



# NE MLK Jr. Blvd. Revitalization Report

## September 2004





## **NE MLK Jr. Blvd. Revitalization Report September 2004**

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## I. Purpose of Study

For over 10 years, the Portland Development Commission (PDC) has been participating in the revitalization of areas on and around NE MLK Jr. Blvd. This work is guided by the Oregon Convention Center Urban Renewal Area (OCCURA) Plan. A primary goal of the OCCURA plan is to coordinate with the objectives and principles of the Albina Community Plan (ACP), adopted in 1993. PDC is listed as one of 100+ “implementors” for the ACP, and has tailored its activities to address specific ACP recommendations.

The MLK Advisory Committee is a group of neighborhood stakeholders that meets quarterly to advise PDC on NE MLK Jr. Blvd. revitalization work. During a fall 2003 meeting, the committee discussed a series of challenges facing PDC projects in the area. Staff and committee members agreed on the need to study PDC’s efforts in conjunction with an investigation of the general challenges and issues that affect revitalization on NE MLK Jr. Blvd.

Over a period of six months, data was collected from objective sources such as the US Census, along with anecdotal evidence gleaned from interviews with neighborhood stakeholders and PDC staff. The analysis and assessment in this report is meant to be a starting point for addressing the issues and challenges associated with development on NE MLK Jr. Blvd. More specifically, this document is intended to:

- discuss important issues that affect revitalization efforts
- consider actions that could be taken to address specific challenges
- identify next steps to implement some of these potential solutions

PDC welcomes comments, feedback, and discussion that will lead to better solutions to the issues and challenges inherent in working towards the ACP vision for NE MLK Jr. Blvd.

## II. Significant changes since ACP adopted

### A. Demographics [See Appendix A.2-6; B.2-5]

For this study, 13 census tracts surrounding NE MLK Jr. Blvd. were analyzed. Results are reported by tract, and compared to aggregate figures for different zones, as well as numbers for Portland as a whole. Between 1990 and 2000, population in the study area increased by 10 percent, slightly higher than average Portland growth rate of 9 percent for the same period. However, the racial makeup of the area has shifted dramatically. The number of White, non-Hispanic residents grew by 20 percent compared with a 13 percent loss in African-American residents. In 1990, African-Americans were the largest racial/ethnic group in the study area, making up 45 percent of total population. By 2000, that

fraction had dropped to 36 percent, with corresponding increases in White, Hispanic, and Asian residents.

### **B. Crime Rate** [See Appendix A.10-13]

As part of a report on a proposed expansion of the Oregon Convention Center Urban Renewal Area (OCCURA), 1991 crime statistics were compiled for six neighborhoods surrounding NE MLK Jr. Blvd. A similar study of 2003 figures revealed a significant drop in crime rate per 1000 residents: 158.2 in 2003 compared with 163.2 in 1991. During the same period, the average crime rate/1000 for the city of Portland increased to 146.5 from 132.9, due largely to an increase in the number of reported larceny and vehicle theft incidents. Violent crime (including murder, sexual assault, assault, and robbery) is generally lower in Portland today, but the reductions seen in neighborhoods surrounding NE MLK Jr. Blvd. are more significant. For example the King neighborhood, which saw seven murders and 148 robberies in 1991, was down to one murder and 49 robberies in 2003.

### **C. Home ownership and property values** [See Appendix A.3,7-8; B.32-33]

When the ACP was adopted in 1993 a major concern was middle class flight to suburbs along with low property values and rates of home ownership. Ten years later the trend has reversed, with increases in home ownership and property values that far outstrip the Portland average. For example, the average home value rose 161 percent (adjusted for inflation) in our study area, compared with an average increase of 105 percent in Portland.

### **D. Income, Poverty and Education** [See Appendix A.3; B.13-14,46-47]

As measured by the 2000 census, areas surrounding NE MLK Jr. Blvd. still have some of the highest poverty rates in Portland. However, the general trend over the past 10 years is that poverty has become more dispersed throughout the metro region, with much of inner N/NE Portland seeing a decline in the number of people living in poverty. Census data for tracts surrounding NE MLK Jr. Blvd. follow this pattern with household income rising at rates much higher than the Portland average. For example household income in the study area rose to \$33,184 in 2000, from \$24,693 in 1990 (adjusted for inflation). This increase of 34 percent compares with an increase of 20 percent for the city as a whole during the same period. Large increases were also seen in the number of adults holding a bachelor's degree (115 percent in the study area compared with a Portland average of 46 percent gain). On the other hand, K-12 education in the area has struggled, with Jefferson High School losing enrollment due (in part) to low academic ratings. Also the majority of middle school students in the poorest areas failed to meet state reading benchmarks.

#### **E. Commercial Improvements** [See Appendix A.15-17]

A 1992 lot-by-lot analysis of property in the proposed OCC URA expansion measured economic value by the ratio of improvement value to land value (I:L). The average ratio for all lots in the expansion area was found to be 2.05:1. A similar analysis using 2003 property values yielded a ratio of 2.19:1, still far below figures seen in healthy, blight-free regions of a typical American city. However, these numbers mask the effect of 300 percent growth in land values. A better measure of the progress in the area might be had by looking at the improvement value per unit area (in dollars per square foot). By this measure, improvement value increased to \$20.33/sf from a 1992 figure of \$7.30/sf (adjusted for inflation). Analysis of all properties on NE MLK Jr. Blvd. (between Broadway and Portland Blvd) came in even higher at \$27/sf. The highest gains were seen in residential property, although significant gains were made on commercial and mixed use properties, led by projects such as the Walnut Park retail center and the Standard Dairy redevelopment.

#### **F. Business Activity** [See Appendix A.14]

An objective measure of business activity is the ES202 database, compiled by the State of Oregon from all businesses that have employees. An analysis of 230 tax lots adjacent to NE MLK Jr. Blvd. (between Broadway and Portland Blvd.) found increases in the number of companies and also the number of jobs. Data in 2002 show 1,984 jobs provided by 125 employers, up from 1,867 jobs and 95 companies in 1996. The increase in business activity is accompanied by a 20 percent drop in both the mean and median company size (as measured by number of employees). This data suggests that small businesses are playing a vital role in revitalization of commercial activity on NE MLK Jr. Blvd.

### **III. PDC Implementation Strategy and Progress**

PDC has been extremely active since 1993 in implementing projects and programs to support revitalization efforts. Since adoption of the ACP and its associated neighborhood plans, the Commission has emphasized the following approach to revitalization on NE MLK Jr. Blvd.

#### **A. Infrastructure Improvements**

PDC has funded and helped plan three stages of streetscape improvements on NE MLK Jr. Blvd. Planning and engineering work has been initiated for a fourth phase of the project, running from Alberta St to Killingsworth St and Ainsworth St to Portland Blvd. Final planning for these sections depends on progress with Vanport Square (discussed below). Work began in July 2004 on repaving of all other sections of NE MLK Jr. Blvd. from Columbia Blvd to Burnside; construction should be complete by October 2004.

## **B. Development at Key Nodes**

PDC has assembled parcels of land at several locations along NE MLK Jr. Blvd. in order to facilitate significant new development. The following projects are currently active:

1. **Piedmont Place.** An important mixed-use project, based on a broad community vision, is planned for the corner of NE MLK Jr. Blvd. and Portland Blvd. The vision anticipates approximately 50 units of rental housing and 11,000 s.f. of retail in a signature development. The developer (City Urban Partners) for phase I of the project is currently applying for entitlements and finalizing construction drawings for building permits. Site control for Phase II of the project was obtained in January 2004, and the process for developing an RFQ/RFP for solicitation has begun.
2. **6360 NE MLK Jr. Blvd.** A Disposition and Development Agreement (DDA) has been approved by the PDC Board for the National Meeting Co. to purchase 6360 NE MLK Jr. Blvd., a former dairy located just south of Portland Blvd. The company plans to redevelop the building to serve as their new headquarters office and warehouse.
3. **Vanport Square.** A significant retail development is planned for three blocks between Alberta St. and Killingsworth St. New interest from local residents prompted re-establishment of the Vanport Project Advisory Committee (PAC). A letter of intent has been signed with an anchor tenant grocer to consider locating in the new center. In recent months, PDC has worked to complete property assembly through acquisition of Multnomah County property as well as four adjacent single-family homes. Meanwhile, the final phase of environmental remediation has begun on parcels already owned by PDC.
4. **Heritage Building.** The PDC Board has approved a DDA for The Heritage Building, LLC to redevelop the old Weimer Warehouse building located at 3934 NE MLK Jr. Blvd. The completed project is expected to provide 29,500 s.f. of retail and office space. The development team has submitted applications for building permits, and anticipates meeting a 35 percent pre-lease requirement soon. Construction could begin on this project as soon as Fall 2004. Meanwhile, an adjacent parking lot was improved, under a PDC contract.
5. **Beech St.** PDC has assembled several properties on the NW corner of NE MLK Jr. Blvd. and Beech St. The site is expected to be developed with an employment focus as suggested by the 2001 Fremont/MLK Vision Study. An evaluation of alternative development approaches and design concepts was prepared in Summer 2004. Negotiations are under way with a potential tenant/developer.

6. **Fremont Corner.** The PDC Board has approved a DDA for Fremont Partners to develop a new 11,000 s.f. mixed use retail/office building plus 7 rowhouses at the corner of NE MLK Jr. Blvd. and Fremont St. A land partition application and project design review are underway. Construction could begin as early as Winter 2005.
7. **Grant Warehouse.** PDC has successfully acquired the 16,200 s.f. Grant Warehouse property located at 3600 NE MLK Jr. Blvd., just south of Fremont Street. Further acquisition is needed to assemble a property for development of a mixed-use housing project. PDC is currently negotiating with owners of adjacent properties. Meanwhile, work is expected to begin soon on environmental abatement, with building demolition completed by January 2005. Issuance of an RFP to identify a housing developer is probably one or two years away.

