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Portland, Oregon
Industrial Affordability in the Central Eastside

The Rose Center
FOR PUBLIC LEADERSHIP

NATIONAL LEAGUE OF CITIES

Urban Land Institute
Mission:
To encourage and support excellence in land use decision making.

“We should all be open-minded and constantly learning.”

--Daniel Rose
Elected officials and staff from more than 19,000 US cities, towns and villages are members of NLC or its 49 state municipal leagues.

Mission:
Helping city leaders build better communities
37,000 members worldwide:
- Developers
- Investors, Bankers and Financiers
- Architects, Designers and Consultants
- Public officials
- Academics

Mission:
Providing leadership in the responsible use of land and in creating and sustaining thriving communities worldwide
Rose Center Programming

- Policy & Practice Forums
- Education for Public Officials: webinars, workshops, and scholarships to attend ULI conferences
Daniel Rose Fellowship

- Four cities selected for yearlong program of professional development, leadership training, assistance with a local land use challenge
- Mayor selects 3 fellows and team coordinator
- Participating cities to date: Austin, Birmingham, Boston, Charlotte, Denver, Detroit, Hartford, Honolulu, Houston, Indianapolis, Kansas City, Long Beach, Louisville, Memphis, Minneapolis, Nashville, Oakland, Omaha, Philadelphia, Phoenix, Pittsburgh, Portland, Providence, Rochester, Sacramento, Seattle, Tacoma & Tampa
Portland’s 2013-2014 Land Use Challenge

How can Portland promote the Central Eastside as a “21st century employment center”? 
Panel Recommendations

Three-Pronged Strategy:
- Infrastructure and Access Improvements
- Land Use Flexibility
- Programming and Partnerships
Progress

- SE Quadrant Plan
- Opening of new light rail line and streetcar loop
- Central Eastside Urban Renewal Area amendment
- Progressing on strategic site redevelopment
- New strategic plan for PDC focused on equity
Central Eastside Employment Distribution

District employment remains dominated by businesses within an industrial classification; however, smaller scale manufacturing and knowledge based industrial businesses constitute a growing percentage of businesses in district.

Since the adoption of the Employment Opportunity Subarea over 1,000 new jobs were created in this area during the recession (2006 – 2010) most by sectors using industrial office space. During this period one pre-existing industrial service business left the area.

Recent analyses shows continued growth in the district between 2010 and 2013, when approximately 150 industrial, 1,000 industrial office, 270 traditional office, and 240 retail and food services jobs were added.

Employment
9,000 new jobs by 2035
Zoning Map Amendments

Expansion of Employment Opportunity Subarea (EOS) to all IG1 zoned parcels in district.

Rezoning of OMSI Station Area to Central Employment (EXd). Continue conditional use allowance for housing on parcels in Station Area with EG Comprehensive Plan designation.

Rezone parcels between SE Woodward and SE Powell to EX – no housing.

Rezoning of Clinton Station Area to EXd to allow commercial/employment/residential mixed use development.
Employment Opportunity Subarea

- **Industrial Office**: Allow Industrial Office uses at a ratio of 3:1 FAR for new construction, or full use of an existing building shell for rehabilitations of existing structures.

- **Traditional Office**: Limit Traditional Office uses to 5,000 sq. ft. per site maximum (60,000 sq. ft. currently allowed as a conditional use).

Industrial Disclosure Statement

- With new development and rehabilitation projects require the recording of a Industrial Disclosure Statement / Covenant acknowledging that noise, truck traffic, fumes, and other characteristic of an industrial area are expected and will not be acted upon by City unless operating outside of legal established requirements.

Industrial Mixed-Use Interface

- Amend applicable development standards and design guidelines along the IG1/EX interface to ensure that conflicts that can arise from potentially conflicting uses are reduced or eliminated.
How can Portland maintain affordability while supporting manufacturing and increasing employment and workforce equity in the Central Eastside?
• **Chair**: Ilana Preuss, Recast City, Washington, DC
• Andrew Kimball, Chief Executive Officer, Industry City, Brooklyn, NY
• Jahmese Myres, Campaign Director, East Bay Alliance for a Sustainable Economy and Planning Commissioner, Oakland, CA
• Kate Sofis, Executive Director, SFMade, San Francisco, CA
Presentation Outline
1. Urban Manufacturing & Local Opportunity
2. Equitable Workforce Development
3. Economic Development
4. Real Estate
5. Conclusions
70% of manufacturing businesses have fewer than 20 employees nationally.
Includes breweries, production + retail space, hardware fabricators, textile designers…
And it brings more people together for this...
• Smaller-scale but large collective impact
• Higher-end consumer products and supply chain
• Flexible
• Average 20 or fewer employees
• National & international market
• Locally sourced
• Higher wages
• Important linkages to rapidly growing creative industries

Modern Urban Manufacturing
The continuum of urban manufacturing
Makerspace
5-12 Dessert Boutique & Lounge use Mess Hall's kitchen as their own, baking and bedecking desserts for special events.

