficult zoning hurdle in siting nonindustrial uses in the IG1 portions of the Central Eastside. In practice, office- or retail-intensive target businesses that are not clearly classifiable as industrial uses (and thus allowed by right in the IG1) will not generally be approved using this approval track if their customer base and users are not clearly limited to those in the immediate area or to industrial firms in general. For instance, an application for a 30,000 square foot office facility for a firm that develops desktop publishing software would probably not be able to demonstrate that the facility needs to be in an industrial area. However, there are other office provisions available that do not require satisfying this criterion, discussed below.

“Digital Production” and “Industrial Office” Allowance

An alternative approval track for office or office-intensive industrial uses in the IG1 zone is available in the Central Eastside. These Central City Plan District provisions, found in sections 33.510.113 and 33.815 126 of the Zoning Code, allow office uses up to 60,000 square feet through a conditional use review, if they contain characteristics of manufacturing businesses. The approval criteria require that the applicant demonstrate that:

- The use will not have significant adverse effects on nearby industrial uses;
- The transportation system is capable of supporting the proposed use in addition to existing uses;
- Designated scenic resources are preserved;
- The nature of the business does not require customers to visit the site to purchase goods; and
- 33 percent of the floor area is dedicated for the development, testing, manufacturing, processing, fabrication, packaging, or assembly of goods and where the definition of “goods” explicitly includes “electronic or digital products such as internet home pages, computer software, advertising materials, and others.”

Significantly, the regulations *do not* require that development proposals demonstrate that the use needs to be located in an industrial area because industrial firms or employees constitute

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the primary market for the use. In order to mitigate for potentially negative traffic impacts on nearby industrial activity, they do stipulate that customers not generally be required to visit the site.

This “digital production” industrial office allowance was adopted in 1999 to provide opportunities in Central City industrial areas for businesses that contain both an office and a manufacturing component. It provides a focussed means for creative services, “new economy” and other firms to locate in the Central Eastside. Many target industry businesses should be able to take advantage of this provision including those in creative services and software development. Theoretically, a target business, for instance a software developer or a multi-media internet content provider, could use this provision to locate a 60,000 square foot office facility in the CES, as long as 33 percent of the floor area was dedicated to the actual development or “manufacture” of “electronic or digital products” (as opposed to, say, back office activities like accounting or human resource development, which may constitute the other 67 percent). Another example would be an office-intensive research and development facility where at least 33 percent of its floor area was devoted to constructing prototypes of manufactured products.

This existing focussed means for allowing specific kinds of office-intensive or office-like industrial uses in the CES, could potentially be amended to better meet the development vision expressed by CES stakeholders, for instance by making the provision available to developments by-right (obviating the need for the expense and uncertainty of a conditional use review) or revising the descriptions of the allowed uses to encompass more (or fewer) types of businesses.

Restrictions on Configuration of Commercial Uses on a Site

The existing office and retail use regulations for the IG1 zone in the CES include the following standards :

- Requirement for conditional use approval for more than one office or retail use *per site*;
- Prohibition of office *uses* larger than 60,000 square feet or a 1:1 floor area ratio (FAR); and
- Prohibition of retail *uses* larger than 25,000 square feet or a 1:1 floor FAR.

These provisions restrict both the amount and configuration of office development *within* a particular development site. For example, the uses-per-site restriction would require a conditional use review for development of two 1,500 square foot office spaces on a site while a single 3,000 square foot office would not require such a review.

The 1:1 floor area restriction imposes a proportional size limit that differentially restricts office and retail development *within* sites. For example, no more than 5,000 square feet of stand-alone office could be approved on a 5,000 square foot lot, while 50,000 square feet of office could be approved on a 50,000 square foot lot.

Together these regulations have the effect of regulating the internal arrangement of commercial spaces and limiting the amount of commercial space relative to the overall size of the site. These requirements may restrict desired development particularly on smaller sites (which predominate in the CES) and existing buildings with larger internal spaces that could be subdivided to accommodate smaller office-intensive uses, for instance on underutilized upper stories.

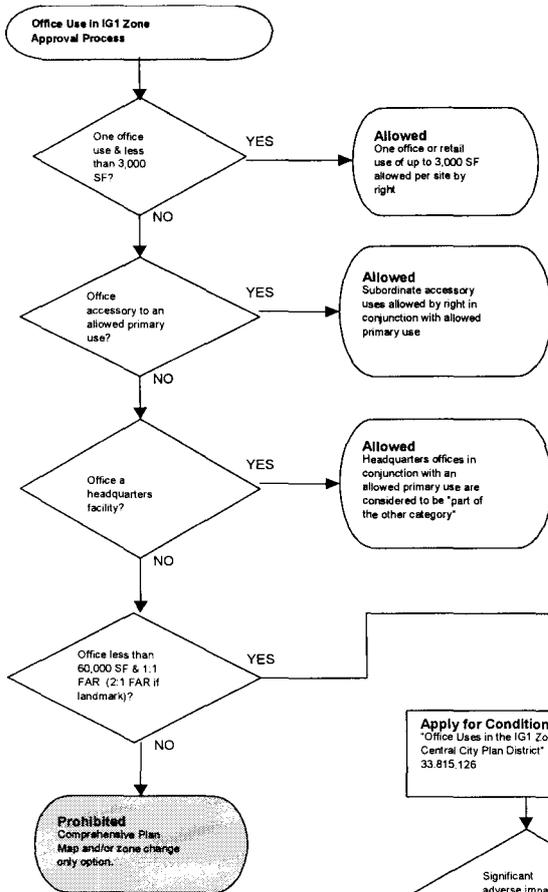
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Summary of Existing IG1 Zone Office and Retail Use Allowances in the CES

#	Provision	Amount
Total amount of office and retail		
1	<p>ALL STAND-ALONE OFFICE AND RETAIL One retail or office use allowed by-right <i>per site</i>, conditional use approval required for more than one;</p> <p>Prohibition of non-accessory and non-headquarters <u>office uses</u> larger than 60,000 square feet or a 1:1 floor area ratio (2:1 in landmark);</p> <p>Prohibition of <u>retail uses</u> larger than 25,000 square feet or a 1:1 floor area ratio (2:1 in landmark).</p>	<p><u>Office</u> 60,000 sq. ft.</p> <p><u>Retail</u> 25,000 sq. ft.</p>
Office allowed by-right		
2	GENERAL OFFICE:	3,000 sq. ft.
3	<p>ACCESSORY OFFICE: Must be <i>accessory</i> to industrial uses meaning “subordinate” and “clearly incidental” to an allowed industrial use on a site.</p>	No specific limit but must be subordinate and incidental
4	<p>HEADQUARTERS OFFICE Must be in conjunction with, or adjacent to, an industrial use.</p>	No specific limit
Office allowed by conditional use (c.u.)		
5	<p>INDUSTRIAL SERVING OFFICE Must demonstrate that the office use will not significantly alter the industrial character of the area and that it needs to be in an industrial area because industrial firms and employees constitute its primary market.</p>	60,000 sq. ft.
6	<p>INDUSTRIAL OFFICE: Must have at least 33 percent of use devoted to either traditional manufacturing or processing or to “digital production,” such as software and web development.</p> <p>Must demonstrate that they will not have significant adverse effects on nearby industrial uses and that the nature of the business does not require customers to visit the site.</p>	60,000 sq. ft.
Retail allowed by-right		
7	GENERAL RETAIL	3,000 sq. ft.
Retail allowed by conditional use (c.u.)		
8	<p>INDUSTRIAL SERVING RETAIL Must demonstrate that the retail use will not significantly alter the industrial character of the area and that it needs to be in an industrial area because industrial firms and employees constitute its primary market.</p>	25,000 sq. ft.

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Begin Here



Generalized Decision Process for Determining Whether an Office Use is Allowed in the IG1 zone in the Central City

This flow chart illustrates key decision points and criteria for determining whether proposals for new office development are allowed in IG1 zoned areas of the Central City plan district (including the Central Eastside). Note that other potentially applicable regulations are not represented here. These include, for example, other zoning regulations such as development standards and overlay zone requirements, as well as building code requirements.