### C. Small Business Tools

1. **DOS.** The Development Opportunity Services (DOS) Program is an 80 percent matching grant program that originated in the OCCURA and is now used widely in four other urban renewal areas. The DOS Program provides up to \$12,000 per project for property owners and developers to carry out feasibility studies and other pre-development tasks to promote property redevelopment. Since regular funding became available in 1996, 41 DOS projects have been completed on NE MLK Jr. Blvd., totaling \$394,904, which resulted in over \$14.5 million in associated private investment.
2. **Storefront.** The popular Storefront Improvement Program is another important tool in PDC's revitalization toolbox. The program generally provides technical assistance and a 50/50 matching grant up to \$20,000 for exterior improvements that include such things as painting and new windows and awnings. The Storefront Program has enhanced the appearance of commercial areas on NE MLK Jr. Blvd. and Alberta Street, leveraged significant investment and helped new and established businesses attract customers. Since 1995, the Storefront Program in has approved 36 grants totaling \$393,384 for NE MLK Jr. Blvd. The total leveraged investment associated with these projects is over \$2.5 million.
3. **Business Loans.** Since the mid 1990's the Commission has had an active and varied Business Loan Program. This program constitutes an important tool in PDC's revitalization efforts within the OCCURA. Forty-two loans totaling more than \$3 million have been approved since 1994 for businesses located on or near NE MLK Jr. Blvd. In 2003, PDC's Economic Development Department conceived and began implementation of the Quality Jobs Program and the Employment Opportunity Fund. These programs are tools to encourage quality job growth and high-density employment within the OCCURA. Businesses may receive a conditional loan of \$2,000 per employee for tenant improvements and other construction.



Loan recipients must meet wage and job density standards and enter a First Source Agreement for hiring employees.

4. **New Market Tax Credits.** This \$100 million allocation of federal tax credits for distressed communities in Portland provides a new and potentially powerful tool to support small business development.

#### **D. Neighborhood Housing Program (NHP)**

PDC has contributed to the livability and stability of Portland's housing stock by providing financial assistance to homebuyers who need or want to make repairs and improvements to their homes. These efforts have played a significant role in both maintaining livability and sparking the revitalization of many of Portland's neighborhoods. Since 1994, buyers of more than 700 homes in N/NE neighborhoods close to NE MLK Jr. Blvd. have utilized over \$12 million loaned through NHP programs.

#### **E. Community Involvement**

1. **MLK Advisory Committee.** PDC projects and activities are intended to support adopted community and neighborhood plans and are carried out in close consultation with residents, property owners, and the neighborhood and business associations. When the OCC district was extended in 1993, an MLK Advisory Committee was formed to address issues unique to NE MLK Jr. Blvd. The group has been instrumental in guiding revitalization activities, and continues to meet quarterly. In addition two sub-committees were formed to focus on the Vanport project, and the corner of Fremont and NE MLK Jr. Blvd.
2. **OCC Urban Renewal Advisory Committee (URAC).** The 2003-2004 fiscal year saw the creation of a new district-wide URAC, uniting the stakeholders and interests of the district's two discreet geographic areas: NE MLK Jr. Blvd. and the Lloyd District.

## **IV. Challenges/Issues**

### **A. Physical Environment and Neighborhood Context**

The stretch of NE MLK Jr. Blvd. considered in this report stretches 36 blocks (2.4 miles) between Broadway and Portland Blvd. This area contains a large number of vacant lots and buildings, and generally lacks the retail and business services necessary to sustain a healthy commercial district.

The street carried a state highway designation until 2003, and still carries a large volume of traffic at relatively high speeds. Combined with relatively narrow sidewalks, this makes for an harsh pedestrian environment.

The median strip, added in 1980 restricted left hand turns and eliminated on street parking. A series of recent street improvements reduced the median width, and brought back on-street parking in some areas. However, unusually narrow dimensions along with heavy traffic make this parking difficult to use.

Small lot sizes, sometimes held under complex or fractured ownership, make it difficult to assemble property needed to accommodate mid-sized retail development with 10,000 to 20,000 square feet of floor area plus parking. Smaller scale “bootstrap” development is limited by a lack of good commercial building stock along King available for rehabilitation.

The ultimate success of a business district depends on the success of the surrounding community. Attracted by modest prices for a close-in location, new residents have moved into the neighborhood and are fixing up previously vacant and run down homes. Existing residents have also upgraded their homes, leading to an overall increase in the quality of housing stock around NE MLK Jr. Blvd. Despite the improvement, there are still some areas where housing stock remains weak.

New residents bring a great deal of energy to improve their homes. Those that start businesses in the area have even more of a stake in the neighborhood. In order to retain these residents as they get older and start families, significant shortcomings in the quality of neighborhood schools and parks will need to be addressed.

#### **PDC Challenges**

- \* Difficulties with lot assembly constrain the size and configuration of new development projects. Community not supportive of the use of condemnation authority.
- \* Physical character of street including traffic speed, limited parking, and harsh pedestrian environment is deterrent to storefront retail tenants.
- \* Limited stock for redevelopment means new construction is necessary, at higher costs.
- \* Commercial development work could be undermined by another cycle of disinvestment if residential community does not remain healthy.

#### **Potential Solutions**

- \* Attract business that can prosper within the physical reality of NE MLK Jr. Blvd., including high traffic volume and harsh pedestrian environment.
- \* Support positive developments in the surrounding community that will provide long-term sustainability for the neighborhood.

### **B. Perceptions of NE MLK Jr. Blvd.**

When discussing neighborhood commercial strips, all of NE MLK Jr. Blvd. is often considered as a single entity. This creates a perception that NE MLK Jr. Blvd. revitalization should be happening at the same pace as other nearby (but much smaller) commercial areas such as NE Alberta St., and N. Mississippi St.

In fact, the 2.4 mile length of NE MLK Jr. Blvd. under consideration could be divided into several distinct zones, each of which faces slightly different challenges based on different geography, neighborhood context, and land use.

Higher than average rates of poverty in the areas surrounding NE MLK Jr. Blvd. create a perception that the neighborhood cannot support major retail. It is true that per-capita and household incomes in the area are generally lower than the Portland average. However, income growth has far outstripped Portland averages, and buying power per acre is high because of high population density.

NE MLK Jr. Blvd. is viewed by many as the center of Portland's African-American neighborhood. This perception may follow the street name, or the fact that (until recently) there were more African-American residents than Caucasians. In any case, interviews with neighborhood stakeholders indicate a perception that racism is still deterring new investment in the neighborhood.

Crime in the area attracts a great deal of press coverage. This fact, combined with evidence of gang activity and drug trade in certain areas lead some to conclude that the entire neighborhood is unsafe. Perhaps there was some truth to this perception in 1990, but today's reality is there are just a few trouble spots in an area with background crime rates that are not significantly different than other east side neighborhoods.

A common perception is that city government (including PDC) controls neighborhood revitalization. In fact, the city is just one of many participants in a complex process. They are certainly one of the most visible, and have some influential tools such as tax increment financing, and condemnation authority. But in a large area such as NE MLK Jr. Blvd., government can take an active role on only a small fraction of the sites.

#### **PDC Challenges**

- \* Perceptions about poverty, race, or crime can cause businesses to decide against or not even consider locating on NE MLK Jr. Blvd.
- \* Perceptions that revitalization is controlled by PDC can lead to unrealistic expectations from community stakeholders.

#### **Potential Solutions**

- \* Attract new interest from potential tenants and developers by actively promoting positive examples of changes along NE MLK Jr. Blvd., and highlighting success stories in this diverse neighborhood.
- \* Add street level photographs of NE MLK Jr. Blvd. properties to the Portland Maps web site, which is frequently used by local developers.
- \* Monetary incentives could be increased in order to bring tenants. Currently, little development occurs on NE MLK Jr. Blvd. without some kind of subsidy.

### **C. Community Expectations of Revitalization**

Community residents have conflicting goals for the type of tenants to seek for new projects. Some want to see development driven by small local businesses that will preserve a unique neighborhood feel. Others prefer name brand chains that can attract new customers and prove market viability.

Residents that live near commercial redevelopment sites prefer concepts that fit into the neighborhood context. This is typically achieved by planning a buffer of housing facing residential side streets. However, many blocks on NE MLK Jr. Blvd. are less than 100 feet deep, so adding the housing makes it more difficult to configure commercial buildings and parking.

Dramatic appreciation in the real estate market has fueled expectations of high values, even for underutilized property on NE MLK Jr. Blvd. In addition to economic considerations, some owners may be reluctant to sell property for personal reasons, such as maintaining local or family ownership. Either case can lead to difficult negotiations with developers hoping to purchase land on NE MLK Jr. Blvd.

Most people understand that gentrification is associated with revitalization. However, opinions about gentrification differ widely. Some residents welcome the new energy directed at fixing up property and attracting new businesses. Others see these changes as not benefiting those intended, with poorer residents being priced out of the neighborhood by rent increases, or evicted by owner move-ins. Longtime residents remember the displacement that accompanied the demolition of whole blocks to make way for the Memorial Coliseum and Emmanuel Hospital. This history fuels suspicion and concern about the current and future plans for urban renewal projects.

Portland has a rich tradition of community activism. Residents expect the opportunity to review plans for major developments and provide meaningful input. This process is time consuming, and conflicts with the expectation that revitalization projects move ahead quickly. However, it also provides an important check to make sure large development projects will benefit the surrounding neighborhood.

#### **PDC Challenges**

- \* Land acquisition activity contributes to high expectations for property values along NE MLK Jr. Blvd.
- \* Length of time required to assemble property combined with rising property values may lead to conclusion that PDC is buying property for financial gain.
- \* Time required to do a good job of community input process may be much longer than expectations for project delivery.
- \* Balancing interests of residents and businesses so that existing community can participate and benefit from revitalization.

#### **Potential Solutions**

- \* Extend outreach to new venues in an effort to better understand community visions.
- \* Acknowledge lofty and sometimes conflicting expectations at outset of public process.

#### **D. Financial Constraints and Market Conditions**

Attracting new investment to an unproven market is difficult. “Brand name” tenants that could anchor a development project by pre-leasing space, do not yet believe the market on NE MLK Jr. Blvd. is viable. Small, local businesses are familiar with changes in the neighborhood, and are perhaps more willing to take a chance on locating here. However, they generally do not have the means to pre-lease space 12-18 months in advance.

Costs for new construction are relatively constant throughout Portland. However, a depressed rental market on NE MLK Jr. Blvd. often leads to low appraisals of development concepts. This creates a financing gap that can make the project unfeasible, or simply riskier than others located in a more established neighborhood.

