

Thanks to the following people for their support in making this panel possible:

- The Honorable Charlie Hales, Mayor
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- Dennis Allen, Kelly Mann, Sarah DeVita-McBride, ULI Northwest

Portland, Oregon

Industrial Affordability in the Central Eastside



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Urban Land
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Mission:

To encourage and support excellence in land use decision making.

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

--Daniel Rose



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Urban Land
Institute

Mission:

Helping city leaders build better communities

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





Urban Land Institute

Mission:

Providing leadership in the responsible use of land and in creating and sustaining thriving communities worldwide

37,000 members worldwide:

- Developers
- Investors, Bankers and Financiers
- Architects, Designers and Consultants
- Public officials
- Academics



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” ?**

An architectural rendering of a modern industrial and commercial development. In the background, a large industrial building with three red smokestacks and a sign that reads "WE MAKE LTD" is visible. In the foreground, a multi-story commercial building with large glass windows and a yellow-tinted overlay is shown. The building's interior is visible, showing various workspaces, including a warehouse area with a forklift and a retail area with people. To the right, a street scene with parked cars, a white van, and a pedestrian is shown. The overall scene is set against a backdrop of mountains and a clear sky.

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

VISION:

Portland is one of the most globally competitive, healthy & equitable cities in the world.





Central Eastside Employment Distribution

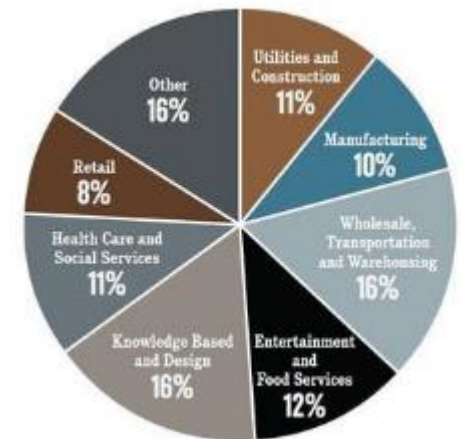
District employment remains dominated by businesses within an industrial classification; however, smaller scale manufacturing and knowledge based industrial businesses constitute a growing percentage of businesses in district.

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.

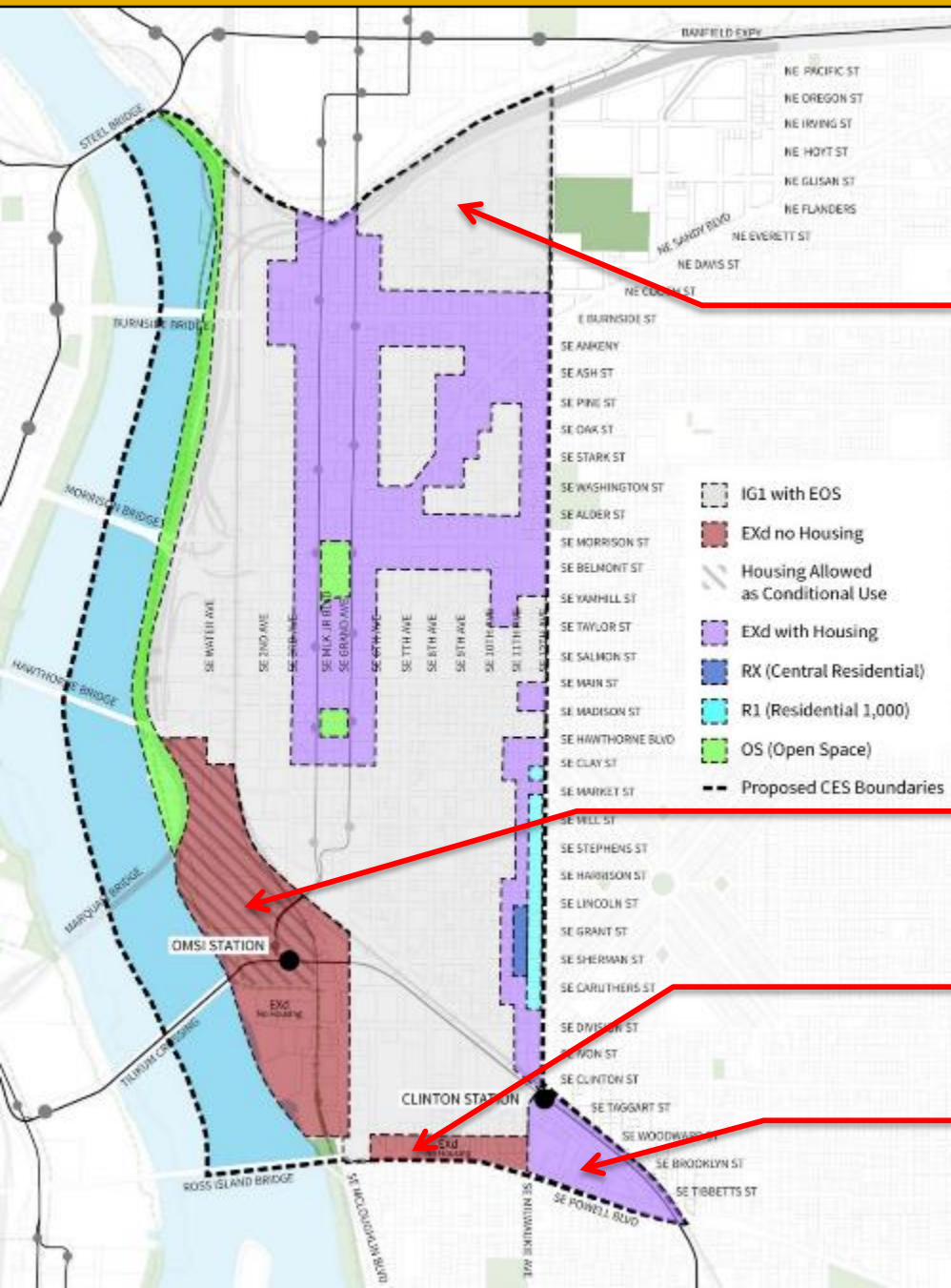
Recent analyses shows continued growth in the district between 2010 and 2013, when approximately 150 industrial, 1,000 industrial office, 270 traditional office, and 240 retail and food services jobs were added.