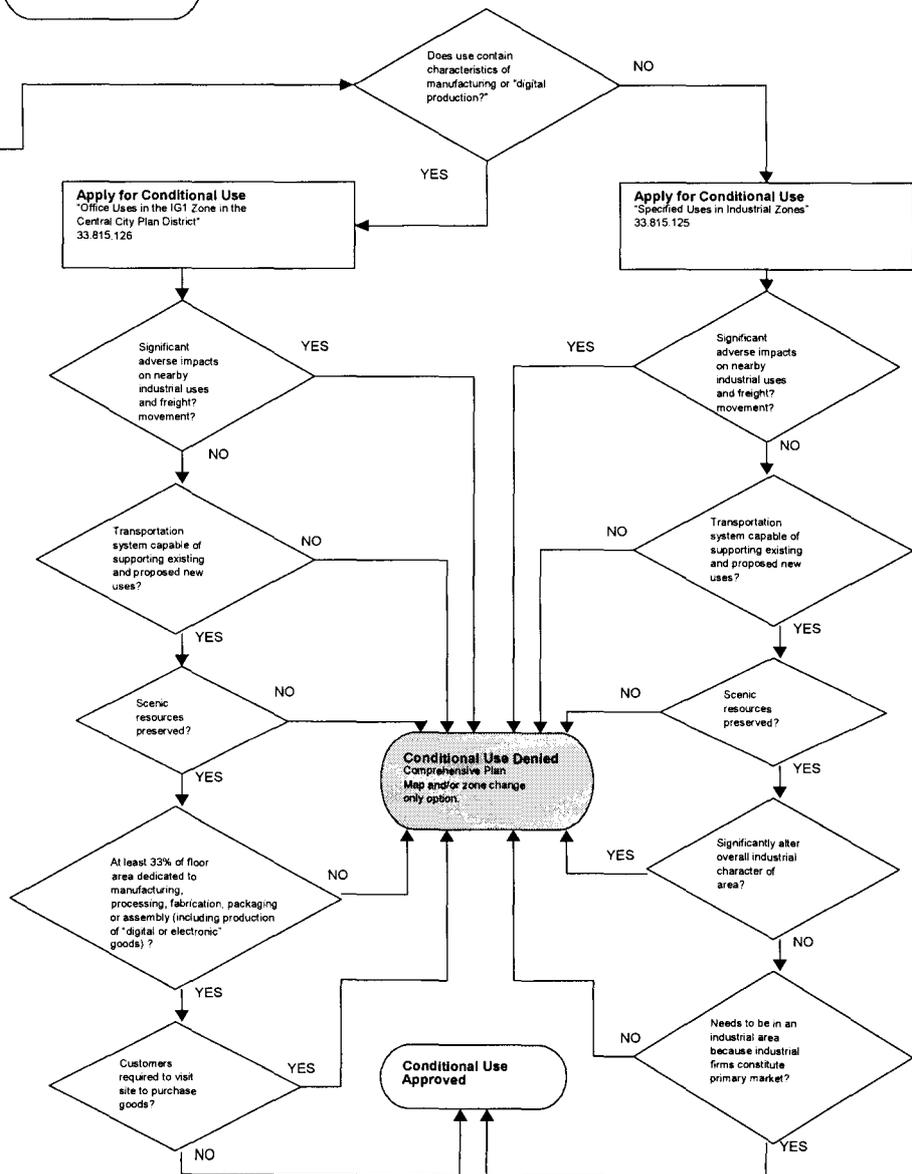


CHART SYMBOL KEY

- Begin Process
- Decision Point. "Yes" or "No" outcome, with different subsequent paths. May be objective or involve discretion.
- Begin Conditional Use Process. Not necessary if use allowed by right.
- End Process with Positive Outcome. May result from allowance by-right or through conditional use approval.
- End Process with Negative Outcome. May result from prohibition or through conditional use denial.
- Process Flow Line. Direction of logic flow. Only one valid flow line proceeds out of each box.

Portland Bureau of Planning

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Target Industry / Commercial Uses in the EG Zones

The General Employment (EG) zones are intended to provide a wide variety of employment opportunities without conflicts caused by interspersed residential uses. The emphasis is on industrial and industry-related uses, but flexibility for commercial uses is provided. About six percent of the Central Eastside is in EG designations, including about half of the DOS area.

EG zones have significant allowances for office uses, up to 1:1 FAR or 2:1 FAR in a historic landmark *per site*. Retail uses are allowed up to 60,000 square feet or 1:1 FAR *per site* (2:1 FAR in a landmark). Larger retail developments may be allowed with a conditional use approval if it is demonstrated that the proposal will not have significant adverse effects on neighboring employment uses or significantly alter the “overall desired character of the area, based on the existing mixture of uses and the effects of incremental change.” Housing is allowed in the EG zones as a conditional use, if it is demonstrated that the proposed development limits conflicts with employment and industrial uses and the residential use will be buffered from potential nuisances from employment and industrial activity.

Target industries that clearly fit within an industrial land use category are largely unhindered from locating in the EG zoned areas of the CES, from a zoning perspective. Office-intensive and office-like target businesses that are classified as office land uses may locate in the district as long as the use, in combination with other office uses on the same site, amount to a no more than a 1:1 maximum FAR (2:1 in a landmark). This allowance is by-right, however there is no option for larger office uses through a conditional use permit.

Some Central Eastside stakeholders and others have indicated that the 1:1 FAR office limitation is perhaps too low for employment areas within the Central City, where intensive use of land is generally encouraged.

Target Industry / Commercial Uses in the EX zone

EX is the most flexible employment zone, allowing a broad range of uses including industrial, commercial and residential. Most, if not all, of the target activities and industries are allowed by-right in the EX zone. There is no limit for retail or office uses beyond the absolute height and FAR limits applied to a site, which range as high as 9:1 in the Central Eastside. About a quarter of the CES is designated EX, primarily along the district's main streets.

To a greater extent than in most zones, the EX zone allows market factors to determine what particular use develops on a site. The zone allows uses to change over time as circumstances change. Conversely, this flexibility creates a greater degree of uncertainty and, absent other tools, will allow higher-value uses to displace lower-value uses. Although industrial uses are allowed, it is expected that, over time, they could be displaced by commercial and housing development that pays higher rents per square foot of land. Such a transformation is evident in the River District, where industrial land was rezoned to EX in the 1990s.

Accessory Use and Headquarters Office Allowances

The more-or-less strict and clearly defined limits on nonindustrial uses in industrial and employment zones are eased by two other zoning provisions available in certain circumstances. These are the allowances for accessory nonindustrial uses and the headquarters office

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exception. Together, these existing allowances provide significant, although limited, opportunities for office-intensive industrial and industrial-like uses in the CES (they are also available in other industrial and employment districts).

The accessory use provisions are common-sense allowances for uses that are “subordinate” and “clearly incidental” to an allowed primary use on a site. This provision allows “nonindustrial” activities that are integral and supportive components of industrial operations. Examples include management and accounting offices supporting a manufacturing facility or showroom space that is associated with manufacturing or wholesale activities and does not have a primarily retail-oriented character.

Accessory uses are generally allowed by-right and do not require any additional land use review procedure. While there is no absolute or relative limit to the amount of the accessory use allowed, they do need to meet the discretionary “subordinate” and “clearly incidental” test. Factors used in determining whether an activity is an accessory or primary use include the relative amount of floor space or equipment devoted to the activity and whether the activity would be likely to be found independent of other activities on the site.

Another code provision, known as the “headquarters office exception” states that “headquarters offices, when in conjunction with or adjacent to a primary use in another category, are considered part of the other category.” In other words, headquarters offices associated with an industrial use are considered to be industrial uses and not offices. This provision provides a great deal of flexibility for extensive office activities associated with industrial uses, because there is no stated limit to the amount of the headquarters office use allowed. This is a powerful economic incentive tool, and, though infrequently utilized, has resulted in some significant office developments in industrial zones, for instance the Fred Meyer offices in Southeast Portland and the Consolidated Freightways (now CNF, Inc.) offices in Northwest Portland.

However, both of these allowances involve a fair degree of regulatory uncertainty for developers and have significant limitations. For instance, firms may be dissuaded from building headquarters or accessory office facilities because of the inability to legally lease those offices to nonindustrial third-party tenants. In addition, the lack of a precise definition of what constitutes a “headquarters” creates some uncertainty about when the provision is applicable.

Building Code and Seismic Upgrade Issues

Though beyond the scope of this study, it is important to note that some Central Eastside stakeholders stated that building code regulations are in many cases more significant barriers to redevelopment than zoning controls. This issue is especially relevant in adaptive reuse situations with older and historic buildings. For example, costs for seismic upgrades required when a build occupancy changes from, say, a warehouse use to an office use, can often be high enough to preclude the desired changes, even when the zoning itself may not be a problem.

The Bureau of Development Services (BDS) and the Rehabilitation Code Task Force are currently developing “Building Code Guides” for existing and historic buildings that identify acceptable alternative methods for meeting Building Code requirements and existing means for appealing certain standards that are difficult for existing or historic buildings to meet. The guides will also clarify how BDS treats changes in occupancy in older buildings that were classified under now obsolete occupancy/use schemes and that sometimes face difficulties

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when applying for alterations, additions or use changes under the current Building Code. BDS and the Task Force may also be reviewing Building Code thresholds, such as dollar values for building upgrades and changes in occupancy, that “trigger” costly code compliance requirements, such as seismic upgrades. In addition, because office activities typically pay higher rent per square foot than manufacturing or warehouse uses, any zoning code amendments that facilitate more office-intensive uses will have positive effects to the extent that the higher rents can better offset upgrade costs.