Source: LA Prep
WHY OPEN A WATCH FACTORY IN DETROIT?
Opportunity for Portland

Industry City, Brooklyn, NY
Opportunity for Portland

- Portland is about homegrown and uniqueness
- History of production here
- Several strong export oriented sectors (e.g., food and beverage)
- Some depth to supply chain that complement producers
- Relatively affordable real estate compared to other west coast cities
- Local consumer and entrepreneurial culture
- One of few cities with transit-connected industrial areas
What We Heard
What We Heard

• “The CES provides everything you need in terms of business-to-business services: Winks Hardware, lumber, 3-D printing.”
• “Portland is a place where people come to start something. The price of admission is still affordable.”
• “The grit is the distinguishing factor of the CES.”
• “My business is 100% online only. CES location is a lifestyle choice.”
• “Property-value eviction here for existing industrial businesses is just a matter of time.”
• “There’s no room to expand. We want to grow.”
• “We should not allow any new residential to be built period.”
• “We only get notice about proposed policy changes way after the fact.”
• “The CES is going from an industrial district to whatever it is turning into.”
Call to Action

- Commercial displacement is a threat
- Portland is the last affordable major city on the west coast
- Addressing economic disparities and diversifying the workforce is a priority for maintaining a range of income levels
- Retaining local spending in the community is necessary for economic prosperity
- Generational shift occurring in legacy manufacturing
Presentation Outline

1. Urban Manufacturing & Local Opportunity
2. **Equitable Workforce Development**
3. Economic Development
4. Real Estate & Growth
5. Conclusions
The Workforce Equity Priority

- Create, grow & sustain jobs at all levels for broad diversity of people with emphasis on local workers and those with barriers to employment
- Scale businesses that sustain and create jobs & offer entry-level opportunities with career ladders
Need for Data

Why is the industrial sector important to U.S. inner cities?

- Creates living wage jobs in inner cities
- Creates accessible jobs with low education barriers. 65% of industrial jobs do not require a college degree
- Supports jobs in consumer-based industries

Where are industrial jobs in Boston?

Newmarket Square is inner city Boston’s industrial hub
- Specializes in food manufacturing and food wholesale
- Accounts for 2,700 industrial jobs
- Home to 42% of inner city Boston’s industrial jobs

Wages in Boston

- Minimum hourly wage: $8 ($17k/year)
- Retail median hourly wage: $17.50 ($37k/year)
- Industrial median hourly wage: $24.50 ($51k/year)
Need for Data

Implement process for annual collection of workforce and employment data for businesses, with emphasis on:

• # employees – full-time, part-time, and contract/temp
• Typical job classifications and project growth areas in jobs
• % of workforce (based on wage data) that is low-moderate income (HUD definitions)
• Demographic data (ethnicity and gender)
• Provision of benefits (health, retirement)
• Provision of training or other skill development programs
• Where employees live
• How employees get to work (drive, transit, bike, walk, etc.)
Fine-Grained Approach

• Tailor workforce development strategies by cluster or segment, understand which have greatest job promise for targeted populations, prioritize workforce development strategies for:
  – Food/beverage
  – Specialty consumer product design/manufacturers
  – Biotech/medical device
  – Software/application/web development
  – Architecture/industrial design
  – Media/film/entertainment
  – Artists/studios

• Industries with a physical goods movement, repair, or production operations are more likely to employ higher percentage of entry-level jobs and targeted population

Implication: real estate, land use and economic development strategies should explicitly support retention and development of jobs in: food/beverage, medical device manufacturing, media/film production, specialty consumer product manufacturing
Establishing Academic Linkages
Establishing Academic Linkages

- Identify or establish academic linkages based on the needs
- Focus on high school, community college to prepare workforce for entry-level opportunities
- Build skills through partnerships with institutions to allow workforce to move up the ladder
- Connect diverse higher-ed workforce to growth sectors
Oakland Army Base Redevelopment

- Local and disadvantaged hiring
- Structure to review performance
- Transparency and troubleshooting
- Intermediary created
Chicago: Jane Addams Resource Corp.