Employment

9,000 new jobs by 2035



SE Quadrant Plan: Zoning Direction to Meet Employment Goals



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.

SE Quadrant Plan: Zoning Code Amendments

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

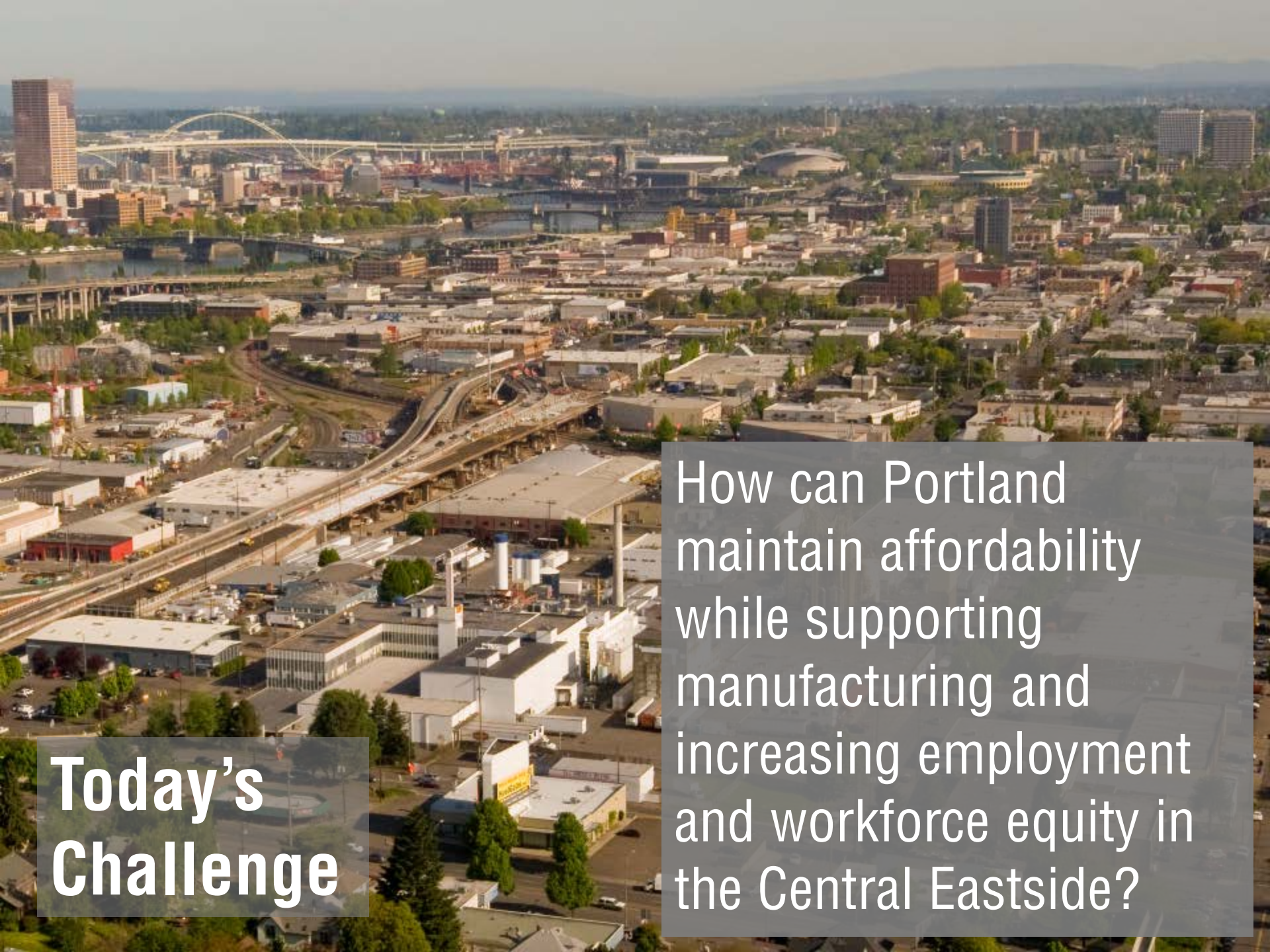
- With new development and rehabilitation projects require the recording of a Industrial Disclosure Statement / Covenant acknowledging that noise, truck traffic, fumes, and other characteristic of an industrial area are expected and will not be acted upon by City unless operating outside of legal established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