Conclusions

The ECONorthwest *Market Analysis* identified three broad categories of businesses that are likely to find the CES attractive and that will further the vision for increased employment, accommodation of the “new urban economy” and preservation of the existing industrial fabric of the district. The first group includes primarily industrial sectors (e.g. specialty metal fabrication and stone/clay/glass manufacturing) that face few zoning barriers in the CES. The two other groups include “industrial-serving” firms (e.g., engineering, certain kinds of contracting, etc.) and “industrial-like” service firms (e.g., creative services and software development). Many of the firms associated with these sectors, as well as some technology businesses that might belong in first group, have significant office needs. Under some circumstances, existing Industrial Sanctuary zoning provisions designed to sharply limit commercial uses could be problematic for these office-intensive and office-like industrial businesses.

However, overall, zoning does not appear to be a *major* barrier to locating target-sector businesses in the district. This is supported by the fact that many of these kinds of firms are already located there. They face few zoning barriers in the EX and EG zones and there are several zoning tools available for locating office-intensive uses, even in the IG1-zoned area. These include accessory and headquarters office allowances and Central City Plan District provisions adopted in 1999 for certain office-intensive manufacturing and “digital production” uses. So, too, there may be greater flexibility than is commonly perceived in defining development proposals as industrial uses.

The limits to the circumstances and the amounts in which some of the desired activities could be located in the district may discourage some target firms from locating in the Central Eastside’s IG1 area, in certain circumstances. For instance, some industrial-serving office-based firms (e.g., architecture and engineering companies) that do not meet the definition of “digital production” could not generally occupy spaces larger than 3,000 square feet in the IG1 zone, unless they were able to demonstrate that their primary market is industrial firms and employees.

The means by which office-intensive uses might seek zoning approval in the CES generally involve a great deal of code interpretation, and thus uncertainty. For example, a fine line must be drawn between creative service firms (e.g. multimedia and advertising work), and other service firms (e.g. management consultants that produce reports for clients), where both kinds of uses’ primary activities are essentially all done on a computer. Which firms meet the criteria for “digital production” may not be obvious.

Developing office or office-like space under the industrial zoning provisions also involves a fairly high level of “regulatory process,” for example a conditional use review, which involves public notification, hearings and significant expenses. The land use review process, while intended to

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protect the viability of industrial businesses in the district by subjecting nonindustrial development to public review, may discourage some desirable development activity. This may be particularly true for smaller projects, which may not be able to pay the costs in time or money to navigate the zoning process—especially when the outcomes are uncertain. Desirable firms may seek other locations where the zoning framework is more simple and clear.

From a broad perspective, though, it is important to keep in mind that existing commercial restrictions help to implement existing Industrial Sanctuary policies and serve to limit large-scale commercial development that is inconsistent with the vision for the CES and that could threaten its long-term viability as an industrial district.

Identified zoning barriers that could be addressed through targeted zoning code amendments that would support the emerging vision for the district and be consistent with existing policies include:

- Uncertainty and expense associated with commercial allowances that require a conditional use review (as opposed to by-right allowances), such as the “digital production” provision, that may particularly discourage smaller firms;
- Restrictions on the configuration and amounts of commercial uses allowed within sites that restrict office-intensive developments on the large number of small sites and existing buildings in the district; and
- Need for a clearer definition of “digital production” uses, to help differentiate them from undesired office uses that also produce “digital goods” (e.g. consulting firms and accountants) and for a more direct correspondence with desired uses.

Recommended Zoning Amendments

The Bureau of Planning recommends a focussed legislative planning project in the Central Eastside to create greater, but limited, flexibility in the IG1 zone for certain kinds of industrial activities that have significant office components or office-like characteristics. The recommended general approach is to amend the existing Central City Plan District regulations, which would provide the opportunity to craft district-specific zoning tools that respond to the unique conditions and policy goals of the CES. Zoning amendments would be applied only to the CES, or a part of the CES. This approach limits the scale of any changes (and thus of any unintended consequences) and eliminates the need for a broad-based citywide process to amend the Comprehensive Plan, as would be necessary to create a new Industrial Sanctuary zoning designation (e.g. the “IX” proposal drafted by Central Eastside Industrial Council). The recommended focussed zoning project can be completed in nine months and would commence in winter 2003/2004.

Planning staff recommends pursuing the following specific amendments:

1. **Action: Allow “digital production” industrial office uses up to 10,000 square feet by-right (as opposed to requiring a conditional use review)**¹. “Digital production” industrial

¹ The existing “digital production” provision allows office uses in the IG1 zone up to 60,000 square feet if 33 percent of the floor area of the proposed use is dedicated to either traditional manufacturing and processing activities or those that produce “electronic or digital products such as internet home pages, computer software, advertising materials and others.” This provision was adopted in 1999 to allow some flexibility for “new economy” business activities and creative services in Central City industrial areas.

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office uses larger than 10,000 square feet would still require conditional use approval. The definition of “digital production” would also be refined and possibly expanded to best fit the targeted activities and to facilitate zoning implementation and enforcement. Any office use could take advantage of this allowance if at least 33 percent of the proposed use’s floor was dedicated to traditional manufacturing or processing activities, as in the existing conditional use “digital production” provision.

Discussion: This approach is consistent with the goal of allowing more flexibility for certain office-intensive uses in the district while working within the broad “new urban industry” theme. This action does not increase the overall cap for office uses, which would remain at 60,000 square feet (see recommendation 2, below). This limit is retained in order to lessen the potential for negative impacts from large commercial uses on existing industrial operations. Because its scope is limited, this change also serves to preserve the overall industrial character of the district.

Research indicates that space demands are relatively small for many firms in the target sectors, particularly the creative services and some software development businesses. CES stakeholders have also indicated that demand for small, flexible spaces that can accommodate commercial and commercial-like uses is strong. Firms with very large space and land demands are not likely to find the CES attractive anyway. However, many creative service and software firms are likely to need more than the 3,000 by-right office allowance, especially as they need space to expand.

These smaller target firms are often start-ups companies with limited access to capital and/or tight budgets and narrow timelines. Thus eliminating the costs, delays and uncertainties associated the conditional use process will increase the attractiveness of the district to a significant number of potential firms. Facilitating smaller office-intensive industrial firms is also consistent with the *Central City Plan* objective of supporting incubator industries in the CES.

The definition of “digital production” industrial offices will also need to be clarified if a by-right allowance is created for these uses. A clear means for distinguishing these uses from other office-intensive or office-like uses that create information digitally, for instance accountants and consulting firms, but that do not fit the intent of the “new urban industry” vision will be needed. In addition, a means for distinguishing “digital production” industrial office uses from similar uses that are currently classified as industrial services (which are allowed *by-right with no size restrictions* in the IG1 zone) will need to be established, in order to avoid any unintended restrictions on desired uses already allowed in the IG1 zone.

- Action:** Limit the total amount of non-accessory and non-headquarters offices to 60,000 square feet *per site*, while removing restrictions on the number and size of individual office uses allowed per site. That is, the sum of the floor areas of all non-accessory and non-headquarters office uses on a site, whether allowed by-right or through a conditional use (including “digital production” industrial office uses), must not exceed 60,000 square feet.

Discussion: The current standard for the IG1 zone in the CES requires conditional use approval for more than one office use per *site* and prohibits office *uses* larger than 60,000 square feet or a 1:1 floor area ratio (FAR). The amendments would remove these restrictions on the amount and configuration of office development within a

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particular development site, while retaining an *overall limit* of 60,000 square feet of stand-alone office on the site. In other words, the floor area of all individual office uses (other than accessory or headquarters offices) can total no more than 60,000 square feet per site.

The existing 1:1 floor area ratio restriction imposes a proportional size limit that differentially restricts office-intensive developments on small sites. For example, no more than 5,000 square feet of office could be approved on a 5,000 square foot lot, while 50,000 square feet of office could be approved on a 50,000 square foot lot. This may have the effect of encouraging new development in the Central City at less than desirable densities. The amendment would remove the disincentive for urban-scale development and facilitate development and redevelopment on the smaller sites that predominate in the district.

Removing the FAR limit and limiting overall office size by site will facilitate redevelopment of existing structures that contain larger spaces that could be subdivided to accommodate smaller office-intensive industrial uses, for instance on underutilized upper stories. This provision allows for small aggregations of complementary businesses and activities. The overall 60,000 square foot limit still provides an absolute limit on the size of an individual office use and is applied to the entire site. This limit lessens the potential for negative impacts from large commercial developments on existing industrial operations.