Training program for underemployed machinists and women to get jobs in metals industry
Landlord Initiated Job Placement

- Brooklyn Navy Yard
- Industry City
Presentation Outline

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Economic Development

Establish or identify a non-profit intermediary or consortium, focused on manufacturing/industrial economic development
Role of Non-Profit Intermediary

- City RFP that existing organizations or a new org can respond to
- Recommended ultimately citywide--but start with Central Eastside
- Initiative/organization(s) chartered to deliver technical assistance, education, advocacy, workforce development assistance, assistance finding industrial space, navigating permitting, access to capital – with a goals to:
  - 1) retain and grow manufacturers to generate jobs
  - 2) make stronger connections to communities of need to place workforce into jobs
- Partners with City, receives some City funding (but must leverage additional philanthropic)
- Independent of the government--enables it to build trust in manufacturing/ industrial community and is better ROI on public investment
- Manufacturers/industrial businesses should be represented on the board, should be a 501(c)3 (not a for-profit or trade association C6)
Functions of Non-Profit Intermediary

• Grow Jobs by Growing Businesses – with industry-specific expertise, direct technical assistance and advisory/education to existing and start-up maker-manufacturers around business development, capital, supply chain management, finding industrial space, etc.

• Industrial Workforce/Hiring Programs – working with other community organizations serving targeted populations to connect individual adults to job openings at manufacturers, work with community to establish goals and recommend hiring incentives, creating pathways for advancement over time

• Maker-Based Youth/Educational – establishing educational programs and maker apprenticeships at manufacturers, with high schools and middle schools

• Industrial Policy – working with City partners to evolve policy making it easier to be industrial business in Portland and/or providing workforce hiring incentives (e.g., tax, land use, transit policies and infrastructure)
Funding Possibilities to Seed the Initiative

- CDBG – focus on manufacturing/blue collar jobs citywide
- General fund – targeted investment
- Philanthropy: Raise seed funds from a few key banks (with CRA requirements) and/or local foundations
SFMade: Mission

To build and support a vibrant manufacturing sector in San Francisco, that sustains companies producing locally made products, encourages entrepreneurship and innovation, and creates employment opportunities for a diverse local workforce.
Founding Story

- Founded in 2010 by 12 manufacturers
- Independent 501C3
- First major funders:
  - City and County of San Francisco/Community Development Block Grant
  - Support from major banks and corporations
  - Donations from existing manufacturers
- Original goal: to preserve remaining manufacturing in the midst of the Great Recession
More profitable companies * Larger sector* More jobs* More sustainable local economy

What We Do

Public Education & Policy

Infrastructure

Places to Make

Hiring Made Better

Manufacturing Incubation and Growth Programs

Local Brand/Retail Platform

Start-up, Emerging, and Established Manufacturers

What We Do

Diverse Local Workforce

Workforce Development & Education Partners

Resources and Expertise

Capital Service Partners
Volunteer Advisors
Funding Partners
655 Local Manufacturers
$614M in Total Revenue
$1.4B Total Economic Impact
Presentation Outline

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Real Estate Goals

• Preserve manufacturing square footage and the businesses in the district
• Increase manufacturing square footage in the district
• Maximize FAR for industrial use and industrial office together in target areas
• Facilitate additional parking without creating conflicts with freight loading
Real Estate Actions

• Limit Employment Opportunity Subarea to existing footprint
• In entire IG1, allow density bonus to construct industrial office if new construction retains or creates industrial use on 1-2 floors
• City should provide an incentive for new development on publicly-owned land to include manufacturing as part of its mix of uses (ODOT site and station areas especially)
Southern Triangle

- Encouraged mixed-use industrial development on OMSI property
  - Prohibit residential development
  - Promote retail+production ground floor uses as an additional draw to the museum
- Target biotech development from rail line to Powell
Longer-Term Actions

- Seed investment in non-profit, mission-driven industrial real estate developer to ensure affordable leases for the long-term
- Provide an incentive for development in EXd zone to include some low-cost ground floor space for retail+production businesses
- Encourage more commercial development in other downtown neighborhoods aimed at tech companies
Real Estate and Transportation
Real Estate and Transportation

• Invest in structured parking on ODOT site as part of an industrial office mixed-use plan
• Protect loading zones from conflicts with on-street parking
• Implement a north-south bike lane to separate traffic flows
Several Models
Several Models

- Greenpoint Manufacturing and Design Corp.
- Brooklyn Navy Yard
- PlaceMade, San Francisco
- Riley Area Development Corp. (CDC model)
- Industrial Council of Near West Chicago (450,000 SF with 110 manufacturing tenants who must be out in 3 years)
Presentation Outline
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Conclusions

• Implement a workforce development strategy focused on equity based on data and metrics

• Approach maker-to-manufacturing as a continuum

• Build industry-specific economic development capacity to help industrial businesses scale

• Leverage the industrial office market to ADD and preserve industrial product is brought on line

• Act now to get ahead of the inevitable problem
Thank you to the following people; their assistance and insights were essential to the panel’s work:

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• Farhad Ghatarzde, Greendrop Garage
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• Ken Tomita, Grovemade

Questions

• What is the role of industrial businesses in the Central Eastside in the context of Portland’s economy?
• What do you think is the most important action that could create more job opportunities in the Central Eastside for local residents?