

2035 Central Eastside Industrial Council Vision Statement

The Central Eastside Industrial District is a unique and rare example of a historic and active industrial district preserved within the heart of a major city. While the district is primarily zoned for industrial use and has been classified by the city as an “industrial sanctuary”, there are retail and commercial corridors that thread through the CEID to create a balance of uses, attractions and amenities. The district has the capacity for incubating new businesses, pioneering innovations and creating employment opportunities for a growing population.

Superior Performance and Position of the CEID through 2035

The CEID is a major employment center in Portland with over 20,000 employees, is an attractive location for start-up businesses, attracts a diverse and growing list of business clusters and traded sector businesses, is home to many second and third generation businesses, has outperformed most of the surrounding districts in job growth throughout the economic downturn, and remains one of the hottest real estate markets in the city.

This impressive track record and well positioned economic outlook is the result of a combination of three factors:

- The Industrial Sanctuary designation and zoning,
- a sought after location in close proximity to downtown Portland,
- stable conditions where long term business investment close to the city core can occur by individuals and families who want to be in the district, have a stake in the community, and who both create *and* leverage a diverse and established industrial knowledge base.

Value of the Industrial Sanctuary

While Industrial uses in the CEID have changed (sometimes dramatically) over the past 40 years, the industrial zones and sanctuary classification has created stability for both real estate investment *and* business investment. That stability is both enhanced by and a consequence of the high concentration of owner occupied properties. The City has been extremely wise to support differentiating the CEID as an industrial district for the following reasons:

Complimentary Function: The industrial economy in the CEID is complimentary to and supports the Central Business District and does not compete with the primarily commercial, retail and residential specializations that exist in the neighboring districts.

Economic Diversification: Portland retains a diversity of employment and business types in the inner city, and therefore reduces its reliance on a narrow band of industry sectors, which helps to stabilize the city’s economy.

Business Incubation: Small businesses make up the majority of firms in Oregon. The small block sizes, affordable space in close proximity to downtown and supportive business community make the CEID a great place to support business incubation, entrepreneurship, and to attract traded sector industries.

Industrial Services Hub: The industrial uses of the district not only compliment the surrounding retail, education, commercial, and residential districts in Portland, it also serves as a hub to support the outer and larger industrial districts in the region. For engineers, high end machine shops, specialty suppliers, industrial equipment and product designers, and many others, the CEID’s central location allows it to serve as a vital link to the larger industrial community, which strengthens this vital regional segment.

Resources & Industrial Knowledge base: The CEID is a district where companies can start, grow, invest and invent. For entrepreneurs and small businesses, the sanctuary serves as a physical encyclopedia of

solutions to problems and obstacles small businesses face on a daily basis. New industries recognize and are attracted to the productive, efficient, and collaborative resources that reside in and around the sanctuary.

New Industries & Expanded Industrial Classifications in the Central Eastside

Much gets made of the “new industry versus old industry” or “creative versus industrial” uses in the CEID. In actuality, creative and newer businesses are attracted to the industrial character of the district and in most cases compliment, rather than conflict with the traditional uses. In fact, manufacturers are among the most creative of industries located in the CEID and have much in common with software developers, food production, film & video production and services, brewers and distilleries, and other newer uses in the district. They invest substantially in product design, process design, and custom equipment. They invent products and processes for which there are no blueprints and they access new technologies to drive efficiencies in a competitive global landscape. While the definition of Industrial production has broadened over the past 20 years and new clusters are finding the CEID a good fit, the firms that are attracted to the CEID tend to compliment more traditional industrial and wholesale uses in the district. In fact, there can be synergy.

Conflicts & Complimentary Uses in the Central Eastside

Not all development and uses compliment the district and there are uses that threaten the long term viability of the CEID as an industrial sanctuary.

Housing – The CEID is surrounded by residential neighborhoods in all directions and there is no shortage of residential options close by. While current zoning allows for additional residential development, residential expansion is the single biggest threat to the CEID due to inherent conflicts and will attract non-complimentary services and retail businesses to the district. Zoning restrictions and residential parking policies need to be looked at to prevent sanctuary degradation and conflicts. The 2035 plan needs to address this issue.

New Development without Adequate Parking – there is already a significant stock of buildings without off-street parking options. Adding new development without additional provisions for parking demand will put undue pressure on firms located in the CEID.

General Office Employment – A vibrant and healthy downtown is vital to the city and general office needs to be encouraged to locate in existing office districts. There is no shortage of land for general commercial development. South Waterfront, the Lloyd District and Downtown as well as many other areas offer plenty of opportunity for office expansion through 2035.

Entertainment Destination – While there are currently thriving entertainment destination businesses located in the district, the areas for these should be limited to the existing commercial corridors, OMSI and Portland Opera area, and along Burnside where currently zoned. Expansion throughout the district will conflict with and discourage industrial development.