An alternative approach suggested by some stakeholders would be to increase the size limit (or set no specified upper limit) for “digital production” industrial office uses allowed through conditional use. This might be justified to the extent that these uses may be thought of—and defined in the code—as “industrial” as opposed to “office.” In this scenario, the conditional use approval criteria would need to be carefully crafted to ensure that large “digital production” industrial office uses, while approvable, would not significantly threaten or disrupt industrial operations in the district, if approved.

3. **Action: Reduce or eliminate existing conditional use retail use allowances, which currently permit retail uses up to 25,000 square feet.** The existing by-right retail allowance of 3,000 square feet would be retained or perhaps slightly increased.

Discussion: This amendment is intended to reinforce the existing MLK/Grand corridor (zoned EX) as the appropriate location for retail activity. It would also help preserve industrially-zoned land and buildings for industrial employment uses, while still providing for small supportive retail uses. “Retail-like” activities, such as industrial showrooms, are already allowed under existing industrial zoning. This amendment is supported by stakeholder comments that, by definition, there are no large “industrial-serving” retail uses that required a location in a strictly industrial area, especially where there is appropriately zoned land is nearby, e.g. along MLK/Grand.

4. **Action: Explore increased allowances for retail and office uses in designated historic landmarks in the industrial and employment zones.**

Discussion: Preservation of the existing industrial character of the Central Eastside is an important element of the development vision. In addition, CES stakeholders and others have noted that the area’s “edgy,” urban feel is part of what defines it as a distinct place. While preserving industrial land uses is a central objective, preserving and

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adapting the district's stock of existing and historic industrial structures is also of critical importance for the character and feel of the district. Increasing the flexibility for nonindustrial uses in historic landmarks will provide incentives for their long-term preservation by allowing additional uses that could potentially generate rents needed to pay for required upgrades, improvements and maintenance.

Helping to preserve the district's historic structures with increased use flexibility will enhance its distinct urban character—a comparative advantage that makes the CES attractive to several of the targeted sectors, including creative services and the rehab/home improvement cluster.

5. **Action: Explore creating minimum parking requirements for new commercial development** in order to mitigate impacts on truck and freight access and circulation.

Discussion: Existing traffic and parking problems in the CES could intensify if higher-density employers move into the CES. More employees per square foot means more vehicles needing a place to park. New development in the Central Eastside is not currently required to provide a minimum number of parking spaces (this is true in all of the Central City, consistent with policies intended to reduce reliance on the automobile). If new development does not provide on-site parking, employees will be forced to park on the street, potentially creating new conflicts with trucks and freight movement. While transit has the ability to partially mitigate for this, existing transit options within the CES are limited primarily to the MLK/Grand corridor. Streetcar and light rail services, while planned for the future, are still somewhat uncertain and have the potential to create conflicts with industrial uses as well.

Addressing the district's parking issues will require multiple strategies. These may include: identifying and prioritizing appropriate streets for on-street parking versus truck access; on-street parking management such as permit programs; and public development of off-street parking to serve new and existing uses. Potential zoning amendments that should be considered in conjunction with the new use provisions discussed above include creating minimum parking space requirements for new commercial development. This could reduce the incidence of employee and customer parking on the street, (and marginally the amount of "circling" as drivers search for parking) and thereby reduce the potential for conflicts with trucks and freight movement and loading.

Additional analysis and public outreach is needed before pursuing this option because parking in the CES is governed by the policies of the *Central City Transportation Management Plan*, which is a component of the city's *Comprehensive Plan*.

The Zoning Package

The zoning framework created by the proposed amendments, together with the existing regulations, would include multiple means for locating the target activities and industries in the IG1 portions of the district. These zoning provisions are summarized in the table that follows. The table does not include new provisions for historic landmarks or parking standards, as additional analysis and public outreach is necessary prior to firm recommendations.

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The proposed zoning package incrementally expands the by-right allowances for smaller office-like uses—from 3,000 square feet to 10,000 square feet—in situations where the proposed use contains characteristics of manufacturing or meets the definition of “digital production” industrial office. These uses would be allowed up to 60,000 square feet through conditional use review. The existing 60,000 square foot conditional use allowance for offices whose primary market is industrial firms and that do not threaten the overall industrial character of the area (among other conditions) is retained. The existing prohibition of stand-alone, non-accessory, non-headquarters offices over 60,000 square feet is also preserved.

This proposal increases flexibility and reduces uncertainty for smaller target business, such as in the creative services. It also liberalizes restrictions on the internal configuration of office uses within sites and thereby facilitates redevelopment of vintage industrial buildings that are not well suited for most 21st century industrial production but are of an aesthetic and scale that would work for office or office-like space. These existing and historic buildings are critical to the urban character of the CES—one of the chief assets that make the district appealing to many of the target business sectors

This package *does not* increase allowances for general commercial uses that have no linkage to industrial activity. This is based on several factors. One is the belief expressed by stakeholders that industrial firms engaging in commercial activities in addition to their industrial activities, would be a “better neighbor” for other industrial firms. They would presumably have more of an understanding of the needs and characteristics of industrial operations and would be less likely to complain about impacts from industrial activity.

A second factor is that CES stakeholders want new services and offices to be primarily industrial-serving, in order to keep the industrial character of the area and to build on its existing strengths. This occurs naturally if the office and retail uses occur within an industrial firm.

The third factor is the danger of price pressure on industrial land and building space if the CES were opened up to all types and sizes of office and retail uses, regardless of their linkage to industrial firms. The requirement that stand-alone retail and office uses be small-scale or linked to industrial activity would result in less danger of existing users being priced out of the area.

The amendments provide a clearer approval path and greater flexibility especially for smaller office-intensive and office-like uses. In part, this is because of the desire for a limited scope to any zoning changes and the protection of the overall industrial nature of the CES. It is also because the total space needs of many of the target firms are modest, even if their office requirements are proportionally high in relation all their activities combined. While many firms may require more than the 3,000 square feet of office space currently allowed, they may not be large enough to satisfy any requirements dealing with single-tenant share, as in initial drafts of the “IX” zone proposal prepared by the Central Eastside Industrial Council which would allow offices greater than 3,000 square feet only if the building was at least 60% occupied by a single tenant. Under this rule, small creative services firms with a need for more than 3,000 square feet of office would have to be included in a development that had another large user that could meet the requirement.

The amendments attempt to balance reducing uncertainty with the need to preserve regulatory flexibility in specific situations. For example conditional use review is eliminated for smaller “digital production” uses but retained for larger office uses where a closer examination of the use’s impacts is appropriate and applying conditions of approval to mitigate those impacts is desirable.

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Summary of Recommended Zoning Package for the IG1 Zone in the CES

#	Provision	Amount	Existing	Proposed
Office allowed by-right				
1	GENERAL OFFICE:	3,000 sq. ft.	X	
2	INDUSTRIAL OFFICE: Must have at least 33 percent of the use devoted to either traditional manufacturing or processing, or to "digital production," such as software and web development.	10,000 sq. ft.		X
3	ACCESSORY OFFICE: Must be <i>accessory</i> to industrial uses meaning "subordinate" and "clearly incidental" to an allowed industrial use on a site.	No specific limit but must be subordinate and incidental	X	
4	HEADQUARTERS OFFICE Must be in conjunction with, or adjacent to, an industrial use.	No specific limit	X	
Office allowed by conditional use (c.u.)				
5	INDUSTRIAL SERVING OFFICE Must demonstrate that the office use will not significantly alter the industrial character of the area and that it needs to be in an industrial area because industrial firms and employees constitute its primary market.	60,000 sq. ft.	X	
6	INDUSTRIAL OFFICE: Must have at least 33 percent of use devoted to either traditional manufacturing or processing or to "digital production," such as software and web development. Must demonstrate that they will not have significant adverse effects on nearby industrial uses and that the nature of the business does not require customers to visit the site. An alternative approach would allow a larger--or unlimited--amount of "digital production" industrial office through conditional use.	60,000 sq. ft.	X	
Total amount of by-right or c.u. office				
7	TOTAL AMOUNT OF OFFICE The <i>total</i> amount of <u>non-accessory</u> and <u>non-headquarters</u> office must not exceed 60,000 square feet <i>per site</i> . There would be no restrictions on the size or number of individual office uses on the site. In other words, the floor area of all individual office uses allowed under provisions 1,2,5, and 6 can total no more than 60,000 square feet per site. An alternative approach would allow a larger--or unlimited--amount of "digital production" industrial office through conditional use.	60,000 sq. ft.		X
Retail allowed by-right				
8	GENERAL RETAIL	3,000 sq. ft.	X	
Retail allowed by conditional use (c.u.)				
9	INDUSTRIAL SERVING RETAIL Reduce or eliminate existing conditional use provisions for retail uses up to 25,000 sq. ft.	0 sq. ft.		X

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Overall, these code amendments are intended to increase employment density, encourage reuse of existing buildings, and facilitate managed change while retaining the fundamental employment and industrial character of the district. The modest scope of the envisioned amendments will provide new opportunities in the district while also limiting the risk of negative impacts to existing industrial businesses and potentially overloading the transportation and other and other infrastructure systems in the district.