Today's Challenge

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



The Panel



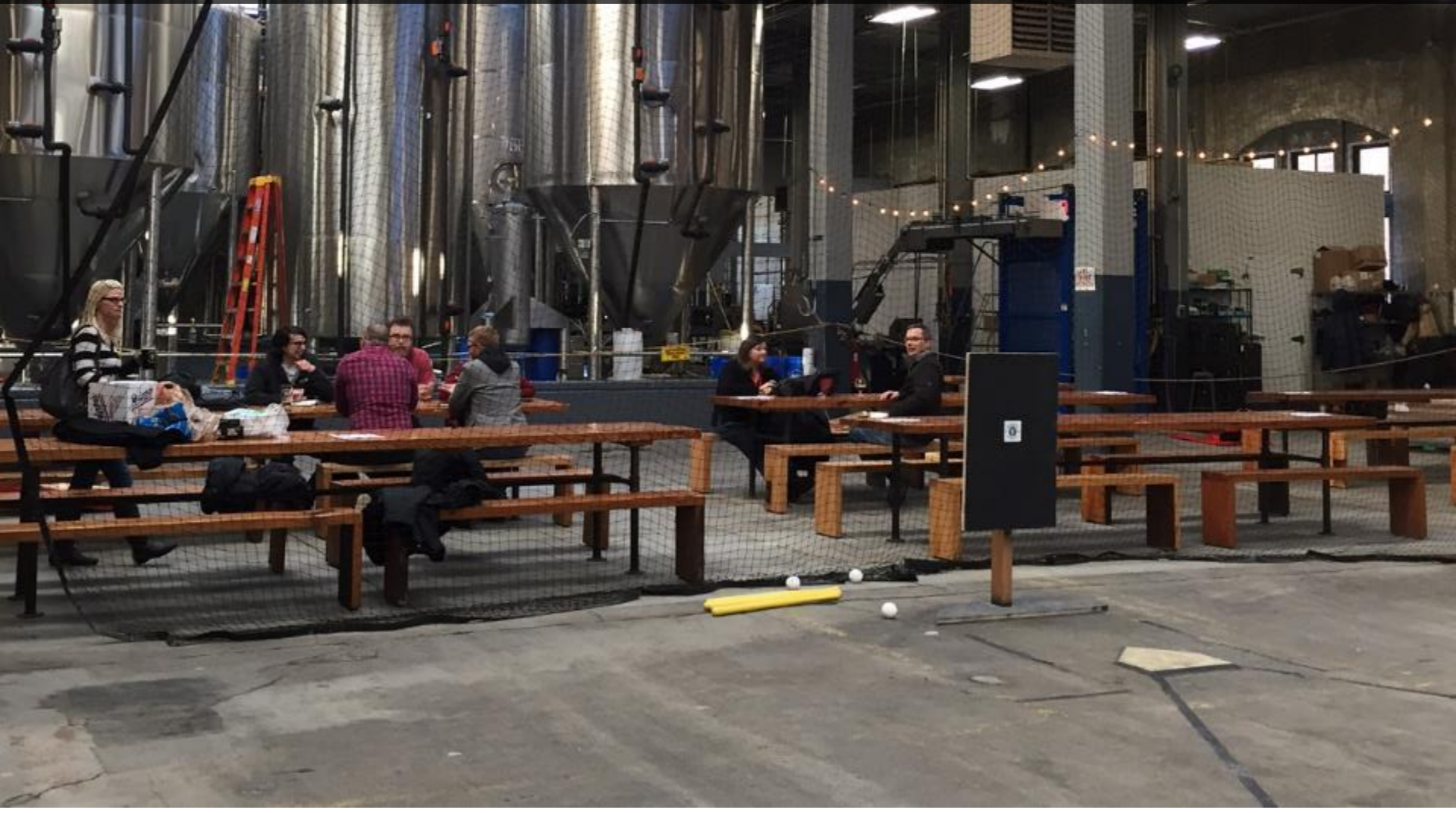
Presentation Outline

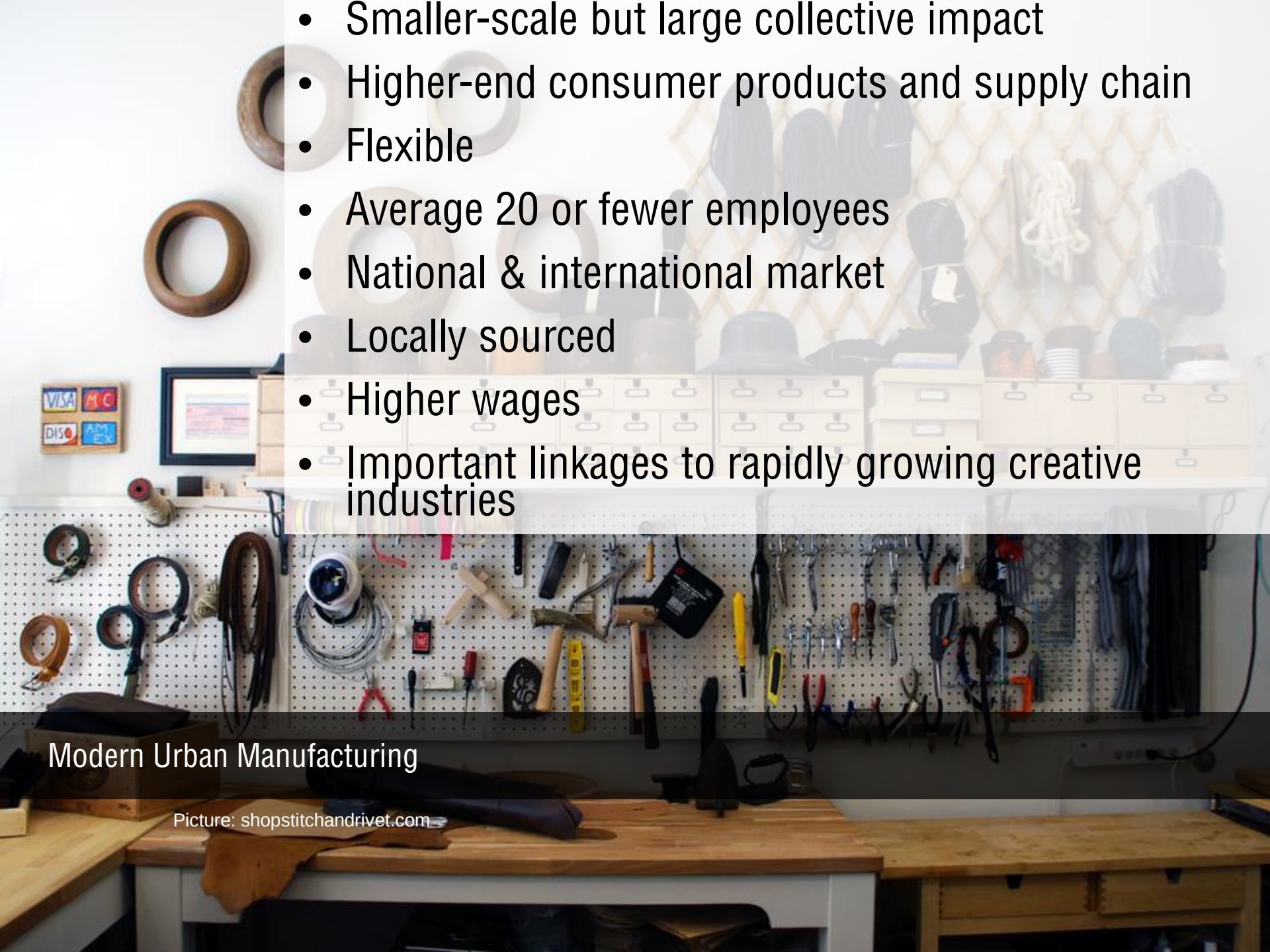
- 1. Urban Manufacturing & Local Opportunity**
2. Equitable Workforce Development
3. Economic Development
4. Real Estate
5. Conclusions



70% of manufacturing businesses have fewer than 20 employees nationally

Includes breweries, production + retail space, hardware fabricators, textile designers...



- 
- 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

Picture: shopstitchandrivet.com

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.



Shared Kitchens – Shared Textile Shop

Source: LA Prep





Craft/Maker Industries



@ilanapreuss

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WHY OPEN A WATCH FACTORY IN DETROIT?



Small Manufacturing + Food Production



Production at Scale

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



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



Jobs are in the industrial sector?



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



WAGES IN BOSTON

\$8

Minimum hourly wage
\$17k/year

\$17.50

Retail median hourly wage
\$37k/year

\$24.50

Industrial median hourly wage
\$51k/year

Where is the industrial sector in Boston?

JOBS IN BOSTON

JOBS IN INNER CITY BOSTON

Where are industrial jobs in Boston?



NEWMARKET SQUARE,
DORCHESTER, MA

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

NEWMARKET SQUARE SUPPLIES BOSTON'S:



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

CLINIC
Center



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



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JARC PROGRAMS

CAREERS IN MANUFACTURING PROGRAMS (CMP) [more →](#)

- CNC Machinist Fast Track: 20 Weeks, 500 Hours
- Press Brake Fast Track: 10 Weeks, 250 Hours
- Welding Fast Track: 14 Weeks, 350 Hours
- Women in Manufacturing Program

GET STARTED

If you would like a program coordinator to contact you, please complete the form below.

Name

Email Address

Landlord Initiated Job Placement

- Brooklyn Navy Yard
- Industry City





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2. Equitable Workforce Development
- 3. Economic Development**
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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

