

# Solutions sought to ease Central Eastside growing pains

By: [Lee Fehrenbacher](#) in [Scrolling Box](#) February 14, 2014 1:46 pm



Glen Dennis, a driver with plumbing wholesaler Mesher Supply Co., drives a forklift between the company's storage yard and warehouse in Portland's Central Eastside Industrial District. (Sam Tenney/DJC file)

**Evo**, an outdoor retailer based in Seattle, chose its new location in the **Central Eastside Industrial District** for the very same qualities the area's name implies.

"The neighborhood fits the kind of neighborhood that we're in in Seattle – I don't want to say gritty, but less mainstream," said Chris Dickerson, retention marketing manager for Evo. "We thought it was a really good fit for how we integrate our stores into the culture and community, and (the Central Eastside) is kind of a hotbed for it."

Evo is working with Edmonds, Wash.-based **First Western Development Services** to renovate the **Industrial Home** building, at 200 S.E. Martin Luther King Jr. Blvd., as a new Portland flagship store. Another retailer or two – plus creative office users – are poised to join a growing community of businesses drawn to the industrial district's aesthetics.

But as the Central Eastside gains retailers, office users and residents, existing manufacturers and distributors are increasingly competing with pedestrians for street space. Now the city is joining forces with national land-use experts to create a solution.

Portland Mayor **Charlie Hales**, Portland Development Commission Executive Director **Patrick Quinton**, Portland Bureau of Transportation Director **Leah Treat** and Bureau of Planning and Sustainability Director **Susan Anderson** are working with representatives of the **Urban Land Institute's Daniel Rose Center for Public Leadership** in Washington, D.C., to develop a strategy to position the Central Eastside as a 21st century employment district. The effort is part of a yearlong fellowship that kicked off recently with a weeklong workshop in Portland.

Jess Zimbabwe, the Daniel Rose Center's executive director, said that for the district to thrive, it must evolve.

"Thirty years ago there was a system for finding out what industries your region was good at," she said. "That worked then, but now businesses are changing and it's hard to know what new employers are going to look like in 10 to 20 years."

In the late 1800s the Central Eastside was a shipping hub for agricultural products. Now, 16 percent of the jobs in the district are design and knowledge-based, and 16 percent more are tied to transportation and warehousing, according to the BPS. Given that change, Zimbabwe said the city should relax its zoning so that it's more job-based than use-based.

The ULI work is timely. The city also recently launched its planning efforts for the Southeast Quadrant piece of the **Central City 2035 plan**. Troy Doss, a BPS project manager who is heading that effort, said adaptive zoning will be critical as companies evolve.

"The lines are really blurred now between whether a business is actually manufacturing, distribution or design," he said. "They're combined now, where in the past it was more segregated. That's what we're seeing demand for, and our code isn't really set up for that ... How do we provide enough flexibility for the future? We still want to maintain (the Central Eastside) as an industrial employment district. We're just struggling with: How do you define that? How do you regulate that? And how do you not over-regulate it?"

But as codes are relaxed to allow more varied uses, transportation conflicts can arise. Many industrial businesses are being displaced by the extension of light rail into the district and prioritization of pedestrian travel. For instance, **PECO**, a manufacturer, is relocating from a large facility near Southeast 17th Avenue and Holgate Boulevard to a 233,425-square-foot center in Clackamas in part of because of light rail development – though Stephen Scheidler, PECO's president and CEO, added that the company sought to own its property.

One idea that came out of the ULI workshop is that as pedestrians enter the Central Eastside with greater frequency – specifically around large blocks near **OMSI** and the Clinton Street Station, where catalytic developments are envisioned – a hierarchy of streets could be created to identify those best for freight haulers, and those best for bicyclists.

Another goal identified by ULI is for the city to keep land values affordable for new and existing businesses.

"As desirability of the area increases, it will make the value of property rise – and rents as well," said Don Ossey, a **Capacity Commercial Group** principal and broker who handles Central Eastside deals. "And unless industrial users own their own buildings, they won't be able to keep pace with that rise."

In that regard, the Central Eastside is experiencing a shift similar to the one previously evident in the **Pearl District** when it transitioned into a commercial and residential area 20-some years ago. Joe Beehler, a senior broker at **Colliers International**, said that's when small, creative firms began looking across the river.

"What you started to see was a lot of warehouse inventory, or lots just leveled, and then a lot of condos – the Lovejoy, the Overton – popping up," Beehler said. "While a lot of that stuff is pretty cool, the rub from an office standpoint is the cool stuff is kind of limited now, and that's what a lot of people have discovered on the Central Eastside."

Central Eastside spaces now are commanding rents close to those in the **Central Business District**. ULI's recommendations didn't elaborate on how the city should maintain affordability, but city officials think rezoning the area as an employment center could help.

ULI [presented](#) its initial recommendations to a group of stakeholders Wednesday; additional work will continue throughout the year. Doss said he'll seek input on the ULI's findings from a stakeholder advisory group, and that several growth scenarios will be developed during the next nine months.

Meanwhile, companies like Evo may find their own diamonds in the rough. Dickerson said his company hopes to add synergy to what it considers an up-and-coming neighborhood.

"What's the saying? 'A rising tide raises all ships?'" he said. "Us going down there will help build the community into something bigger than it already is."