Other Options Considered

Additional zoning code concepts that were considered as part of this study are listed below. These are not recommended options at this time, but could be further examined as part of the next phase of this project.

1. **Option:** Raise by-right *general* office and retail allowance in IG1 zone (current limit is 3,000 square feet).

Reason Not Recommended: The existing 3,000 general allowance is intended to allow the flexibility to locate small office and retail uses that can serve the needs of the nearby area. The recommended amendment to the “digital production” office allowance provides a more targeted approach to allowing specific types of office-like uses that fit within the district’s evolving vision. If increases in the by-right general commercial allowances were to be pursued, consideration should be given to limiting them to designated landmarks.

2. **Option:** Raise 1:1 FAR maximum by-right office allowance or create conditional use provisions for larger office uses in EG zones.

Reason Not Recommended: While some public input suggested that larger office allowances were desirable in the EG zones, other stakeholders felt changes were not necessary. While EG1 and EG2 zoning (corresponding to the Mixed Employment Comprehensive Plan designation) accounts for only a small portion of the district, raising the office allowance could result in significant transportation and other impacts to localized portions of the district. Even under the existing EG office allowance, assuming 85 percent building coverage, the theoretical office potential in the existing Mixed Employment lands amounts to over 1.3 million square feet. Additional analysis is needed prior to pursuing these options.

3. **Option:** Comprehensive Plan and Zoning Map changes, for instance rezoning some IG1 land to EG1 or EX.

Reason Not Recommended: No overall zoning map patterns were identified as requiring immediate changes as part of this study. Staff recommends preserving the general pattern of predominant industrial zoning in the CES, with mixed-use zoning along major corridors. Small, strategic zoning map changes could potentially be considered as part of the next phase, however available resources preclude a broad-based reanalysis of the district’s zoning map.

4. **Option:** Create a new “Work/Live” allowance for industrial zones

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Reason Not Recommended: The concept of allowing “work/live” space for artists, craftspeople and others did have some, but not universal, support among stakeholders. Many feel strongly that residential uses generally pose the greatest threat the long-term preservation of the industrial and employment emphasis in the district. It was also pointed out that there are ample opportunities for work/live arrangements in the EX-zoned portions of the district. If this option were to be pursued, consideration should be given to limiting it to existing buildings or designated landmarks.

5. **Option:** Revise citywide industrial land use category definitions to reflect changes in the industrial economy.

Reason Not Recommended: An issue underlying the ongoing regional discussion about industrial land policy involves the changing nature of industrial activities and how to define “industrial” in the context of broad shifts in the global economy. This is a fundamental question with far-reaching ramifications for the city’s economic policies and its future economic health. However, addressing this issue from a citywide perspective is beyond the scope of this project, and is more appropriately addressed by the other ongoing industrial planning efforts underway, such as the Citywide Industrial Lands Assessment and the planned Zoning Code “Rethink” project.

6. **Option:** Create a new citywide industrial zoning designation that increases flexibility for commercial uses in the industrial sanctuaries.

Reason Not Recommended: The Central Eastside Industrial Council, following up on a recommendation from the DOS report, has proposed a new “IX” zone that would implement the Industrial Sanctuary *Comprehensive Plan* Map designation, along with the existing IH and IG zones. The IX zone would include significant new allowances for office and retail activities within the Industrial Sanctuary. The zone would be available to any Industrial Sanctuary-designated property through a “zone change in compliance with the *Comprehensive Plan*.” This has profound implications for the City’s industrial lands and economic development policies and would constitute a significant change to the *Comprehensive Plan*. In addition, it would require a citywide planning process involving public input from stakeholders in other industrial districts as well as close scrutiny and approval by Metro and the State Department of Land Conservation and Development. A further complication would be coordinating such a process with the Metro Title 4 “Regionally Significant Industrial Areas” mapping and code compliance effort that is currently underway. This approach is beyond the scope of the current project.

Creating a broadly applicable citywide tool in order to achieve development goals specific to the Central Eastside could result in undesired outcomes in other industrial areas. Staff believes that the existing Central City Plan District provides the appropriate tool for implementing the limited changes envisioned for industrial zoning in the CES.

Some of the general concepts contained in the IX proposal do warrant additional discussion as part of the next phase of this project and could potentially be included in amendments to the Central City Plan District. These include:

- Modest increase in by-right retail allowances;
- Prohibition of some currently allowed uses in the IG1 zone that do not provide high density employment, e.g. self-service storage; and

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- New conditional use allowances for uses currently not allowed in the IG1 zone that provide research and training support to industrial uses, e.g. schools and colleges.

Other elements of the IX proposal, such as allowing office uses of unlimited size, when 60 percent of the floor area is occupied by a single tenant, are clearly inconsistent with existing Industrial Sanctuary policies and could easily lead to development patterns inconsistent with the development vision for the district.

Appendix A: Portland's Industrial Policy and Planning Framework

The Importance of Industry

Industrial activity is critical to the economy of the city and the region. Industry provides direct economic benefits, such as jobs and local tax revenues generated by industrial firms. For instance, industrial jobs tend to have above-average wages. Oregon Employment Department data indicate that, for the Portland metropolitan area, the average annual wage for manufacturing workers in 1999 was \$47,770; the average in nonmanufacturing sectors was \$32,078, a difference of over \$15,000. Wholesale trade paid an average annual wage of \$47,203 in 1999, well above the \$34,925 average for the region.

Industrial activity also has a number of indirect benefits, as well. These include jobs created to support industrial activity, such as insurance and financial services, and the complex cycles of spending and re-spending created by linkages between firms and industries. This results in the creation of jobs, income and wealth beyond that which is created by a firm or industry viewed in isolation. Many industrial activities, for instance manufacturing and production, generally have greater economic multiplier effects than other sectors of the economy, such as retail trade or government services. Industrial sectors, particularly manufacturing, also drive much of the innovation in today's economy, being responsible for a significant portion of private-sector research and development activity.

While industry clearly plays a critical role in the city's economic vitality, the concept of what constitutes "industry" and how to nurture it is changing. Major economic trends, such as the rise of information and knowledge-based economies and the relative decline of manufacturing in the United States have profound implications for industrial land use planning and public policy. These and other factors, such as improved productivity due to technological advances and increasingly sophisticated supply chain management, are part of far-reaching structural changes within the global economy. These changes affect regional and local demand for different types of industrial and commercial space in ways that are increasingly hard to predict. Our economic and industrial land policies need to be responsive to these changes if Portland is to maintain competitiveness in the national and global economies.

Regional Industrial Policy and Planning

Metro implements regional land use planning policies through the *2040 Growth Concept* and the *Urban Growth Management Functional Plan (UGMFP)*. Local land use planning is carried out within the framework of these plans and must be consistent with them. Regional industrial land use policy is implemented primarily through *UGMFP* Title 4: Industrial and Employment Areas. Recently updated, Title 4 requires jurisdictions to limit commercial uses in industrial areas and limits subdivision of large industrial tracts. The revised title creates a new category of industrial land, called "Regionally Significant Industrial Areas (RSIAs)." A process is currently underway by which Metro and local governments map their RSIAs and amend their zoning ordinances to comply with the more stringent requirements of Title 4. Because Portland's Industrial Sanctuary policies and zoning are already fairly strict, amendments to our zoning code are not expected to be extensive.

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Portland's Industrial Sanctuary Policy

Portland's *Comprehensive Plan*, adopted in 1980 and revised periodically, is a broad and inclusive expression of community values and aspirations that is intended to guide the growth and development of the city. The *Comprehensive Plan* includes citywide goals, policies, and objectives, but also includes: goals, policies, and objectives of neighborhood, community and area plans; a list of significant public works projects; street classifications; and a map of the city's desired land use pattern. Zoning is a major implementation tool for the *Comprehensive Plan*.

Like the *Comprehensive Plan* itself, Portland's "Industrial Sanctuary Policy" is not contained in any one place or document. A number of individual policies inform planning and investment involving industrial lands and business activities. These policies and their implementation measures are consulted and applied depending on the context of a particular situation, usually requiring a careful balancing of multiple, and sometimes apparently competing, objectives. Some of the more important *Comprehensive Plan* policies addressing industrial lands are compiled in the May 14, 2003 Bureau of Planning document *Portland Industrial Sanctuary Policies and Industrial Zoning Summaries*.