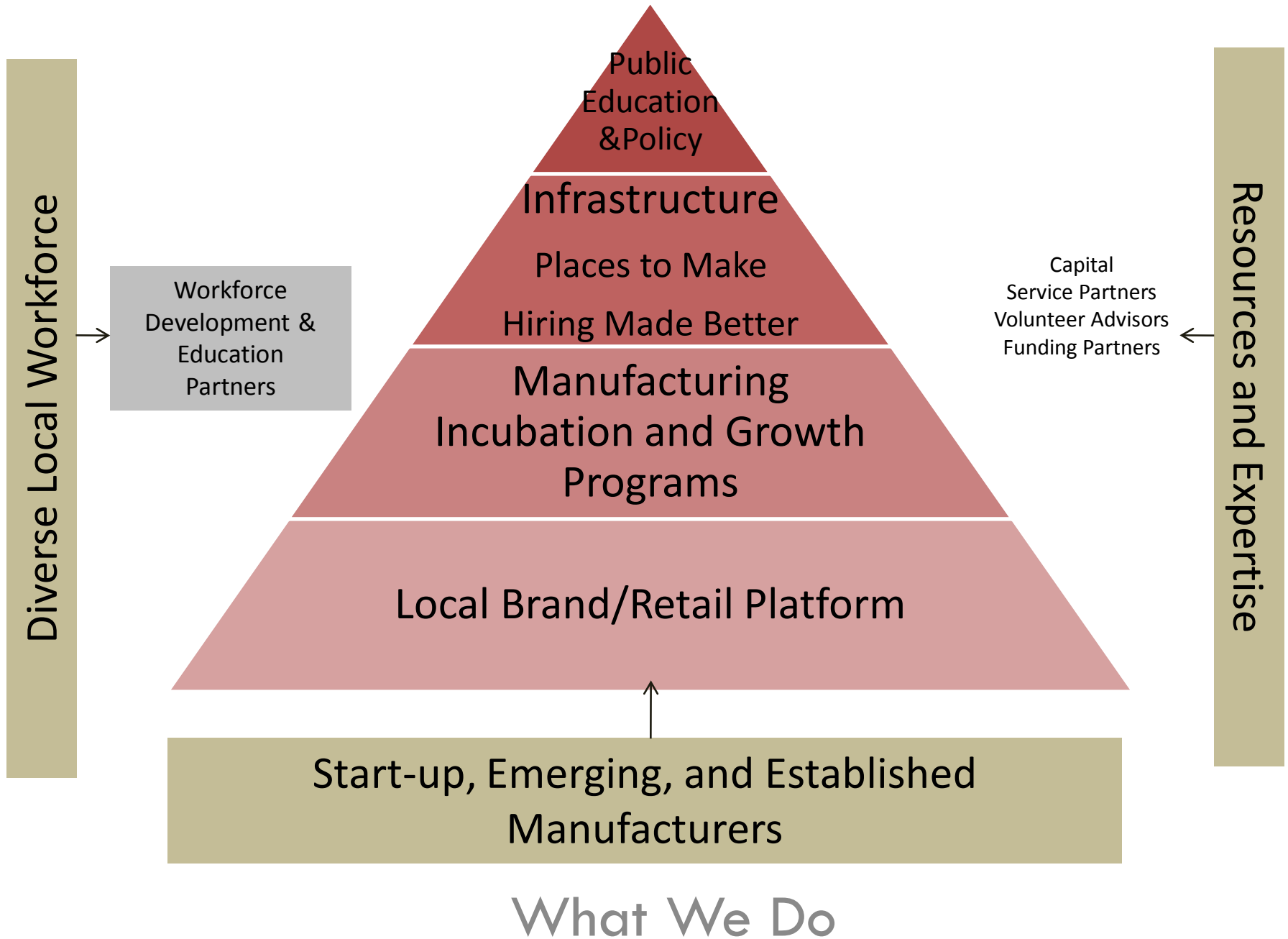
To build and support a **vibrant manufacturing sector** in San Francisco, that sustains companies producing **locally made products**, encourages **entrepreneurship** and **innovation**, and creates employment opportunities for a **diverse local workforce**.



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



655 Local Manufacturers

\$614M in Total Revenue

\$1.4B Total Economic Impact



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Real Estate Goals



Real Estate Goals

A stylized, light-colored illustration of an industrial district street scene. It features multi-story brick buildings with many windows, a yellow delivery truck, a yellow van, and a white semi-truck. Pedestrians, including a person with a bicycle and a person walking a dog, are visible on the sidewalks. The scene is set on a street with crosswalks and a traffic light.