Banks are understandably risk-averse, and turning down some loan proposals is normal business practice. However, a poor economy in the past few years has made business lending more conservative. Also, in a neighborhood with a history of red-lining practices, some may conclude that such decisions were based on race.

NE MLK Jr. Blvd. competes with many other close-in East Side locations for tenants. Following several years of recession, there are vacancies and good deals on commercial space all over the East Side. To attract tenants, developers must offer more than a good price.

Financial incentive programs are available to companies that locate in urban renewal areas. However, the small service oriented businesses that typically locate on NE MLK Jr. Blvd. are not a good match with the complex program rules such as hiring commitments, wage requirements, and economic performance goals.

##### **PDC Challenges**

- \* Managing the process of translating community vision into viable market concepts.
- \* Providing financial incentive programs that address business community needs.
- \* Financing gap on commercial projects makes it difficult close deals.

##### **Potential Solutions**

- \* Educate lenders and retailers by demonstrating opportunities in market, looking to future rather than past
- \* Assume more lending risk on PDC real-estate projects, by increasing construction financing or modify underwriting standards.
- \* Utilize new opportunities presented by the New Market Tax Credits Program to support community development projects.

## **E. Land Use Goals**

The Albina Community Plan (ACP) fundamentally altered zoning controls and land use policy for NE MLK Jr. Blvd. and the surrounding area. An original goal of the plan was to monitor policy implementation and relevance on an ongoing basis. Two significant efforts were undertaken by the City's Bureau of Planning, in 1997 and 2000. The resulting reports lists accomplishments and updated action charts. However, no single agency has provided ongoing monitoring, and Planning does not currently have funding to undertake another update.

Guided by the ACP, portions of NE MLK Jr. Blvd. were rezoned to High Density Residential (RH) in an effort to concentrate commercial developments around nodes. Of all NE MLK Jr. Blvd. properties between Broadway and Portland Blvd., about 12.6 acres, (20 percent of total area) is zoned for residential use. [See Appendix A.18] However, much of the underutilized property on NE MLK Jr. Blvd. falls in the RH zone. Two clusters on either side of NE Fremont St have seen no significant development in the past 10 years, except for a residential senior care facility. Until these blocks change, they will remain a blighting influence on the neighborhood.

NE MLK Jr. Blvd. is designated a "Main Street" in the Portland Metro Region's 2040 Growth Concept Plan. This designation carries certain expectations for pedestrian and transit oriented development, many of which are difficult to implement on NE MLK Jr. Blvd. For example, on-street parking, bicycle lanes and wider sidewalks are limited by the existing right of way and median strip. In addition, development of Tri-Met's new Yellow Line MAX has reduced Interstate Ave vehicular capacity from four to two lanes. This adds traffic pressure for NE MLK Jr. Blvd. making it more difficult to create a pedestrian-friendly streetscape.

### **PDC Challenges**

- \* Three catalyst projects (Heritage, Beech, Fremont Corner) will open into an unproven market, with vacant RH-zoned land on either side.
- \* Market rate housing has not yet proven to be viable on NE MLK Jr. Blvd, making it difficult to count on new residential buildings filling in around the catalyst projects.
- \* Requiring pedestrian oriented development may limit the number and type of businesses willing to consider locating on NE MLK Jr. Blvd.

### **Possible Solutions**

- \* Fund an interagency study to evaluate current relevance of ACP goals, and consider changes to the zoning strategy.
- \* Consider changes to PDC's NE MLK Jr. Blvd. strategy based on findings of this study.

## **V. Next Steps**

A series of steps may be taken toward taking action on the issues raised by this study:

1. Discuss report findings and possible solutions with MLK Advisory Committee, and the OCC URAC. Assess current PDC strategies and tools, and brainstorm possible improvements.
2. Engage Planning Bureau regarding steps necessary to review ACP goals.
3. Prepare report to be delivered at a PDC Commission work session that outlines the most promising solutions, and seeks advice on implementation.

Input and support from community partners will be crucial throughout the process. Please collect your thoughts in response to this report and share them with Michael McElwee (503-823-3351) or Estee Segal (503-823-3317) at PDC.



## VI. Appendix

### A. In-house research (maps and charts)

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### B. Portland Present excerpts (Bureau of Planning, 2003)

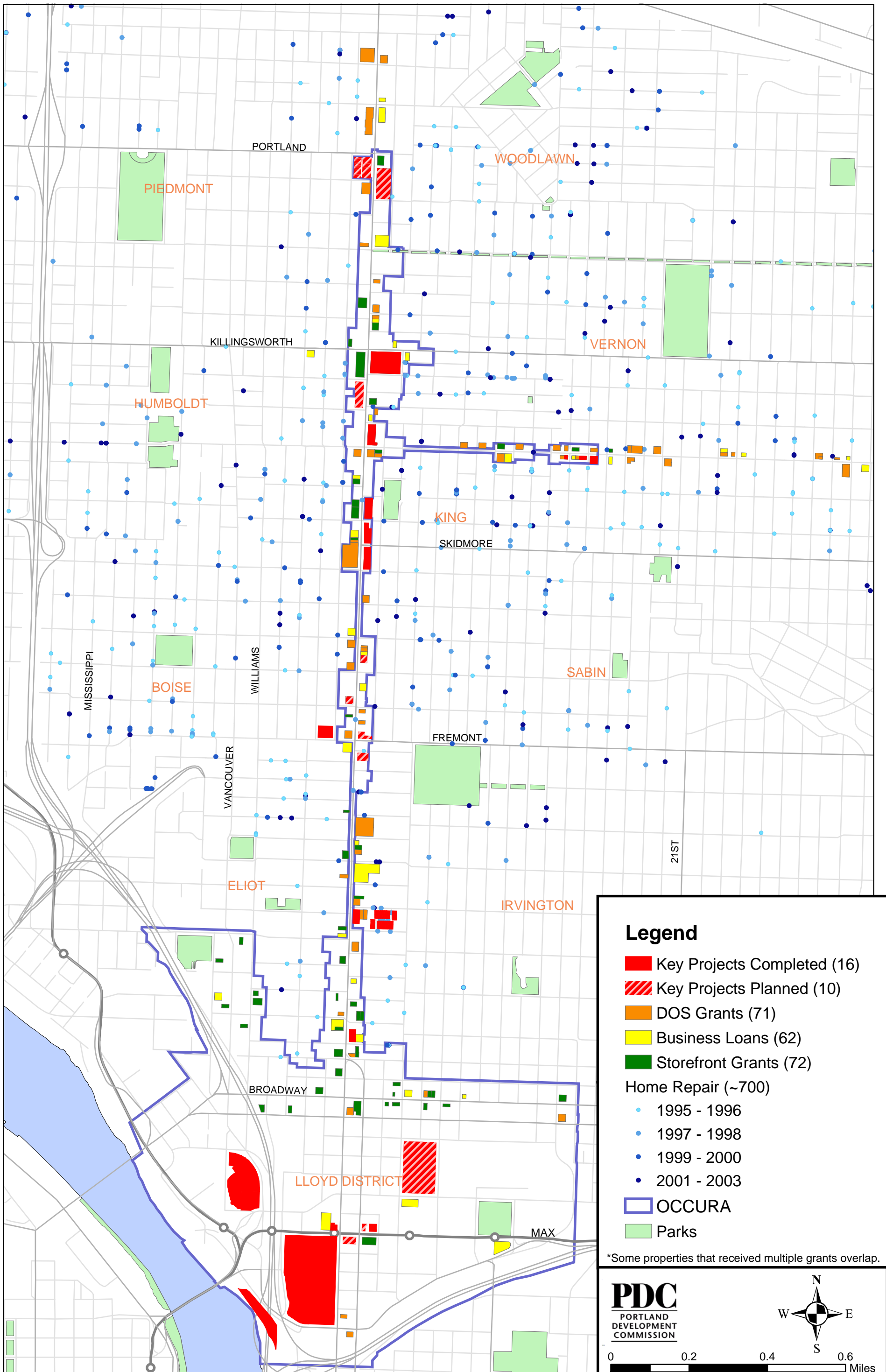
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# Oregon Convention Center Urban Renewal Area