The fundamental idea underlying the City's industrial lands policies and regulations is relatively simple: provide for economic diversity and growth and ensure a range of employment opportunities by reserving strategically located portions of the city first and foremost for industrial land uses. This idea is encapsulated in *Comprehensive Plan* Policy 2.14:

Provide industrial sanctuaries. Encourage the growth of industrial activities in the city by preserving industrial land primarily for manufacturing purposes.

Comprehensive Plan Policy 10.4 defines the intent of the Industrial Sanctuary Comprehensive Plan Map designation:

This designation is intended for areas where City policy is to reserve land for existing and future industrial development. A full range of industrial uses are permitted and encouraged. Nonindustrial uses are limited to prevent land use conflicts and to preserve land for industry. The corresponding zones are General Industrial 1 (IG1), General Industrial 2 (IG2), and Heavy Industrial (IH).

Underlying these policies are two fundamental premises:

1. In an open market, other things being equal, industrial uses will be outbid by most other uses competing for the same piece of land; and
2. Industrial uses have impacts, such as noise, odors, and freight traffic that interfere with nonindustrial uses such as residences and nonindustrial uses have impacts, such as pedestrian traffic and activities associated with residential living, that can interfere with industrial operations.

The city implements the industrial sanctuary policy by segregating industrial uses from nonindustrial uses, primarily through the Zoning Map and regulations that limit the number and scale of nonindustrial land uses allowed within industrial districts. Industrial zoning regulations are discussed in more detail as they pertain specifically within the Central Eastside later in this report.

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Central City and Central Eastside Industrial Policies

The Comprehensive Plan strongly supports protection of industrial land. But it also allows the flexibility for individual industrial districts to develop according to their unique characteristics and to respond to changes in the economy and economic development goals. For instance, Objective A of *Comprehensive Plan* Policy 5.8, Diversity and Identity in Industrial Areas, reads:

Recognize and promote the variety of industrial areas in Portland through development regulations which reflect the varied physical characteristics of the city's industrial areas. Distinguish between older developed areas and newer, less developed ones.

One of the primary means of accomplishing this flexibility and specificity is through implementation of geographically-specific area plans. The *Central City Plan* provides the policy and regulatory framework for development in the inner-most portions of Portland, including Downtown, the Central Eastside, Lloyd Center, North Macadam, Goose Hollow, and the River District. The plan articulates a vision for the Central City as the region's economic, transportation and cultural hub, with a substantial resident population and a rich urban environment.

Since its original adoption in 1988, the Central City Plan, has been amended on several occasions. From the perspective of industrial land policy, the most important changes have been the removal of Industrial Sanctuary designations from Central City land on the west side of the river, through such means as the *River District Plan*. The subsequent transformation of the Pearl District into a vibrant mixed-use and residential area, as well as the anticipated changes in the South Waterfront (North Macadam) area have been identified by some CES stakeholders as models for change that are undesirable for the Central Eastside.

However, the existing policy basis for preserving industrial activity in the CES is strong. *Central City Plan* Policy 20 states:

Preserve the Central Eastside as an industrial sanctuary while improving freeway access and expanding the area devoted to the Eastbank Esplanade.

Further:

- A. Encourage the formation of incubator industries in the district.*
- B. Reinforce the district's role as a distribution center.*
- C. Allow mixed use developments, which include housing, in areas committed to nonindustrial development.*
- D. Preserve buildings which are of historic and/or architectural significance.*
- E. Develop Union and Grand Avenues as the principal north-south connection and commercial spine in the district for transit and pedestrians.*
- F. Continue implementation of the Central Eastside Economic Development Policy*

These policy statements, while calling for the preservation of the industrial activity in the CES, implicitly recognize the distinctiveness of the district in relation to other industrial districts in the

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city. For instance, the district's supply of older, multi-storied industrial buildings--functionally obsolete for many large-scale modern industrial uses--lend themselves well to housing industrial incubators. So too, the district's central location lends itself to specialized distribution functions, many of which continue to thrive in the CES. The Central City Plan District (CCPD) implements the policies of the *Central City Plan* through a specialized body of zoning regulations that address the unique circumstances in the core of the Portland metropolitan region. The CCPD industrial zoning provisions are discussed in the zoning regulations section of this report.

Neighborhood Plan Industrial Policies

The Kerns, Hosford-Abernathy and Buckman neighborhood plans contain policy support for industrial activities in the industrially-zoned portions of the Central Eastside. These plans also call for a balance between residential, commercial and industrial uses and for limiting the negative impacts of industrial activity on residential areas.

The 1987 *Kerns Neighborhood Action Plan* calls for maintaining a zoning pattern that preserves the existing "diversity and balance of residential, commercial and industrial uses," and encourages "existing large industries to remain in the neighborhood." The 1988 *Hosford-Abernathy Neighborhood Action Plan* encourages the "preservation of the industrial uses and associated support services within the industrial sanctuary." The plan also calls for recognizing the Central Eastside Industrial District as a "gateway to the neighborhood" and for an improved waterfront and better connections between the neighborhood and the Willamette River. The 1991 *Buckman Neighborhood Plan* calls for supporting the "Central City Plan's recommendations for the development of the Central Eastside Industrial District in Buckman." It also calls for supporting "artisan's lofts in underutilized industrial/warehouse buildings, where conflicts are not anticipated." All three plans support reducing the impacts of truck traffic on the neighborhoods.

Related Planning and Projects

A number of recent and ongoing planning and economic development projects and programs relate to the work in the Central Eastside and are summarized below. Some of these projects, such as the Regional Industrial Land Study have provided background data and findings that support this study. Others, such as River Renaissance, the Freeway Loop Study, and the Science and Technology Quarter are ongoing projects that will support and inform the legislative phase of this current project or directly impact the Central Eastside in the future. Coordination with these projects, will be important during the follow-up legislative phase of the current study.

Regional Industrial Land Study

This multiphase research project, completed in 2001 was sponsored by the State of Oregon, Metro, several local jurisdictions and private firms. It addressed questions about the region's industrial land supply and demand and outlined industrial development trends and policy issues and recommended strategies for addressing the identified need for industrial land in the region. Industrial land demand was forecasted to be 6,300 net acres over 20 years. A significant gap between the study region's industrial land supply was sorted into two primary types—land that is "ready to develop" and land that is "constrained". The total industrial land supply was found to consist of 9,200 acres of vacant and redevelopable parcels. About one-third of the land supply (2,400 acres was considered "ready to develop") and two-thirds was considered to be "constrained".

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This study was instrumental in raising awareness in the region about the importance of an adequate industrial land supply and formed the basis of many ongoing industrial land use planning efforts currently underway.

Metro 2002-2022 Urban Growth Report: Employment Land Need Analysis

In December 2002, Metro expanded the urban growth boundary (UGB) to include an additional 18,000 acres, about 2,000 acres of which are suitable for employment, and another 16,000 are suitable for residential development. This decision did not fully accommodate the region's need for industrial land as identified in Metro's 2002 *Employment Land Need Analysis*. As a result, Metro has initiated a study to explore the possibility of bringing additional land within the UGB specifically for future industrial use. Additionally, the ability of jurisdictions with the UGB to more efficiently utilize existing industrial lands, for instance by removing constraints and making land more readily developable, will have a direct impact on the determination of the need for UGB expansion. This effort is being conducted in conjunction with Title 4 mapping of "Regionally Significant Industrial Areas," discussed above. Action based on study findings is expected by summer 2004.

Citywide Industrial Lands Inventory and Assessment

The *Citywide Industrial Lands Inventory and Assessment*, a joint project of the Portland Bureau of Planning and the Portland Development Commission, will analyze demand for land in industrial districts and associated urban renewal areas and utilize case studies assessing the redevelopment potential of specific sites in these areas. The project is an initial step in the implementation of Portland's *Strategy for Economic Vitality* (2002) and its priority recommendation to preserve, protect, and redevelop industrial sites

The first phase will inventory Portland's industrial land supply on a site-by-site and district-by-district basis. The project assesses industrial land for: site characteristics, such as size, vacancy, property values, industry mix, and employment; site advantages, such as transportation access by various modes, access to public redevelopment resources, and planned public improvements nearby; and site constraints, such as environmental resources, site contamination, and proximity to housing.

The inventory also will be used and regularly updated as a marketing database for the City's vacant industrial land and to provide an up-to-date understanding of the characteristics, function and performance of the city's industrial areas. Information collected in the inventory will be relevant to a range of upcoming policy decisions including: designation of "Regionally Significant Industrial Areas"; refinement and implementation of industrial development strategies; potential changes to the industrial zoning regulations to better accommodate evolving industrial uses; and future rezoning requests involving industrial land.