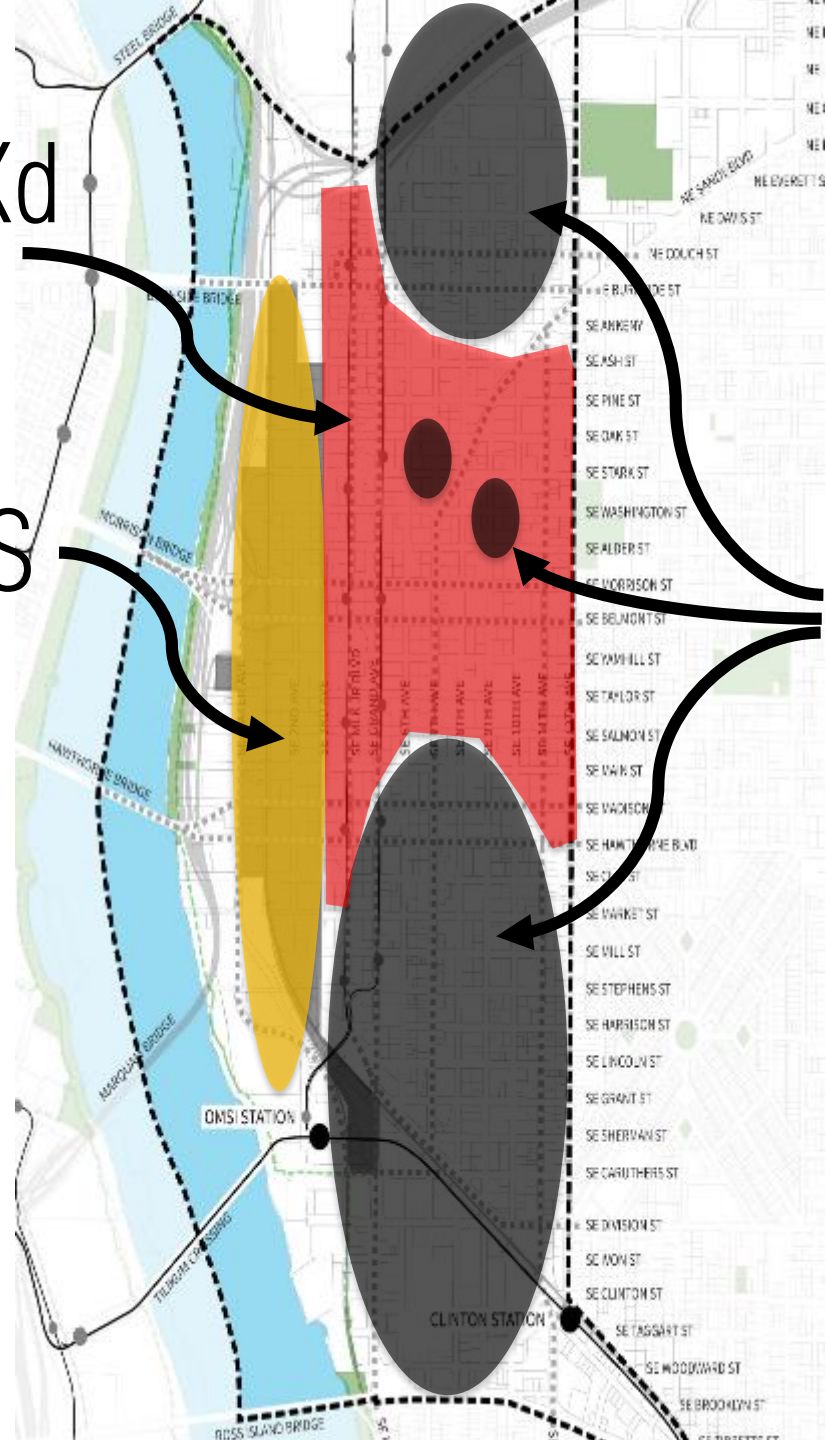
- Preserve manufacturing square footage and the businesses in the district
- Increase manufacturing square footage in the district
- Maximize FAR for industrial use and industrial office together in target areas
- Facilitate additional parking without creating conflicts with freight loading