## Revitalization Efforts Since 1993

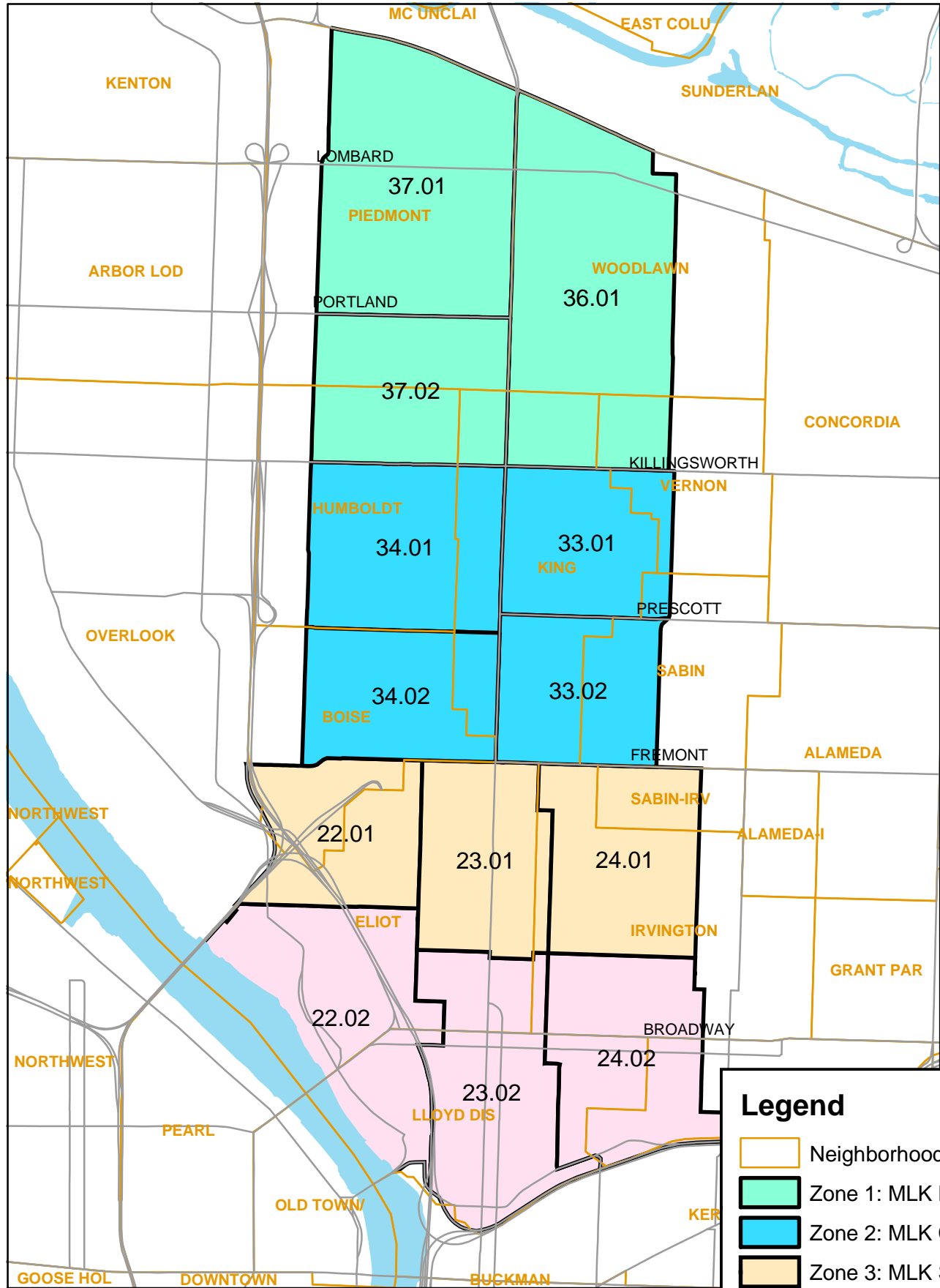


Source: City of Portland Corporate GIS and PDC Project Data (ACT & MITAS)

\\Pdcnt19\GIS\_Data\Cohen\JOCC\_map\revit\_activity\_tabloid.mxd Updated 4/22/2004 by Joshua Cohen

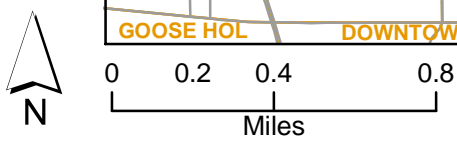
# Census Tracts in Study Area

13 Tracts Surrounding NE MLK Jr. Blvd



**Legend**

- Neighborhoods
- Zone 1: MLK North
- Zone 2: MLK Central
- Zone 3: MLK South
- Zone 4: MLK Lloyd



\\Pdcnt19\GIS\_Data\Cohen\demographics\base\_map.mxd  
last updated 7/23/2004 by Joshua Cohen

# US Census Data For Study Area

13 Tracts Surrounding NE MLK Jr. Blvd

Census Tract	Population: Total		White, Non Hispanic		Black		Diversity Index	
	1990	2000 % chg	1990	2000 % chg	1990	2000 % chg	1990	2000 % chg
22.01	290	350 21%	142	103 -27%	101	175 73%	68%	71% 5%
22.02	184	207 13%	73	125 71%	72	50 -31%	78%	65% -16%
23.01	2,142	2,595 21%	749	1,310 75%	1,136	932 -18%	62%	67% 8%
23.02	972	1,184 22%	641	836 30%	223	210 -6%	54%	51% -6%
24.01	2,827	2,782 -2%	1,708	2,005 17%	885	589 -33%	56%	46% -18%
24.02	2,728	3,201 17%	2,089	2,551 22%	369	318 -14%	44%	42% -5%
33.01	2,538	3,223 27%	698	986 41%	1,485	1,586 7%	62%	74% 19%
33.02	2,545	2,494 -2%	809	1,142 41%	1,340	937 -30%	67%	72% 8%
34.01	2,832	3,309 17%	621	1,154 86%	1,845	1,592 -14%	58%	73% 25%
34.02	2,411	2,770 15%	467	950 103%	1,592	1,282 -19%	59%	76% 28%
36.01	4,148	4,537 9%	1,266	1,589 26%	2,402	2,125 -12%	60%	73% 21%
37.01	3,815	3,954 4%	2,116	2,027 -4%	1,119	1,266 13%	65%	70% 8%
37.02	2,443	2,285 -6%	1,218	1,292 6%	934	740 -21%	63%	60% -4%
1. MLK North	10,406	10,776 4%	4,600	4,908 7%	4,455	4,131 -7%	65%	70% 8%
2. MLK Cent	10,326	11,796 14%	2,595	4,232 63%	6,262	5,397 -14%	62%	74% 19%
3. MLK South	5,259	5,727 9%	2,599	3,418 32%	2,122	1,696 -20%	62%	60% -3%
4. OCC Orig	3,884	4,592 18%	2,803	3,512 25%	664	578 -13%	50%	46% -8%
Total_MLK % of total	29,875	32,891 10%	12,597 42%	16,070 49%	13,503 45%	11,802 36%	65%	70% 7%
Total_PDX % of total	493,262	538,244 9%	405,552 82%	420,059 78%	31,221 6%	35,237 7%	33%	38% 17%

# US Census Data For Study Area

13 Tracts Surrounding NE MLK Jr. Blvd

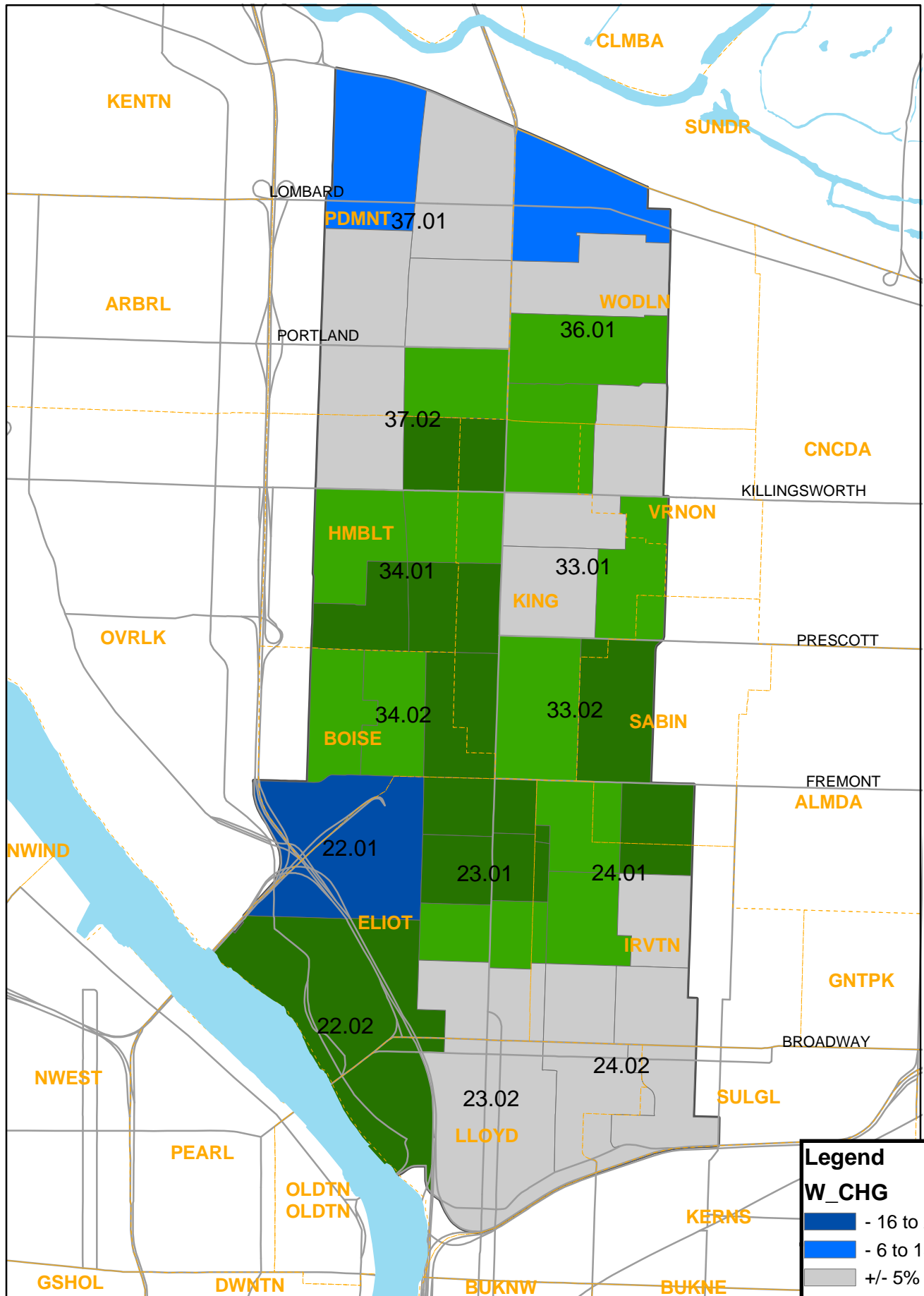
Census Tract	Per Capita Income		Median Hshld Income		Median Home Value		Education: Adults w/ BS	
	1990	2000 % chg	1990	2000 % chg	1990	2000 % chg	1990	2000 % chg
22.01	9,325	12,989 39%	12,768	14,999 17%	31,500	107,258 241%	9	34 278%
22.02	7,932	16,332 106%	15,750	19,681 25%	36,667	125,000 241%	26	42 62%
23.01	6,387	13,830 117%	11,752	25,833 120%	38,588	153,111 297%	145	350 141%
23.02	10,744	21,254 98%	14,286	28,067 96%	36,923	152,885 314%	89	224 152%
24.01	15,321	34,847 127%	36,390	60,552 66%	71,405	246,473 245%	446	743 67%
24.02	16,815	28,390 69%	21,311	34,555 62%	70,613	209,029 196%	482	638 32%
33.01	6,607	10,692 62%	13,436	26,640 98%	29,842	130,371 337%	87	262 201%
33.02	7,030	16,866 140%	16,363	34,041 108%	32,947	124,888 279%	108	441 308%
34.01	6,556	14,170 116%	14,196	33,414 135%	37,600	132,439 252%	114	242 112%
34.02	6,217	11,504 85%	14,003	26,324 88%	34,312	108,552 216%	81	343 323%
36.01	8,650	16,677 93%	19,575	35,261 80%	37,009	116,910 216%	178	416 134%
37.01	12,237	22,029 80%	29,907	48,120 61%	54,704	167,046 205%	157	353 125%
37.02	10,136	18,319 81%	23,458	43,903 87%	46,729	151,680 225%	174	425 144%
1. MLK North	10,341	19,008 84%	24,313	42,428 75%	46,147	145,212 215%	509	1,194 135%
2. MLK Cent	6,602	13,308 102%	14,499	30,104 108%	33,675	124,063 268%	390	1,288 230%
3. MLK South	10,344	20,555 99%	20,303	33,795 66%	47,164	168,947 258%	600	1,127 88%
4. OCC Orig	11,830	21,992 86%	17,116	27,434 60%	48,068	162,305 238%	597	904 51%
Total_MLK							2,096	4,513 115%
Avg_MLK	9,535	18,300 92%	18,707	33,184 77%	42,988	148,126 245%		
Total_PDX							54,285	79,020 46%
Avg_PDX	14,369	23,188 61%	28,227	44,848 59%	64,155	173,290 170%		