River Renaissance

This ongoing comprehensive long-range planning effort encompasses a number of initiatives that are focussed in one way or another on reconnecting the city with the Willamette River. The vision includes five broad themes:

- Assuring a clean and healthy river
- Maintaining a prosperous working harbor
- Embracing the river as Portland's front yard
- Creating vibrant waterfront districts and neighborhoods; and
- Promoting partnerships, leadership and education

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The River Renaissance process is intended to open a community dialogue about our relationship to the river in the context of these objectives. The *River Renaissance Plan* itself will establish a cohesive policy foundation on which more detailed river-related plans and programs can be built, for instance the update of the Willamette Greenway Plan and watershed restoration projects. The plan will also include an action agenda and a ten-year workplan for river-related projects and programs.

The Central Eastside waterfront is clearly one of the most significant stretches of the river-fronting land in the city. The follow-up legislative phase of the current Central Eastside market and zoning project will be closely coordinated with the ongoing River Renaissance efforts.

Loop Study

This cooperative project between the City of Portland and the Oregon Department of Transportation (ODOT) will examine the current form and function of Portland's Interstate 5/405 Freeway Loop system and will begin to look at how it might evolve over the coming half-century. Recommendations arising from the study will likely frame the scope for a more detailed analysis of future improvements to the freeway loop system.

The timing and need for this study are related to a number of recent efforts impacting the Loop. These include the Portland-Vancouver I-5 Transportation and Trade Task Force's I-5 Strategic Plan and a number of system improvements identified through other projects. Examples include proposed changes in the vicinity of the Rose Quarter, the South Portland Circulation Study, and the I-405 Freeway Capping project. The impact of those and other projects currently underway, such as the North Macadam Access Study and the Citywide Truck Access and Circulation Analysis, need to be taken into account.

The I-5/I-405 loop is arguably the single most important transportation system in the state. The Eastbank Freeway, however, is sometimes viewed as a barrier that separates the Willamette River from the Central Eastside and surrounding neighborhoods to the east. The study is expected to touch on broader system issues, including interstate freight and traffic movements, and the future of the Eastbank Freeway. Given that the demand for the Freeway will not simply vanish, there is value to a discussion about how its barrier effect might be overcome, and how the city's economic growth can be enhanced in the process. The study is expected to be completed early in 2004.

Science and Technology Quarter

The concept of an emerging Science and Technology Quarter evolved as a part of planning efforts for the Marquam Hill and South Waterfront (North Macadam) areas. Centered on the twin educational and research axes of Oregon Health and Sciences University and Portland State University, it also encompasses the southern part of the Central Eastside, including OMSI and the PCC Workforce Center. The Science and Technology Quarter, located proximate to downtown professional services and the regional transportation system, is envisioned as a hub for medical and scientific research and bioscience industries. It can accommodate existing institutions as well as spur private sector investment and employment. The concept supports the recommendations in the *CES Development Opportunities Strategy* that call for a research and development and high-tech incubator cluster in the Central Eastside.

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Appendix B: CES Land Use, Transportation and Employment

This section summarizes basic existing conditions in the study area. Additional information about economic and other characteristics of the Central Eastside may be found in the ECONorthwest report *Economic Overview of the Central Eastside*, and the *Central Eastside Development Opportunities Strategy* produced for the Portland Development Commission. Taken together, this information supports the notion that the Central Eastside is a unique employment and industrial area within the city.

Land Use

The tables below summarize predominant land uses in the Central Eastside (mixed-use buildings are assigned just one predominant use). This information is drawn from data collected by the Portland Development Commission in 2000. Overall, industrial is the single-most prevalent land use, covering about 30 percent of the district's area, and about 20 percent of its lots. About 20 percent of the area is devoted to retail uses and about 15 percent to office uses. Residential uses cover only a very small part of the study area. Less than four percent of the district is vacant. While industrial is the single-most prevalent use, the CES clearly has a diversity of land uses. Because the land use inventory was conducted strictly on a taxlot by taxlot basis, an unknown percentage of the area attributed to "parking" (about 18 percent) is actually accessory to other land uses, and should not technically be considered parking as a separate use category.

CES Predominant Land Use, 2000

Land Use	Taxlot Acres	% of Area	Taxlots	% of Lots
Industrial	106.4	27.7%	261	19.7%
Retail	76.1	19.8%	294	22.2%
Parking	70.9	18.4%	271	20.5%
Office	55.4	14.4%	211	15.9%
Other	41.9	10.9%	53	4.0%
Residential	16.2	4.2%	169	12.8%
Vacant	13.9	3.6%	39	2.9%
No Data	3.6	0.9%	25	1.9%
Total	384.4	100.0%	1323	100.0%

Within the IG1-zoned area (which constitutes about 66 percent of the district) industrial is also the single-most prevalent use, at about 35 percent. However commercial uses constitute a significant proportion of the uses within the IG1 area; retail and office uses together constituting 31 percent. Only 3 percent of the area is classified as vacant. This high degree of land use diversity within the CES industrial area is uncommon in Portland. In comparison, commercial uses constituted only six percent of the Guild's Lake Industrial Sanctuary in 2000.

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CES Predominant Land Use in IG1 Area, 2000

Land Use	Taxlot Acres	% of Area	Taxlots	% of Lots
Industrial	92.0	35.8%	220	27.5%
Retail	43.7	17.0%	151	18.9%
Parking	38.4	14.9%	160	20.0%
Office	36.0	14.0%	129	16.1%
Other	31.2	12.1%	34	4.2%
Vacant	7.9	3.1%	26	3.2%
Residential	5.5	2.2%	64	8.0%
No Data	2.5	1.0%	17	2.1%
Total	257.3	100%	801	100%

The table below summarizes CES lot sizes. Land parcels in the Central Eastside are generally small; 89 percent of the lots are smaller than 25,000 square feet and only 12 parcels are larger than 100,000 square feet (actual development sites may contain more than one lot, however). Larger parcels are relatively more common in the southern part of the district. Many modern industrial uses demand significantly larger parcels than are common in the CES. The Urban Land *Institute's Guide to Classifying Industrial Property* (2003) indicates that most new industrial developments, from distribution facilities to heavy manufacturing, require sites from 100,000 square feet and up. However, inner-urban industrial areas with smaller sites and buildings like the CES do provide niches for more specialized industrial and industrial-like operations with smaller space needs, such as local distribution and specialized and custom production facilities.

CES Lot Sizes

Lot Size	Lots	Acres	% of Lots	% of Area
< 2,500	149	5.9	11.3%	1.5%
2,500-4,999	263	22.9	19.9%	6.0%
5,000-9,999	403	66.2	30.5%	17.2%
10,000-24,999	363	116.3	27.4%	30.3%
25,000-100,000	133	129.6	10.1%	33.8%
> 100,000	12	43.0	0.9%	11.2%
Total	1,323	383.9	100.0%	100.0%

The table below summarizes the number of stories of CES buildings within different land uses. Overall, the majority of the district's existing buildings are either one or two stories, with about nine percent having 3 or more stories. About ten percent of the industrial buildings have three or more stories and about 57 percent have two or more stories. Most industrial uses and users strongly prefer single-story buildings.

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CES Percent of Buildings by Number of Stories & Selected Land Use, 2000

Land Use	Stories	% of Sites
Office	1	46.9%
	2	44.1%
	3 or more	9.0%
Residential	1	19.8%
	2	66.5%
	3 or More	13.8%
Retail	1	64.0%
	2	30.5%
	3 or More	5.5%
Industrial	1	43.3%
	2	47.1%
	3 or more	9.6%
Total	1	46.4%
	2	44.7%
	3 or more	8.9%

Transportation

The Central Eastside is strategically located near the downtown and the Willamette River and possesses good overall access to the rest of the city and the region via freeways, major arterials, bridges and a network of local streets. It also faces several transportation constraints. While the district has access to major regional transportation infrastructure, it also feels the impacts of major regional traffic.

The city's historic 200 by 200 foot block pattern covers a large part of the district, providing a fine-grained network of local streets. This network is less complete in the southern part of the district, including the CES Development Opportunities Strategy study area. The small blocks and fine street network are not ideal for truck access and maneuvering.

Martin Luther King Boulevard and Grand Avenue constitute the district's primary north-south arterial spine and provide a major means of access to the industrial area. SE Water Avenue is also an important vehicular connection between SE Clay and SE Caruthers streets. The 10th/11th avenue couplet also provides north-south connections within the district. Important east-west running streets include E Burnside, SE Morrison/Belmont, and SE Division. Vehicular access constraints to the industrial parts of the district from MLK/Grand due to high traffic volumes and turning limitations have been identified, as well as for movements to the south and east from SE Caruthers. A major reconstruction project for the Grand/McLoughlin viaduct is currently underway.

The CES is connected to the west side of the Willamette River via five critical bridge connections, including the Burnside bridge to the north and the Ross Island Bridge at the south. The Eastbank Esplanade provides a dedicated waterfront pedestrian and bike connection from the Hawthorne Bridge to the Steele Bridge. Transit service is adequate to some parts of the district, such as along MLK/Grand but is limited in other areas, for instance in along SE Water and in the DOS area. A future Portland Streetcar extension to serve the district is planned. The MAX line may also serve the area as well.

