

SUMMARY

Tacoma Station Area Plan Expert Panel Meeting

October 25, 2012

1:30 – 3:30 pm

City of Milwaukie, City Hall, Second Floor Conference Room

Following is a summary of a meeting of development advisors conducted at City Hall on October 25, 2012 for the Tacoma Station Area planning process. The purpose of the meeting was to review preliminary redevelopment scenarios prepared for the Station Area and discuss a number of questions related to the feasibility of developing these scenarios in the future. The expert panel members were invited to provide their general perspective on the feasibility of redevelopment in the station area. The meeting was not for the purpose of soliciting development activity by any expert panel members for properties in the station area, and the expert panel members volunteered their time and input for the meeting.

Participants

Consulting Team

Brendan Buckley, Johnson Reid
Matt Hastie, Angelo Planning Group
Jerry Johnson, Johnson Reid

City of Milwaukie and Oregon Department of Transportation Staff

Ken Asher – City of Milwaukie
Steve Butler – City of Milwaukie
Gail Curtis – ODOT
Ryan Marquardt – City of Milwaukie

Expert Panel Members

Kira Cador – Rembold Co.
Catherine Comer – Clackamas County Economic Development Department
Noel Johnson – Killian Pacific
Kathy Krygier – TriMet
Tom Kemper – Kemper Co.
David Leland – Leland Consulting
Bruce Wood – Foundation Real Estate

Introductions, Presentation and Discussion

Steve Butler welcomed participants and thanked them for their participation. He also described other potential development opportunities in Milwaukie, including plans for a site near the future Downtown Milwaukie light rail station.

Matt Hastie then presented an overview of the Tacoma Station Area planning process and the three redevelopment scenarios identified to date. Comments and questions about the planning process and study area included the following:

- This is still a viable industrial employment area with some recent investment.
- There are some significant barriers to large-scale redevelopment, such as some existing uses that are viable and intend to remain in place for many years.
- There are barriers to access making site difficult for some land uses, such as customer-heavy retail.
- How dirty are these sites? It is unknown, but presumed that many are polluted from prior manufacturing and other activities.
- Employment densities are very low in this area, averaging about six employees per acre.
- There is a large Oregon Liquor Control Commission (OLCC) main warehouse across the highway to the west of study area. It's presence in the area may be affected if the liquor control system changes.
- If the city is considering zoning changes within the study area, the employment area to the west should be considered as well.
- Why was the study area limited to this area (i.e., the east side of McLoughlin Blvd? *Response: Most likely for two primary reasons. First, because the area east of McLoughlin is closest to the future light rail station and most impacted by it, given that McLoughlin acts as a barrier. Second, because the budget for the project was limited and it was assumed that studying the area on both sides of McLoughlin was beyond the resources available.*

Preliminary Redevelopment Scenarios

Comments related to this topic included the following:

- This is already an employment area. Why not concentrate on making it better at what it already does? *(Note: This was a primary recurring theme throughout the discussion.)*
- There is a need to support and build Main Street in the downtown, not compete with it. Use downtown as the city's mixed-use center.
- Maybe we shouldn't try to do everything (i.e. full mixed use) in every station area.
- It may be tough to create a "destination" here with downtown Milwaukie and Sellwood nearby. The study area may compete or be enhanced at the expense of these areas. The study area has advantages as an industrial area. It is still near the central city and may be good location for industrial businesses displaced from inner Portland. It is not ideal for new warehousing being off the freeway, so warehouse businesses could be replaced with higher-density employment users over time.
- You'll need a plan for transition over time to ensure you aren't forcing good businesses out of the area.
- The Central Eastside Industrial District could be model for long-term changes here, including adaptive reuse. This area could be a model for zoning for creative reuse.
- Others pushed back on this idea during the discussion, pointing out that the Central Eastside zoning can actually be restrictive and overly complex, and is pushing out some types of businesses. The study area could benefit from being flexible and open, to welcome industrial businesses instead of trying to phase

them out. In general, several of the developers voiced support for fewer limitations, believing that greater employment density would come with time. Make it easy to locate new businesses or expand existing businesses, including by limiting the need for traffic studies, providing information about environmental cleanup funding, ensuring that infrastructure and utilities are available and being flexible with the zoning.

- What does the city think about keeping an employment focus in this area? *City staff response: We don't see it as imperative that the area be mixed-use residential. We would like to intensify the use over time but are open to other feasible development scenarios.*
- Portland is working on an employment transit oriented development (TOD) model, which may be a good approach here.
- ODOT is focused foremost on increased access through rail, bike and pedestrian connections. They anticipate that McLoughlin will stay basically the same, so the alternative modes will be bringing the additional people to the area, and the plan should reflect that. They also have concerns about adding some types of uses such as residential, due to negative externalities from the businesses like diesel fumes, and rail noise.
- What about adding left-turns into/out of the area (e.g., at Ochoco)? *ODOT response: Current congestion areas are at Harrison and Tacoma, so there may be some room to add a left turn at other existing intersections like Ochoco (i.e. absorb additional congestion in the middle, near the study area).*
- Ochoco is an opportunity area, particularly if there is baseball or similar redevelopment on the ODOT site. There is potential for some retail commercial at Ochoco entrance. Anderson Die has invested a lot of money into their property and business, which may limit the potential for changes in use or redevelopment north of Ochoco.
- Employment should be the primary use, with other uses restricted or only secondary. Residential use should be prohibited on the east side of McLoughlin, due to conflicts with industrial uses. Access issues may also make it untenable.
- On the other hand, residential use on the west side of McLoughlin, north of Ochoco appears to be feasible. That area is closer to and more accessible to other residential areas and is also relatively close to the station. It makes more sense there from an access and market perspective.