	inflation adjusment:		1990 Dollar =	
	1.00	1990 Dollar =	2000 Dollars	
Avg_MLK	12,586	18,300 45%	24,693	33,184 34%
Avg_PDX	18,967	23,188 22%	37,259	44,848 20%
			84,685	173,290 105%

"Inflation Calculator" from US Dept of Labor, Consumer Price Index page  
<http://www.bls.gov/cpi/home.htm>

# Change in Fraction of White Population

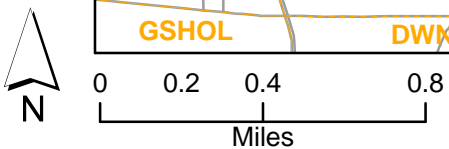
1990 to 2000 by Census Block Group



**Legend**

**W\_CHG**

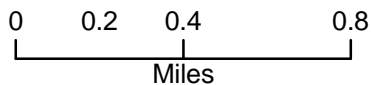
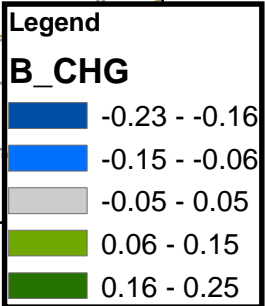
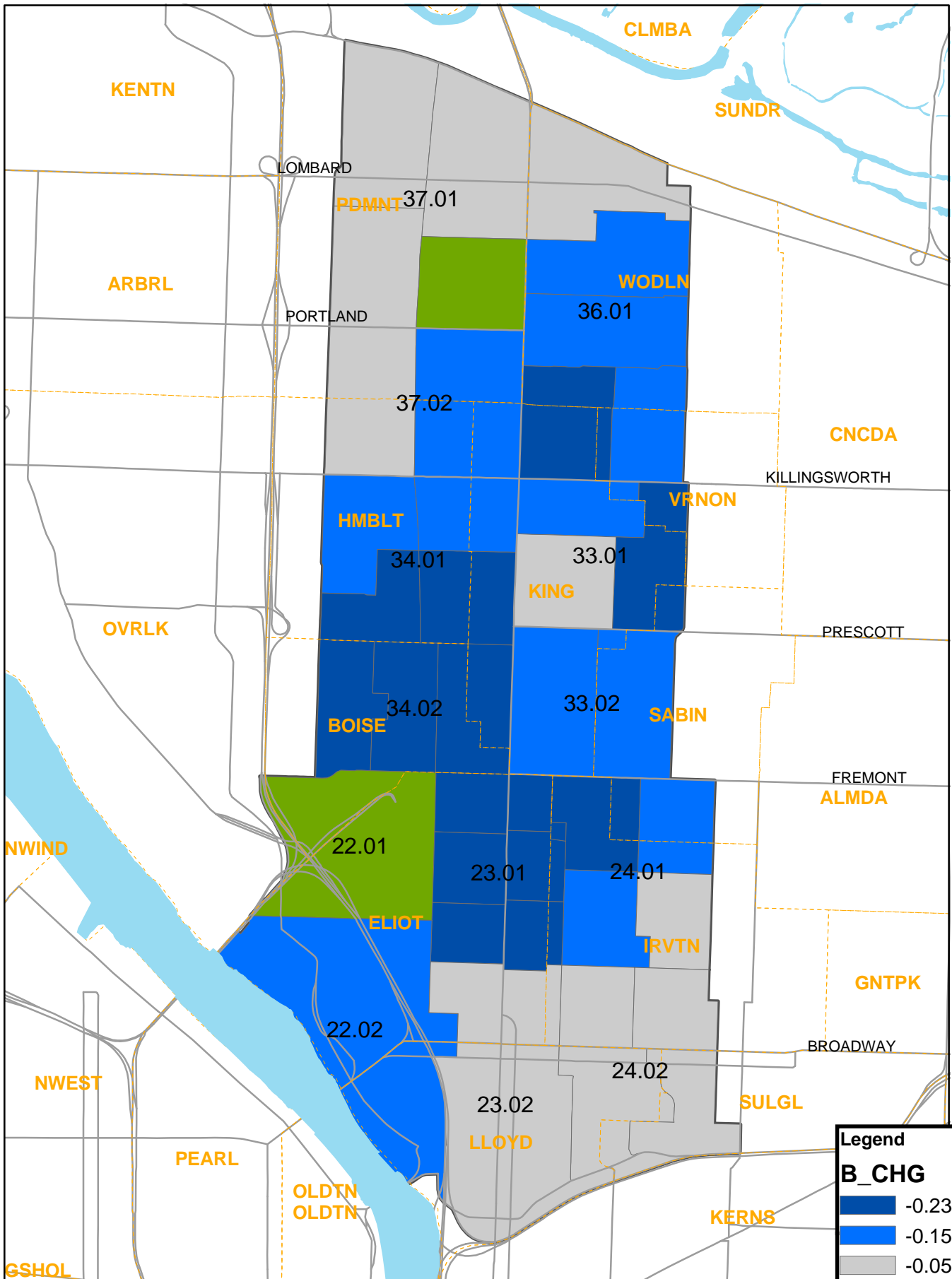
- 16 to 25%
- 6 to 15%
- +/- 5%
- + 6 to 15%
- +16 to 25%



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# Change in Fraction of Black Population

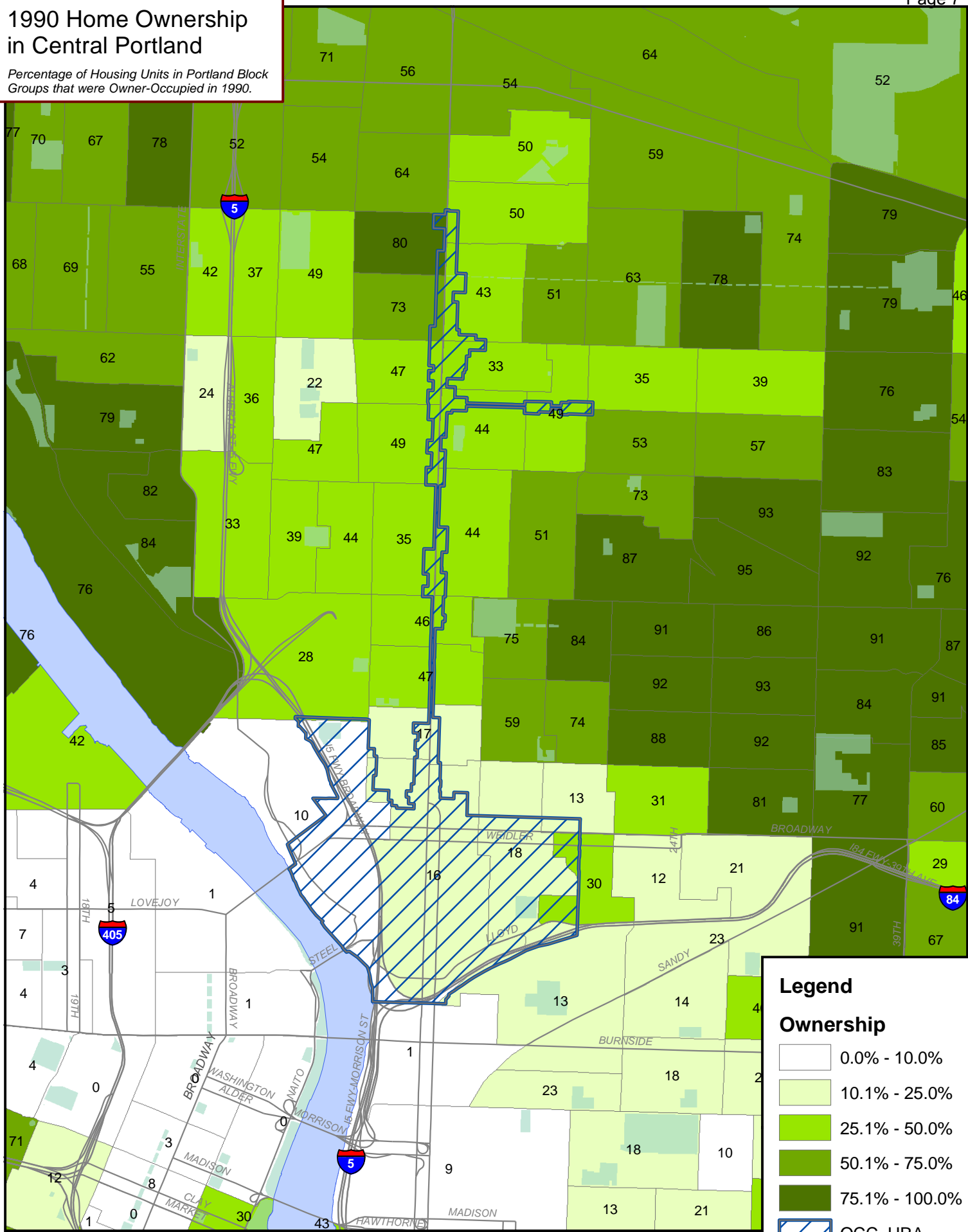
1990 to 2000 by Census Block Group



\\Pdcnt19\GIS\_Data\Cohen\demographics\black\_pop\_chg\_1990\_2000.mxd  
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# 1990 Home Ownership in Central Portland