Real Estate Actions

Current EOS

EXd

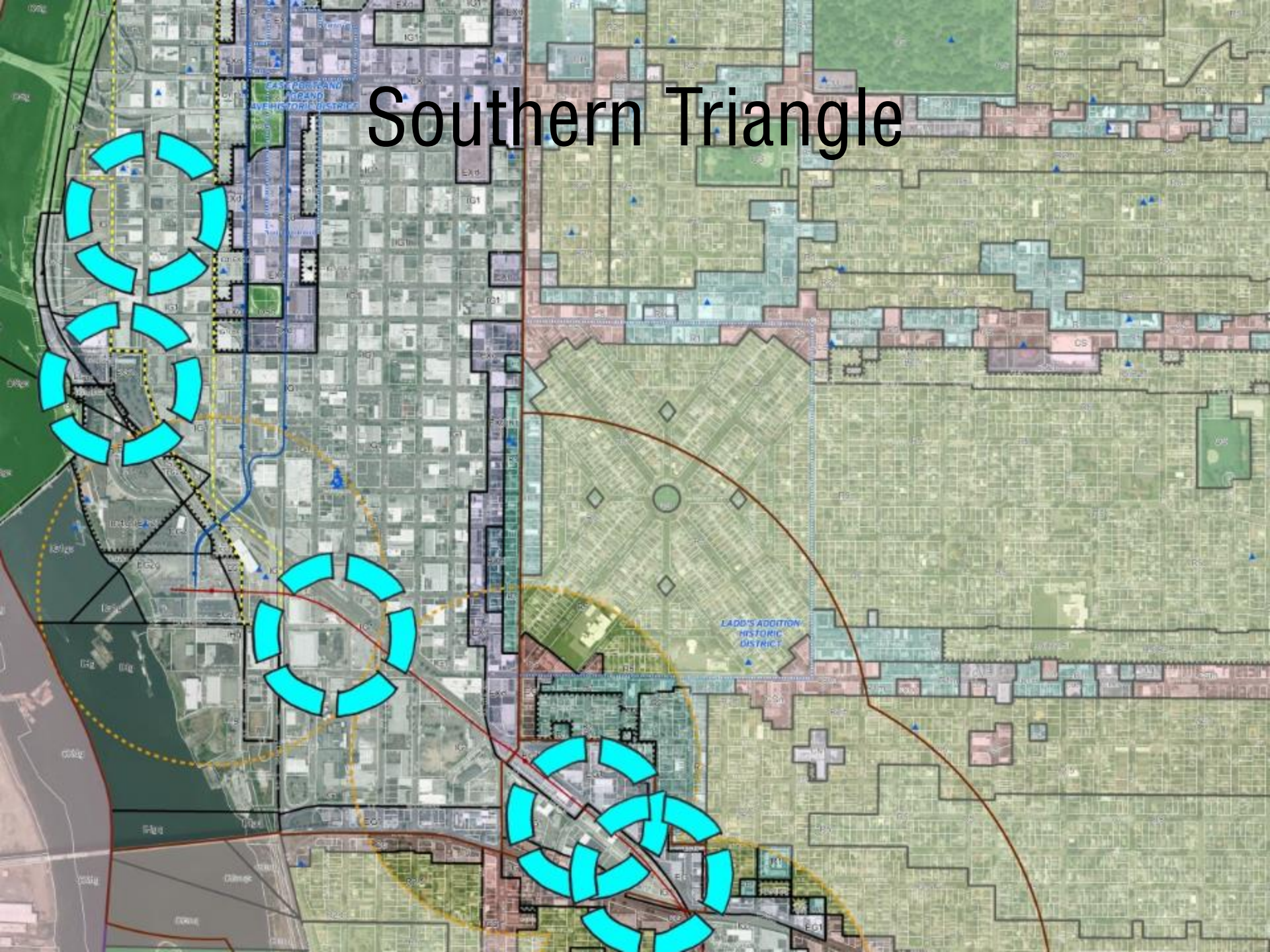
IG1



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



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

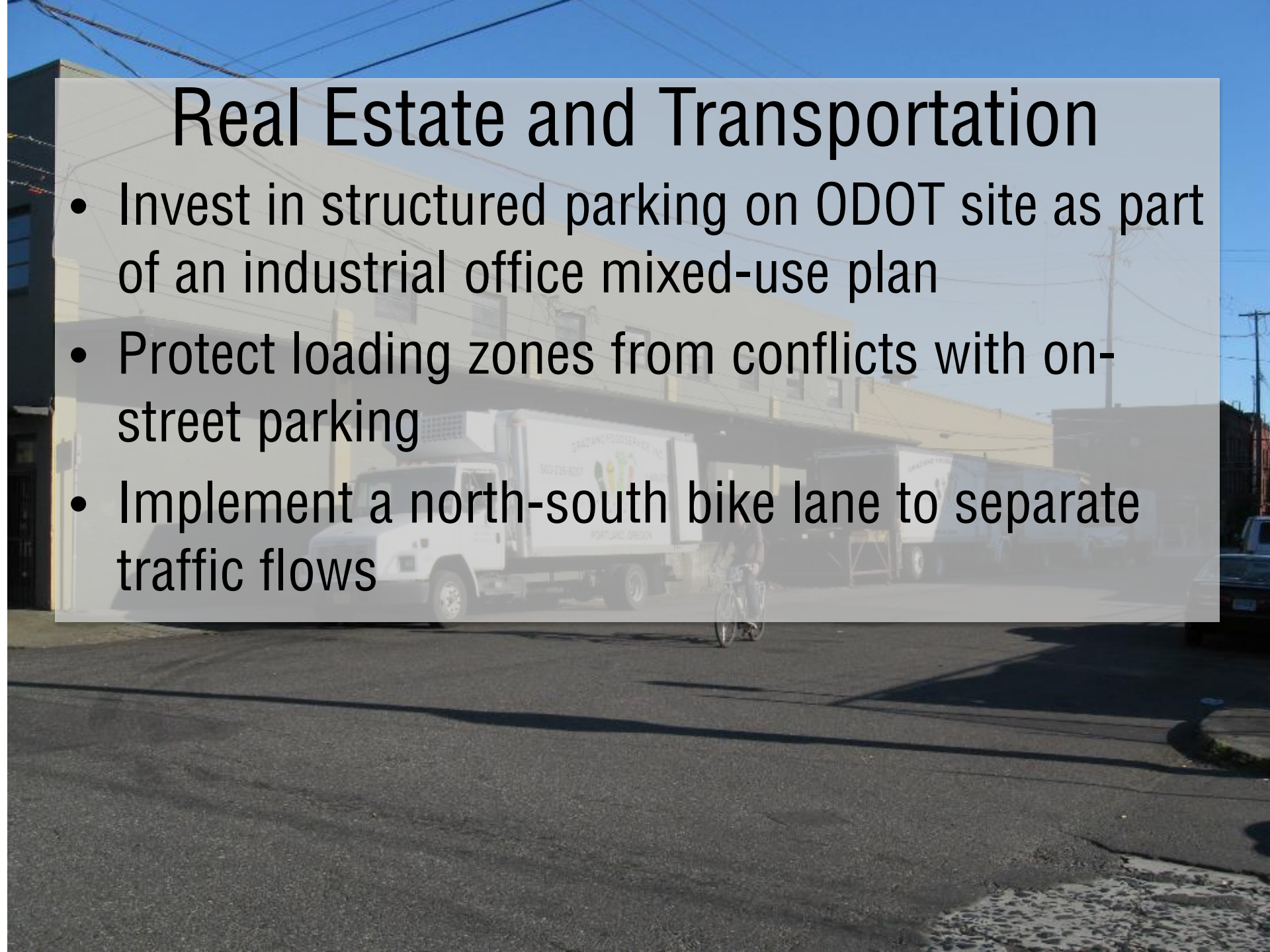
- Seed investment in non-profit, mission-driven industrial real estate developer to ensure affordable leases for the long-term
- Provide an incentive for development in EXd zone to include some low-cost ground floor space for retail+production businesses
- Encourage more commercial development in other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