Expanded Zoning Overlays – The IG zones should be preserved to create the certainty necessary for industrial investment within the sanctuary. Existing overlays as currently written should not be expanded throughout the district and carefully examined to measure their impact on the industrial properties nearby. Exceptions should be considered on a case by case basis based on use and how they complement industrial uses. We recognize the importance of evaluating the impact of new development on maintaining the viability of industrial activity.

Wholesale vs. Retail – Many businesses located in the district have a mix of uses in different parts of their businesses. In general, businesses with large wholesale and business to business components fit the function of the district better than those with mostly retail components, except in the commercial corridors. Rapid expansion of destination retail companies without adequate off-street parking will tend to conflict with companies that rely on incoming and outgoing freight on a daily basis.

Emerging Trends

The internet and improved transportation links create worldwide connections and opportunities. While opportunities are borderless, there is a strong sense of people moving back to a local base where business and interpersonal connections add value. On a local scale, Portland can participate in greater economic growth by focusing on the conditions that will contribute to the advancement of industry and technology in the 21st century. The Central Eastside has a rich history of industrial activity which has laid the foundation for developing a vibrant economic center that attracts investment in innovation businesses. The Central Eastside can become a model for inner city economic vitality, job creation, and business development by focusing civic and private resources on a shared goal.

Urban Growth Boundary (UGB)

The urban growth boundary reduces sprawl and leads to intensification of uses the results of which can be both beneficial and challenging for business.

Beneficial consequences of intensification:

Lower energy expended per local domestic product hence greater efficiency

More concentrated economic activity leading to greater synergies

Greater proximity of friends, services, and employment.

Enhanced potential for cross fertilization of ideas and business contacts and activity.

Challenging consequences of intensification:

Without careful planning and implementation, increased density of people and businesses can lead to congestion, parking and transportation conflicts, loss of open space and degradation of our environment.

Comprehensive Plan/zoning patterns

Zoning is one of the tools available to restrict sprawl and create intensification of use. Zoning also defines type of use and works to moderate conflicts between incompatible uses. Zoning and use definitions need to be flexible enough so that the changing nature of economic activity is recognized and encouraged for the good of the community while maintaining reasonable controls to avoid conflicting activities in close proximity.

Central Eastside is composed of subareas which are distinguished by current uses, building typology, size of parcels and transportation/parking assets.

- OMSI: Cultural/institutional district with new light rail and streetcar enhancements
- Industrial sanctuary: Distribution and production businesses with some multiple use vertical buildings.
- MLK/Grand, bridgehead corridors, EX zoned properties: Mix of commercial, retail and possibly housing.
- Eastern edge: Transition between employment district and residential neighborhoods.

Use classifications within the industrial zone category include: warehouse, manufacturing, industrial services, industrial office. The zoning should reflect the intention of the community regarding the optimum use of scarce land within the City. In the case of the Central Eastside, the essential industrial nature of the district should be maintained with allowance for changing transit oriented development in certain areas such as the Burnside Bridgehead, OMSI, the major corridors and existing areas zoned EX. The EX zoned areas provide an opportunity for intensification of uses as well as the need to carefully

manage the impact on the adjacent industrially zoned land. New developments on EX zoned properties could have a negative impact on industrial properties if conflicts arise related to parking, traffic, freight operations, noise and other issues. The City should explore methods to mitigate and reduce conflicts that would negatively impact the ability of industrial users to operate their businesses.

Economic Environment

Economic vitality is driven by the synergy between businesses. The focus of activity is guided by the zoning classifications but the strength of the economic engine depends on the support of the community in fostering the conditions for economic success. In the CEID, there are a wide range of businesses and economic activities some of which are located here due to special circumstances (proximity of major arteries or to the riverfront) or due to the nearby location of supporting businesses and suppliers. Some businesses have unique and growing relationships with other areas of the City such as OMSI with the higher education institutions of OHSU and PSU. The businesses within the CEID produce goods and services for the rest of the City and region and also consume considerable goods and services from other companies in the area. The concentration of business activity in the CEID serves to support many ancillary businesses such as restaurants, coffee shops, printing, accounting, and banking services. The businesses of the CEID depend on a workforce that can find local, affordable housing and transportation options. The ability of workers to live in close proximity to their work area is a benefit to them and to the community in terms of life/work balance and this proximity encourages the use of public transportation and biking as a means of getting to work. The diversity of economic activity in the area generates a demand for a workforce with diverse skill sets ranging from basic entry level manual effort to highly skilled technical personnel. This mixing of various levels of education and technical skill has a number of social benefits and speaks to the equity goals in current City planning.

The CEID is also an area where small companies can start, grow, and then consolidate their operations. The close proximity of established and newly formed or young companies is a benefit in terms of cross fertilization and new supply relationships within the district, a process that feeds on itself with the outcome of greater economic vitality.