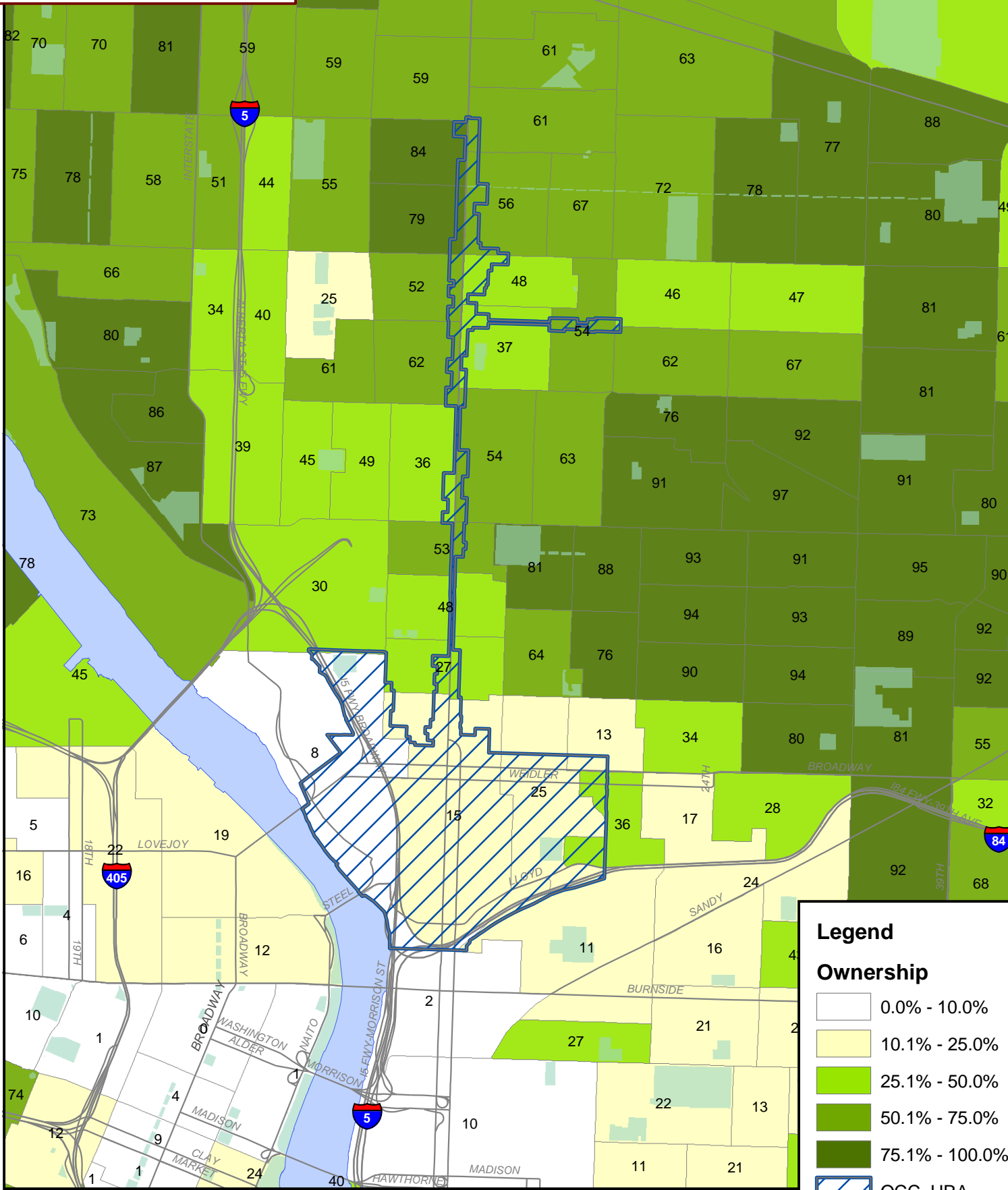
Percentage of Housing Units in Portland Block Groups that were Owner-Occupied in 1990.





# 2000 Home Ownership in Central Portland

Percentage of Housing Units in Portland Block Groups that were Owner-Occupied in 2000.

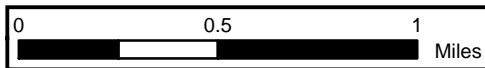


## Legend

### Ownership

- 0.0% - 10.0%
- 10.1% - 25.0%
- 25.1% - 50.0%
- 50.1% - 75.0%
- 75.1% - 100.0%
- OCC\_URA
- Parks

Investing in Portland's Future

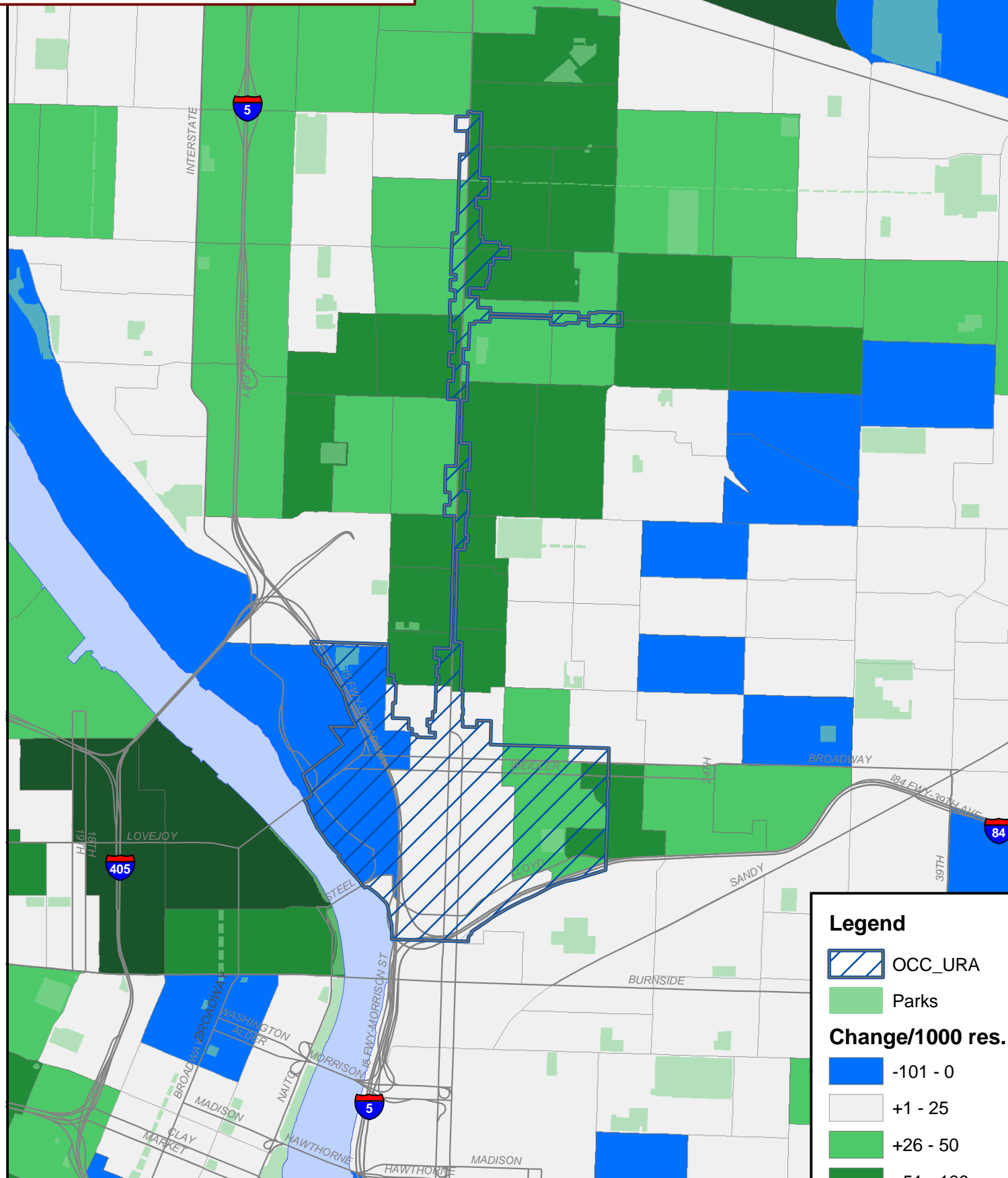


Sources: U.S. Census 2000 Data obtained from Claritas and Applied Data Solutions (2002); City of Portland Corporate GIS; and PDC Enterprise GIS.