Real Estate and Transportation

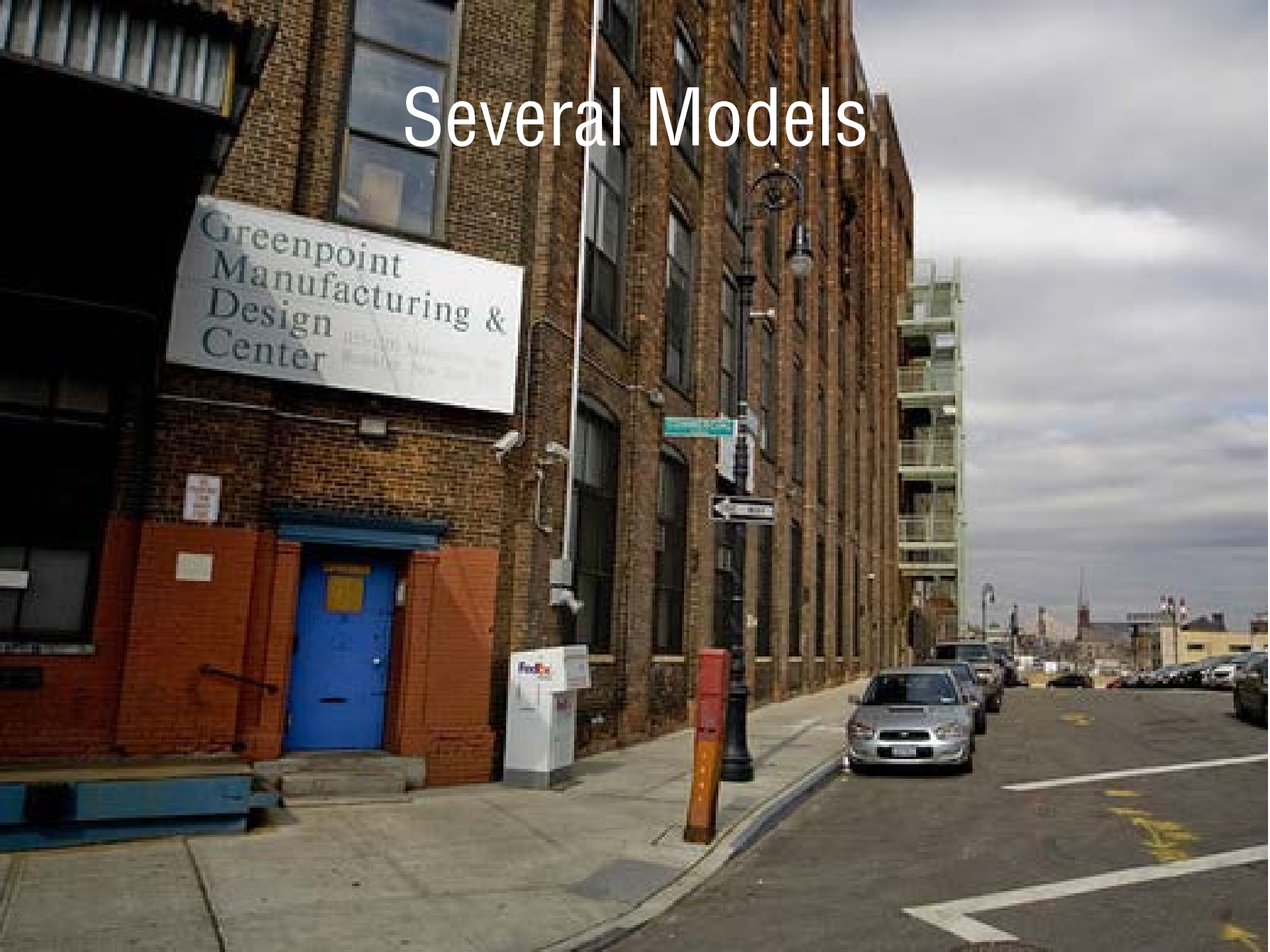


Real Estate and Transportation

- 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)



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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

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Lisa Abuaf, Portland Development Commission | Kimberly Branam, Portland Development Commission | Tyler Bump, Bureau of Planning and Sustainability | Ken Clock, Clock Associates | Justin Douglas, Portland Development Commission | Farhad Ghatarzde, Greendrop Garage | Kevin Johnson, Portland Development Commission | Tom Keenan, Portland Bottling Company | Debbie Kitchin, Interworks | Brad Malsin, Beam Development | Jonathan Malsin, Beam Development | Denise McMarty, Oregon Bioscience Association | Dennis McNannay, Oregon Bioscience Association | Christine Mosher, Sign Wizards | Cal Noling, Stormwater Rx | Dave Otte, Holst Architecture | Sam Pardue, Indow Windows | Emma Pelet, Pelet Properties | Matt Preston, ADX | Robin Scholtzky, Central Eastside Industrial Council | Rindert Schutten, Schuttenworks | Shawn Small, Ruckus Composites | Ken Tomita, Grovemade | Maria Toth, Refuge PDX | Sarah Turnstall, Spooltown | Joe Zehnder, Bureau of Planning and Sustainability

The Local Panel

- Farhad Ghatarzde, Greendrop Garage
- Brad Malsin, Beam Development
- Kelley Roy, ADX
- 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?