Changing nature of industrial activity

Internet and quick international travel provides an International marketplace for production and distribution – products can be conceived; produced anywhere and shipped everywhere. This opens up opportunities for existing and new, creative companies to prosper in markets that were once not available to them. Significant technological changes are also redefining what is meant by ‘industrial’. The industrial revolution drove manufacturing processes into large scale plants where economies of scale could be realized. The new industrial revolution is moving back to local production and smaller scale processing which add value from technological advances, not necessarily by driving costs down based on volume production. Changing technology promotes more customization and drives highly differentiated production markets. Innovation and creativity are redefining the business landscape and this is happening in the CEID already. Warehouse space is being converted to activities that are based on new technologies. The pace of change to this new industrial paradigm based on innovation will be accelerated by fostering the conditions to attract larger players to this space. Attracting ‘lead’ companies to the CEID would create significant employment and generate opportunities for local businesses in supplying the goods and services to the ‘lead’ companies. It is critical to insure that conditions support confidence in the viability of long-term investments.

Transportation and parking

The CEID has a diverse mix of transportation systems ranging from Interstate Highway access and local street systems to new public transport options such as the streetcar and the Portland-Milwaukie light rail system (PMLR). In addition, the growth of biking has impacted the District in significant ways. Future planning must be directed to aligning the mix of transportation elements to the specific area of the district and its needs. Otherwise, the potential for serious conflict between the intended –zoned – activities in an area and the transportation uses will exacerbate. Industrial areas and the public benefit when street design and other transit operations reflect the predominant use of the area. Industrial areas require loading docks, curbsless streets, and wide radius cornering. Commercial areas require appropriate parking controls, curbs, and street amenities.

Congestion and transit conflicts will increase with growth and City planning can be effective in addressing these issues. The City and TPAC should encourage on-site and off-site parking to meet the demands of the district. Areas that City planning can address include parking systems that optimize the movement of goods in industrial areas and that respond to the particular needs of each sub-area, that encourage the use of public transportation, and that provide incentive and/or funding for structured parking facilities as surface parking acreage is developed.

Social welfare

Providing good employment opportunities is the key strategy for promoting a more resilient community. The District is already a mélange of different employment types from blue collar technically trained workers to individuals with academic degrees. In terms of social equity, there is perhaps no more important element than that of employment. Living wage employment allows for the creation of households that are self-sustaining and which can participate in the life of the City on an equal footing with all other citizens. It allows for affordable housing and participation in the essential aspects of urban life including education, community events, and cultural attractions. City efforts to promote job creation will have immense benefits for the community and the CEID has the opportunity to be a significant job creation zone with appropriate policies and encouragement.

Waterfront

The waterfront is a major asset that is currently underutilized. We believe that there are opportunities for greater access of the waterfront for commercial and personal use. From a commercial point of view, we envision the development of businesses along the waterfront that make use of the river for transportation and recreation. The Willamette River has been designated as part of the National Marine Highway System. City promotion and support of a transportation and marine terminal along the east bank waterfront near the TriMet light rail station at OMSI would increase the use of the river for commuter ferries to Oregon City, Lake Oswego, and Vancouver thereby reducing road congestion and pollution. There are opportunities for commercial float plane operations on the river to ease transport to Seattle for business and vacation travelers.

Key Success Factors to Capitalize on Growth Potential

A strong commitment to the Industrial Sanctuary designation and zoning, complementary real estate development that adds to the existing uses in the district, and a new mix of companies and services that add to the resources and knowledge that already exist in the district is a great foundation for economic growth in the CEID. But there are other factors that must be addressed on an ongoing basis in order to capture the true potential of the district over the next 25 years.

Parking & Transportation Priorities – Due to the wholesale nature of the district, scarce on-street parking must be protected and preserved for the benefit of the businesses and employees located here.

A mix of solutions that may vary in different sub-areas will need to be employed. The Central Eastside Transportation and Parking Advisory Committee must control and mediate solutions to conflicts that protect the integrity of the Industrial makeup of the district. Employee parking and transportation options, the preservation of freight access and movement, and eventual investment in parking supply is critical to the growth potential of the district.

Business Climate – The CEID must remain a safe, efficient, cooperative, and business friendly environment. Policies that inhibit problem solving, unnecessary business regulation, lack of responsiveness to general business problems, and unsustainable increases in costs will short circuit business investment (especially industrial business investment) and limit the economic potential of the district. No amount of public marketing and subsidies will make up for a declining business climate where uncertainty and rising costs discourage long term investment.

Strong Relationships – The Central Eastside Industrial Council (CEIC) plays a big role in advocacy and in building strong relationships in the CEID. It should continue to attract both older and newer businesses to get involved in order to preserve and enhance the opportunities that exist for businesses in the district.

Close in Industrial districts have been dismantled in favor of real estate development opportunities in cities all over the country. Portland is unique in embracing the differentiation of a close in Industrial Sanctuary. Real estate development is not a long term driver of the economy. Instead, a healthy real estate development market is the result of a diversified, growing economy. The industrial infrastructure in the CEID and other industrial districts provides much needed traded sector income and employment. As the city moves forward with the 2035 Southeast Quadrant planning process, the Industrial Sanctuary should be embraced and recognized for the unique opportunities it provides for business and job growth in the heart of a great city.