Created by Joshua Cohen; June 10, 2004  
\\Pdcnt19\GIS\_Data\Cohen\HomeOwnership\PDX\_Own-Occ\_2000.mxd

# Home Ownership in Central Portland Number Change: 1990 to 2000

Owner-Occupied Housing Units in Portland Block Groups  
Normalized by 2000 population: #Change per 1000 residents



### Legend

OCC\_URA

Parks

### Change/1000 res.

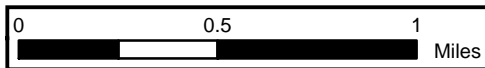
-101 - 0

+1 - 25

+26 - 50

+51 - 100

+101 - 285



**2003 Crime Statistics by Selected Neighborhoods (General Vicinity of OCC Expansion Area)**

Neighborhood Association	2000_Pop	Rate/1000	Homicide	Sx_Asslt	Robbery	Assault	Burglary	Larceny	V_Theft	Arson	2003 Total	% of City
Piedmont	6427	110.9	0	7	28	65	104	425	77	7	713	0.9%
Humboldt	5061	109.5	1	10	23	77	80	281	79	3	554	0.7%
King	5979	187.2	1	18	49	147	188	606	104	6	1119	1.4%
Boise	3119	269.3	2	15	32	114	180	394	98	5	840	1.1%
Sabin	4121	135.2	3	1	14	18	111	363	46	1	557	0.7%
Vernon	2883	202.2	1	7	12	62	149	294	57	1	583	0.7%
Total	27590	158.2	8	58	158	483	812	2363	461	23	4366	5.6%
City	531871	146.5	52	564	2396	4217	10756	49552	9837	571	77945	
Neighborhood % of City			15.4%	10.3%	6.6%	11.5%	7.5%	4.8%	4.7%	4.0%		5.6%

In 2000, the population of these six neighborhood association areas was about 27,590 or about 5.2% of the City's population

Sources:

Police Bureau/CGIS consolidated crime reports for February 2003 through January 2004  
Office of Neighborhood Involvement/CGIS population figures by neighborhood - Census 2000 figures

**1991 Crime Statistics by Selected Neighborhoods (General Vicinity of OCC Expansion Area)**

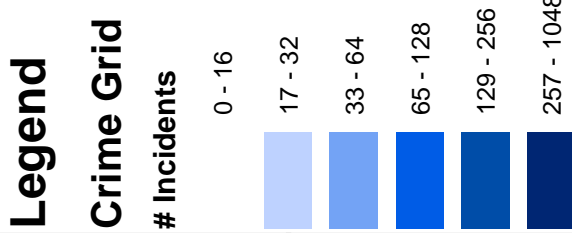
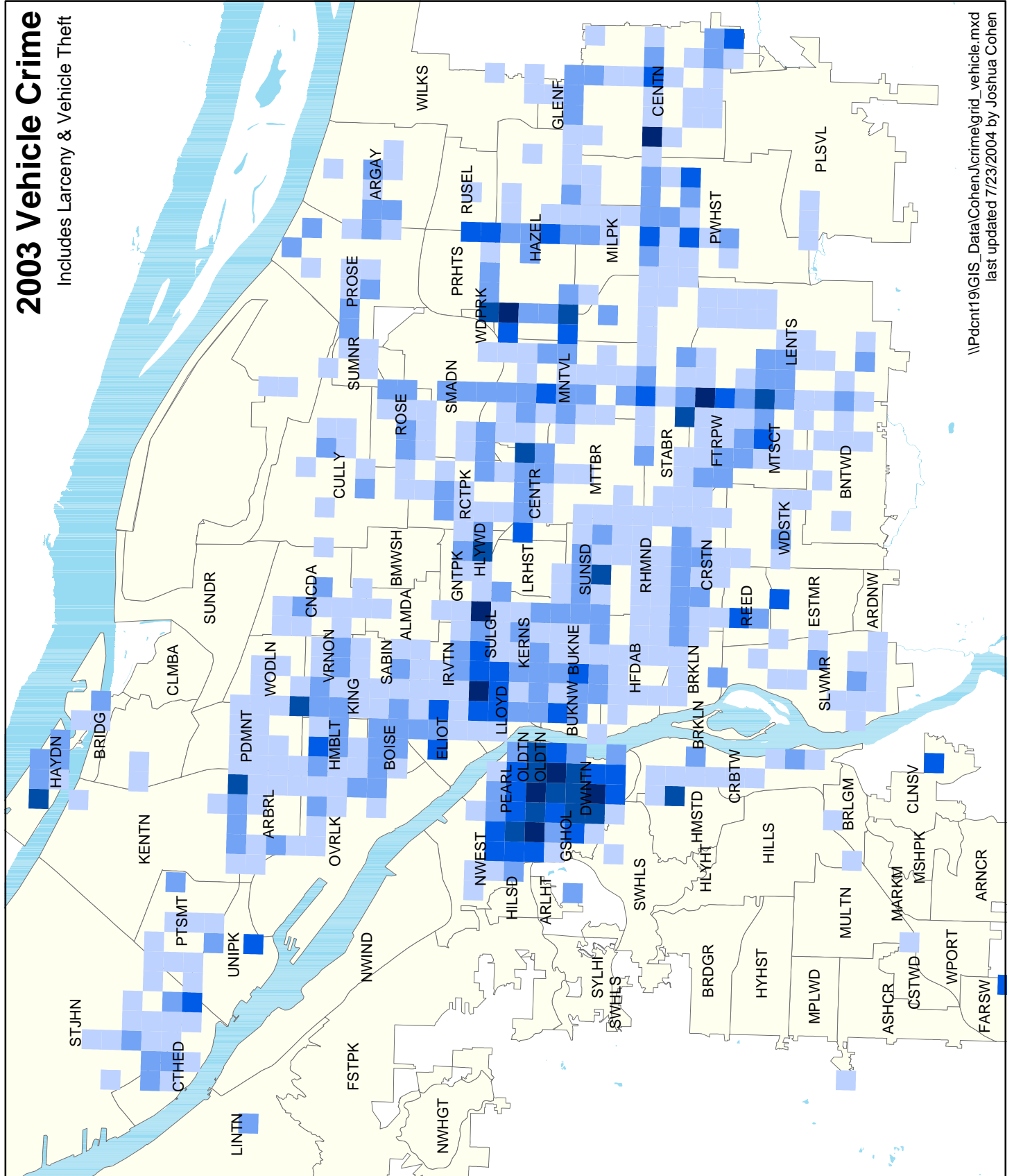
Neighborhood Association	1991_Pop	Rate/1000	Homicide	Sx_Asslt	Robbery	Assault	Burglary	Larceny	V_Theft	Arson	1991 Total	% of City
Piedmont	6503	119.8	3	25	46	108	122	385	88	2	779	1.3%
Humboldt	5088	204.2	2	32	73	218	179	451	63	21	1039	1.8%
King	5882	211.5	7	45	148	266	171	478	103	22	1244	2.1%
Boise	3327	170.4	0	21	62	133	103	187	43	18	567	1.0%
Sabin	4554	92.0	3	12	28	74	85	160	45	12	419	0.7%
Vernon	3082	192.1	2	13	57	147	109	213	47	4	592	1.0%
Total	28436	163.2	17	152	414	946	769	1874	389	79	4640	8.0%
City	437208	132.9	48	980	2708	4666	9422	33331	6490	460	58105	
Neighborhood % of City			35.4%	15.5%	15.3%	20.3%	8.2%	5.6%	6.0%	17.2%		8.0%

In 1991, the population of these six neighborhood association areas was about 28,436 or about 6.5% of the City's population

Source: Portland Development Commission Report on Oregon Convention Center Expansion Area Report (1993)