Interstate Highways 5 and 84 connect the district to the region. However, southbound access to I-5 from the study area is not ideal. Both the at-grade freeway, support structures for the

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elevated freeway and other viaducts and the railroad mainline serve as significant physical and visual barriers in the district. The railroad causes frequent traffic interruptions and crossing improvements may be necessary in some areas. Other constraints include conflicts between loading and truck movements with other vehicular traffic and bicycles and pedestrian and parking limitations in certain areas.

Employment

The table on the following page summarizes employment by industry sector in the CES. The employment data, together with the land use information discussed above, confirm that there is a great deal of business diversity in the district. Well over half of the jobs are “industrial,” including 26 percent in wholesale trade, 14 percent in manufacturing, ten percent in construction and five percent in transportation. In addition, both services and retail trade are well represented in the district with 25 percent and 14 percent of the employment, respectively.

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CES Employment by Industry, 2002

SIC Code	Industry	Employers	% of Total	Employees	% of Total
Construction		47	6.3%	1,547	10.5%
15, 16	General Construction	13	1.7%	260	1.8%
17	Specialty Contractors	34	4.5%	1,287	8.8%
Manufacturing		95	12.6%	2,117	14.4%
20	Food	5	0.7%	526	3.6%
22, 23	Textiles & Apparel	9	1.2%	312	2.1%
24, 25	Lumber, Wood & Furniture	5	0.7%	215	1.5%
27	Printing & Publishing	25	3.3%	292	2.0%
26, 30, 31	Paper, Rubber & Leather	6	0.8%	113	0.8%
32	Stone, Glass, & Concrete	5	0.7%	142	1.0%
33, 34	Primary & Fabricated Metals	11	1.5%	164	1.1%
35	Machinery & Computers	13	1.7%	186	1.3%
36, 38	Electronics & Instruments	5	0.7%	30	0.2%
37, 39	Misc. Manufacturing	11	1.5%	137	0.9%
Transportation		16	2.1%	788	5.4%
41, 42, 44, 47	Transport and Warehousing	16	2.1%	788	5.4%
Communications		5	0.7%	225	1.5%
48	Communications	5	0.7%	225	1.5%
Wholesale Trade		195	26.0%	3,862	26.3%
50	Durable Goods	139	18.5%	2,497	17.0%
51	Nondurable Goods	56	7.5%	1,365	9.3%
Retail Trade		125	16.6%	2,063	14.0%
52	Building Materials	9	1.2%	243	1.7%
55	Autos & Service Stations	15	2.0%	328	2.2%
57	Home Furnishings	22	2.9%	273	1.9%
58	Restaurants	46	6.1%	593	4.0%
54, 56, 59	Misc. Retail	33	4.4%	626	4.3%
Finance, Insurance and Real Estate		27	3.6%	336	2.3%
60, 61, 67	Banks and Finance	9	1.2%	186	1.3%
63, 64	Insurance	6	0.8%	24	0.2%
65	Real Estate	12	1.6%	126	0.9%
Services		228	30.4%	3,629	24.7%
70	Lodging	3	0.4%	83	0.6%
72	Personal Services	13	1.7%	198	1.3%
73	Business Services	60	8.0%	1,002	6.8%
75	Auto Repair	47	6.3%	375	2.6%
76	Misc. Repair	17	2.3%	118	0.8%
80	Health Services	9	1.2%	511	3.5%
83	Social Services	22	2.9%	662	4.5%
87	Engineer., Research & Acct.	23	3.1%	173	1.2%
78, 79, 81, 82, 84, 86, 88, 89	Other Services	34	4.5%	506	3.4%
Other Industries		13	1.7%	130	0.9%
7, 49, 91, 99	Other	13	1.7%	130	0.9%
Total All Industries		751	100.0%	14,698	100.0%

Source: Oregon Employment Department and Metro

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Appendix C: Industrial Land Policy and Zoning in Other Cities

Another objective of this study is to gain some understanding of how other cities have approached industrial land and zoning issues, particularly in inner-urban industrial areas similar to the Central Eastside. The Bureau of Planning and ECONorthwest researched industrial zoning and economic development initiatives in nine mid-sized and large North American cities. Some of the key findings of the research done to-date are summarized below. Additional information is contained in the June 2, 2003 ECONorthwest memo *Research on Other Cities for the Central Eastside* and the May 14, 2003 Bureau of Planning document *Industrial Zoning: Summary Descriptions from 4 Cities*.

All of the jurisdictions studied have zoning tools that are intended to protect residential and commercial areas from negative impacts associated with industrial operations and to protect industrial land from nonindustrial encroachment. Many cities make distinctions between zoning districts that allow “heavy” and those that allow “light” industries, the former being associated with stronger impacts such as noise and odors. In contrast, Portland’s industrial and employment zones generally allow a full range of industrial use categories; the distinctions between the zones lie more in their development standards and allowances for nonindustrial uses.

In addition, all of the cities have zoning districts intended to allow flexibility in terms of nonindustrial uses while still allowing industrial activity, usually light industry. Most allowances are for additional office and retail uses, and not generally for residential. In some cases specific uses and industries are targeted. For example, San Francisco has a “Service/Light Industrial District” that prohibits general office use, but specifically allows “work space for design professionals,” in keeping with the zone’s specific arts-related theme. Vancouver’s I-3 zone allows “Information technology office” uses outright, and other offices only through a public review process. Chicago’s proposed “Commercial, Manufacturing and Employment” zone would allow commercial developments up to a 5:1 floor to area ratio, but developments larger than 75,000 square feet they have to go through a “Planned Development” review. Finally, some cities allow greater flexibility in industrial areas only in historic buildings or building’s existing prior to a certain date.

Transitioning Industrial Areas While Preserving Industrial Character

Many cities are undertaking efforts to transition older, inner-urban industrial areas into more mixed-use employment centers. Some cities, such as San Francisco and Pittsburgh, discussed below, are reevaluating their industrial policies in certain areas and are designing new tools that are intended to facilitate change while protecting the basic industrial nature of certain industrial areas. However, from a broad perspective, not many cities are trying to keep an “industrial focus” while also allowing limited retail and commercial or expanding the range of what is considered industrial. In many cases, cities are not facing demand sufficient enough to allow them to pick and choose what types of employment they want—they are trying to stimulate any employment use in older industrial areas. Portland is to some degree at the cutting edge in attempting to balance the old and the new in a way that preserves more than just the bricks and mortar of the past.

San Francisco is currently reevaluating its industrial land supply and zoning in the context of both an ongoing housing shortage and increased concern for preservation of the existing

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industrial areas. Housing encroachment in certain industrial areas intensified during the 1990s Internet boom with a proliferation of “work/live” lofts. The city is currently debating *where* and *how much* industrially zoned land should exist in San Francisco. One of the specific questions planners are asking is, how much industrially zoned land should be rezoned to allow residential uses? The debate centers around efforts to balance the need for affordable housing and the need for industrial jobs.

The City is looking to protect and enhance retention of industrial businesses in inner-urban areas with several new PDR (production, distribution and repair) zoning designations. However, only a relatively small portion of the targeted PDR areas will have strict protections from nonindustrial uses. The PDR districts generally prohibit the heaviest industries and allow at least some stand-alone commercial uses. The “Large Commercial PDR” district will accommodate “big box” retail uses. Some PDR districts will permit housing, with a housing to manufacturing square footage ratio of 1/4. The “Light PDR” district will encourage uses such as video, film, graphic design and photography studios, as well as auto, appliance and furniture repair shops and other uses that create less external noise and odors and engage in less trucking related activities than those in the “Core PDR” district. One specialized PDR area will only allow design-related production, distribution and repair uses as well as design-related commercial uses, such as showrooms, furniture design, furniture showrooms, and interior design.

San Francisco planners believe that there will be some intensification of industrial uses and increased density of employment in designated industrial areas because of contraction of industrial zoned land. Historically 15 percent of the land in San Francisco was zoned industrial; today about 7 percent is zoned industrial, and only 3% of the industrial zoned land will likely survive the current planning process.

Pittsburgh is shifting some formerly heavy industrial areas with a greater emphasis on sectors such as engineering, software design and bioscience, while still encouraging a variety of traditional industrial uses. Despite pressure to convert some industrial areas to mixed- and residential uses, the city has created new zoning districts that actively preserve and enhance the productivity of industrial areas. In this respect, Pittsburgh is working with a similar set of goals to Portland’s. In keeping with its goal of preserving industrial uses, Pittsburgh tackled the problem of price pressure by restricting retail uses in some industrial districts to less than 20% of the use of a structure, and by prohibiting residential uses.