



Commissioner Nick Fish
City of Portland

DATE: June 17, 2016

TO: Mayor Hales
Commissioner Fritz
Commissioner Novick
Commissioner Saltzman

FROM: Commissioner Fish

SUBJECT: Terminal One North

You are likely aware of recent discussions concerning the use of Bureau of Environmental Services (BES) property known as Terminal One North (T1) as a site for a homeless shelter/services facility. I applaud the private sector leadership driving this innovative, creative proposal, and support the concept of the “Oregon Trail of Hope.”

However, there are a number of practical considerations and challenges with the T1 site. A brief history of this site, an update on the surplus property disposition process, and a summary of the technical, timing, and financial challenges associated with the proposed use are outlined below.

- T1, formerly Port of Portland property, was purchased by BES in 2004 as part of the Big Pipe project. It provided a staging area for the massive components of the Big Pipe. With the completion of the Big Pipe, BES no longer needs the property.
- On August 27, 2014, the Council authorized taking T1 through the Surplus Property disposition process. The internal and external notification process resulted in no interest from City bureaus or other agencies and no concerns about its sale.
- There has been some delay in bringing the property to market because of the need for lot consolidation, lot line adjustments, and finalization of BES easements (the property has an access point to the west-side Big Pipe that must be maintained).

- BES contracted with a commercial broker and the property will be offered for sale mid-July. According to our broker, due the shortage of industrial land citywide, we will receive offers at a premium above the assessed value of \$8.6M. We already have significant interest in the property and have made it clear that we will favor offers that meet zoning requirements and can quickly result in family-wage jobs.
- All revenue from the sale will be placed in the BES Construction Fund. With a sale expected to bring more than \$10M, this will allow BES to delay future bond sales and may result in lower rate increases.

The Bureau of Planning and Sustainability has provided us with additional information about the site's Comprehensive Plan map designation and zoning. Below is a snapshot of the facts and initial staff analysis of the challenges of approving the proposed use on this site.

- Site size: 14 acres
- Comprehensive Plan – Industrial Sanctuary
- Zoned IH – Heavy Industrial
- Willamette Greenway River Industrial Overlay Zone
- Metro Title 4 Regionally Significant Industrial Area (RSIA)
- Comprehensive Plan – Prime Industrial Area

Summary

The current IH zoning does not allow for shelters or schools, and the Greenway River Overlay Zone requires river-dependent uses. Therefore, a Comprehensive Plan amendment/zone change would be needed. A Comprehensive Plan amendment would be difficult due the shortfall of Harbor Access Lands and the City's compliance with Goal 9. Additionally, the site is designated by Metro as RSIA, which limits conversions.

Finally, and importantly, the City would need to wait until 2018 for LCDC (Land Conservation and Development Commission) to acknowledge the Comprehensive Plan *before* proceeding with map amendment.

Zoned IH – Heavy Industrial

Schools are not allowed. Community Service uses larger than 3,000 square feet of net building area are a Conditional Use. Short-term housing and mass shelters of any size are prohibited.

Willamette Greenway River Industrial Overlay

The Overlay Zone encourages and promotes the development of river-dependent and river-related industries which strengthen the economic viability of Portland as a marine

shipping and industrial harbor, while preserving and enhancing the riparian habitat and providing public access where practical.

In the River Industrial zone, uses that are not river-dependent or river-related may locate on river frontage lots when the site is found to be unsuitable for river-dependent or river-related uses. Considerations include such constraints as the size or dimensions of the site, distance or isolation from other river-dependent or river-related uses, and inadequate river access for river-dependent uses.

Economic Opportunities Analysis (EOA)

T1 is located in the Harbor Access Lands geography of the EOA, which currently has a 25-acre shortfall. Converting this site to a non-industrial use would increase that shortfall to 39 acres, and it is not likely that the increased shortfall could be covered by adjacent industrial geographies.

Additionally, while City Council has adopted the EOA, it still must be acknowledged by LCDC before it is effective. That process is expected to take until early 2018.

Comprehensive Plan – Prime Industrial Area

Comprehensive Plan Policy 6.38.b requires that we “Limit conversion of prime industrial land through land use plans, regulations, or public land acquisition for non-industrial uses, especially land that can be used by river-dependent and river-related industrial uses.”

Metro Title 4 Regionally Significant Industrial Area (RSIA)

Metro requires RSIA map changes to demonstrate that if the map designates the property as Regionally Significant Industrial Area, the subject property does not have access to specialized services, such as redundant electrical power or industrial gases, and is not proximate to freight loading and unloading facilities, such as trans-shipment facilities.

LCDC Periodic Review

There are issues with the timing of any map changes that limit our ability to make Comprehensive Plan map amendments until the new Comprehensive Plan is effective. That is expected to happen in early 2018.

Conclusion

In light of the technical, legal, and practical challenges outlined above, I do not believe that “Oregon Trail of Hope” is an appropriate use for T1. However, this is an exciting idea and I encourage Council to undertake a broad survey of all available land (public and private) to identify a more suitable site.