Transition to More Intense Employment Uses

Comments related to this topic included the following:

- What is the city's appetite for providing incentives for future development or redevelopment in this area? *City response: It is already an Enterprise Zone, but other incentives would likely be politically difficult.*
- Another challenge would be the cost to the developer of adding public improvements to roads and intersections. Residential development would be difficult short of wiping a large area clean, because small residential developments would be too close to adjacent industrial uses. There are a lot of owners and even more tenants here. It would be very tough to get them on the same page for one or two large developments.
- Suggest making zoning hyper-flexible and then getting out of the way.
- Don't make existing uses non-conforming. This causes problems and uncertainty for current owners and tenants who want to make new investments in the current uses or buildings, or sell the property.
- Some of the owners are thinking ahead to redevelopment and making acquisitions. So we shouldn't assume that there is no interest in assembling land for larger-scale redevelopment.

Strategies for Achieving New Vision including Public Investments and Parking

Comments related to this topic included the following:

- We need to have realistic expectations and vision. The capital and scale for public projects is becoming more constrained and causing fiscal problems for some jurisdictions. We may be seeing a bit of a sea change in the scale of public projects. You may want to dial back expectations for major change in the study area and concentrate on the downtown.
- The Central Eastside recently changed the definition of industrial use to include office users. Recommend dialing back some of the fees and requirements required to build or modify space. Provide certainty that permitting process will be relatively quick and straightforward. This means being flexible in zoning and avoiding too much complexity in the code.
- Sufficient parking will remain important. Employers will look for it despite the multi-modal connections. Parking can actually become more important as uses intensify. One panelist noted an example of a big user in the Lloyd District who is dealing with parking shortage despite rail and other access.
- The Central Eastside overlay actually creates some difficult situations and complexity. You should be wary if using it as a model. Instead, go with flexible zoning that specifies what we don't want here (e.g., big box stores), rather than getting overly-specific about what we do want.
- How much is parking a problem now? *Response: Parking supply has been an issue in the area and a recent inventory indicates very high utilization in the northern part of the study area. Overall, the area appears to be under-parked compared to city standards and typical parking ratios.*
- Employers need parking, and intensifying uses will likely create the need for more new parking, not the same or less. Having an inadequate supply of parking can turn some companies away.
- There may be a long-term need for a parking structure here to work with local employers, park and ride, etc.
- A parking structure would save future land developers and employers development costs, possibly making redevelopment more feasible.
- Milwaukie and Clackamas County have a better tax structure than Multnomah County, and yet this area is still very close-in. That gives it a good competitive advantage for employment uses.
- The further you get from a market-driven approach, the more subsidy required to get financing. Financers are looking at the market-driven highest and best use and the further you get from that, the more costly it is for the developer. This makes public subsidy necessary to get projects off the ground as envisioned, or even as required by code.
- Let's remember that we have the ODOT site as a large key site to get the development type you are looking for. ODOT should pursue a competitive RFQ to get a project they like, rather than just selling the land as surplus.
- Provide more emphasis on flexible zoning, avoiding minimum requirements for density, parking or employment.
- At the same time, if you have a specific long term vision, you need some minimum requirements to ensure that conflicting investment doesn't occur. Others emphasized that this is no longer a great location for warehousing, and if they are redeveloped, more intense employment uses would likely replace them.
- If the city can answer questions now about environmental clean-up, do transportation and utility studies now, so that information is available to give to developers when the time comes, that will really benefit future developers and improve the chances of getting the type of development that you are looking for.

Summary

Matt Hastie briefly summarized the discussion as follows:

- Residential is not a good fit for the study area, at least on the east side of McLoughlin. It is a better fit for area to the west, across McLoughlin, from the station and park and ride.
- This is already a functional employment area. Why not concentrate on making it better at what it already does?
- Limit initial public improvements to ensure that the city doesn't overextend itself or siphon money away from needed downtown improvements. Have private partners involved and committed before public spending goes too far.
- Don't compete with the downtown.
- Don't plan on big master developments. Recognize the fragmented nature of ownership and focus on incremental transition over time.
- Create flexibility in zoning, which brings predictability for developers that code and permitting is straightforward.
- Consider the ODOT site as a very significant asset and opportunity to create the type of development that the city envisions in the area in the long term.
- Consider adding a left turn at Ochoco to improve access to the area.