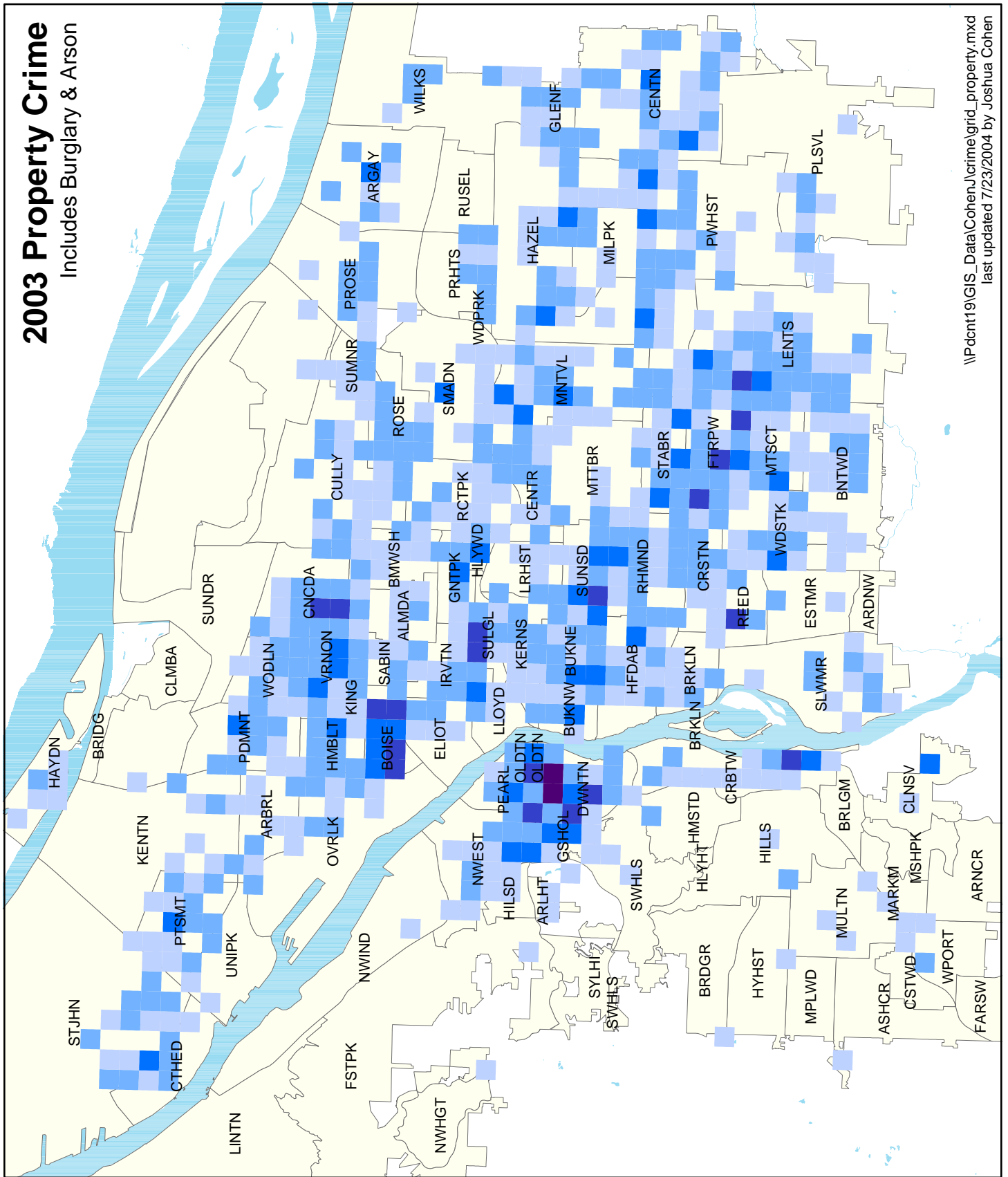
# 2003 Vehicle Crime

Includes Larceny & Vehicle Theft



# 2003 Property Crime

Includes Burglary & Arson



### Legend

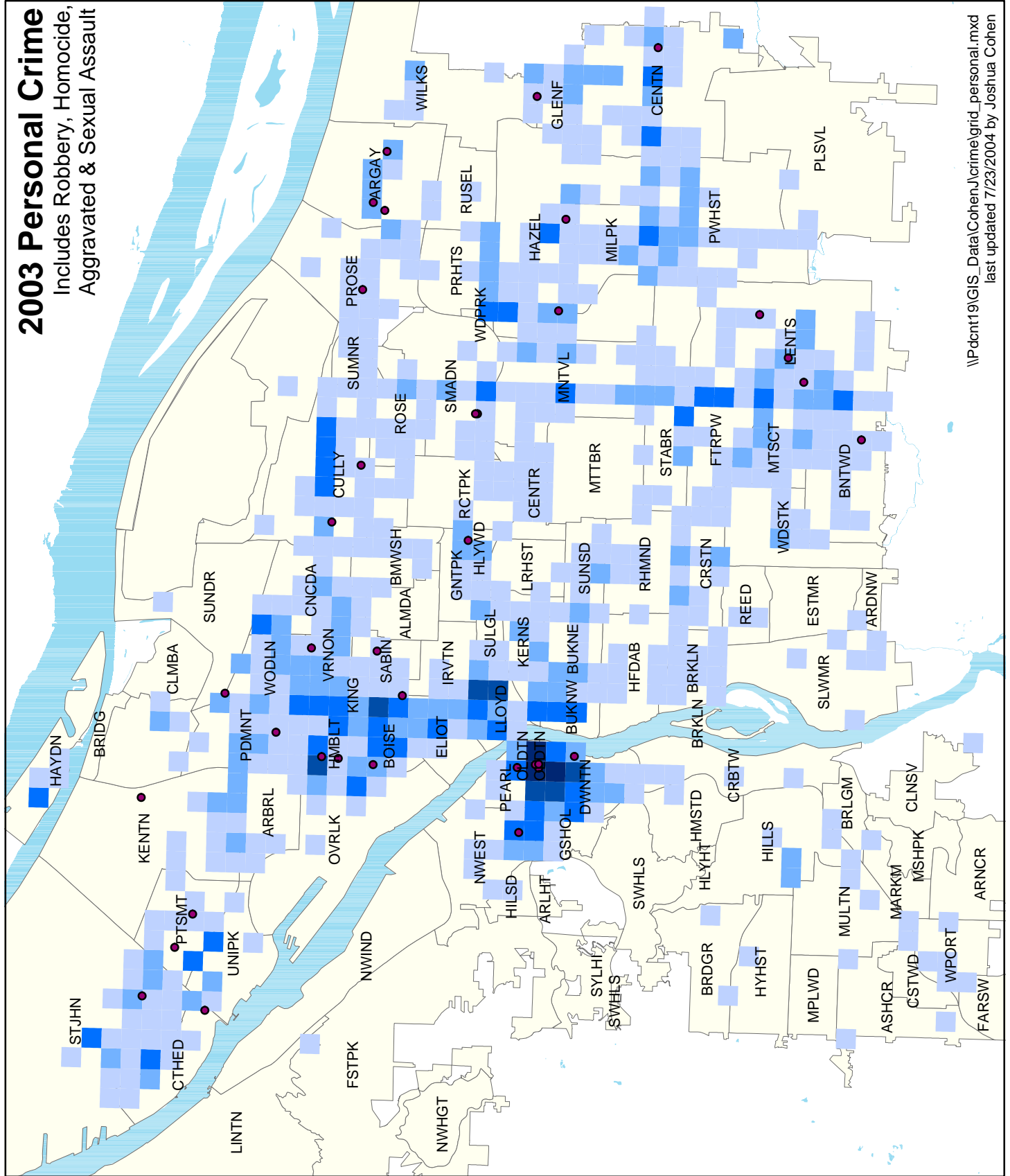
#### Crime Grid

# Incidents	Color
0 - 3	Lightest Blue
4 - 6	Light Blue
7 - 12	Medium Blue
13 - 18	Darker Blue
19 - 36	Dark Blue
37 - 66	Darkest Blue/Purple

\\pdcnt19\GIS\_Data\Cohen\jcrime\grid\_property.mxd  
last updated 7/23/2004 by Joshua Cohen

# 2003 Personal Crime

Includes Robbery, Homicide,  
Aggravated & Sexual Assault



## Legend

**Crime Grid**

**# Incidents**

0 - 1	2 - 6	7 - 12	13 - 24	25 - 48	49 - 122	Homicide
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\\Pdcnt19\GIS\_Data\Cohen\crime\grid\_personal.mxd  
last updated 7/23/2004 by Joshua Cohen

## MLK Jr. Blvd Business Activity

Taxlots adjacent to MLK Blvd between NE Broadway & Portland

### 1996 Employers: 95

	#Employees
Total	1867
Mean	20
Median	5

### 2002 Employers: 125

	Ann_Payroll	#Employees
Total	72,695,572	1984
Mean	581,565	16
Median	72,480	4

Payroll per employee: 36,641

Source: Oregon ES202 Employment Data

Note: Data is only collected for businesses that have employees. Some sole props are not accounted for. Payroll data not available for 1996.

**Lease Rates on NE MLK Blvd**

informal sampling of properties between Broadway and Lombard

**General, Office, Warehouse Space**

Name/Address	Business	Neighborhood	Description	SF	\$/sf/yr	\$/mo	Lease Type	Source
2005 NE MLK		Eliot	Whse/Flex	4,500	\$5.60	\$2,100	NNN	Dick Levy February, 2003
2540 NE MLK		Eliot	Industrial	4,960	\$9.68	\$4,000	Gross	
4867 NE MLK	St. Vincent de Paul	King	Whse	20,000	\$11.00	\$18,333	NNN	
4867 NE MLK	St. Vincent de Paul	King	Whse	10,000	\$11.00	\$9,167	NNN	
4867 NE MLK	St. Vincent de Paul	King	Whse	5,000	\$11.00	\$4,583	NNN	
6444 NE MLK		Woodlawn	Auto Garage	11,340	\$3.70	\$3,500	NNN	
2737 NE MLK Jr Blvd	American State Bank	Eliot	General	13,911	\$9.92	\$11,500		Johnson-Gardner LLC Lower Albina Redev. May, 2003
4829 NE MLK Jr Blvd		King	General	10,020	\$12.00	\$10,020		
1818 NE MLK Jr Blvd		Eliot	General	4,176	\$14.00	\$4,872		
333 NE Russell St		Eliot	General	12,000	\$13.00	\$13,000		
4839 NE MLK Blvd (9 suites)		King	Prof. Office (15'	2,126	\$13.66	\$2,420	Full Service	Venerable Properties February, 2004
323 NE Wygant St. (8 suites)		King	Artist Studios	4,688	\$8.00	\$3,125	Full Service	
3901-3939 NE MLK	Entrance Door & Glass Dragonfly Chai	King		4,800	\$8.25	\$3,300		Eric Wentland February, 2004
				102,721	\$10.12	\$86,620		

**Retail Space**

Name/Address	Business	Neighborhood	Description	SF	\$/sf/yr	\$/mo	Lease Type	Source
3404 NE MLK		Eliot		3,000	\$13.68	\$3,420	Incl. PT & I	Ron Sykes July, 2003
3962 NE MLK		King	Rest.	800	\$12.60	\$840	NNN	
4012 NE MLK		King		1,000	\$12.00	\$1,000	NNN	
4069 NE Mason				2,000	\$18.00	\$3,000	Incl. PT & I	
2014 NE MLK		Eliot		1,000	\$15.00	\$1,250	NNN	
2212 NE MLK		Eliot		850	\$15.60	\$1,105	Incl. PT & I	
2230 NE MLK		Eliot		1,800	\$16.20	\$2,430	NNN	
2732 NE MLK		Eliot	Retail	800	\$16.92	\$1,128	Incl. PT & I	
2940 NE MLK		Eliot		600	\$13.20	\$660	NNN	
4105 NE MLK		King		1,000	\$14.40	\$1,200	NNN	
3611 NE MLK		Boise	Retail	1,000	\$15.60	\$1,300	Util & PT Excl.	
6720-32 NE MLK		Woodlawn	Retail	3,193	\$10.34	\$2,750	NNN	May & Associates Hazleton LLC August, 2003
3501-19 NE MLK		Boise	Retail	5,100	\$12.00	\$5,100	NNN	
4829 NE MLK Blvd		King	Retail	3,300	\$12.27	\$3,374	Mod. Gross	Venerable Properties February, 2004
305-321 NE Wygant St.		King	Retail/Non-Prof	4,377	\$9.55	\$3,483	Mod. Gross	
4810 NE Garfield St.		King	Retail	1,499	\$6.00	\$750	Mod. Gross	
3939 NE MLK	Horn of Africa	King		2,200	\$8.45	\$1,549		Eric Wentland February, 2004
5408 NE MLK	Blockbuster Video	King	Retail	9,500	\$8.00	\$6,333	NNN	Diana Holuka / BGS May, 2004
446 NE Killingsworth	Gloria Jean & Co.	King	Retail	3,050	\$4.42	\$1,124	NNN	
418 NE Killingsworth	JP Custom Framing	King	Retail	1,717	\$6.36	\$910	NNN	
438 NE Killingsworth	Key Bank	King	Retail	3,606	\$9.72	\$2,920	NNN	
	Mother Dear's	King	Retail	1,260	\$6.23	\$654	NNN	
	Jaiwan Woo Laundrom	King	Retail	2,423	\$9.48	\$1,914	NNN	
				55,075	\$10.50	\$48,195		



## Greater Portland Lease Rates

as estimated by Michele Reeves / Windermere Commercial Realty  
(Telephone interview: May 28, 2004)

### General, Office, Warehouse

Empty Shell	\$4+/-
"Industrial" office upcharge	\$8+/-
Full service office space (ie. Lloyd Dist.)	\$14+
Smaller "Creative" spaces get more example: ActivSpace	\$18-\$24+

### Retail / Storefront

SE Established (Hawthorne / Belmont)	\$18-\$24
SE Emerging (Clinton / Division)	\$12-\$18
NE Broadway	\$16-\$18
NE Alberta	\$14-\$18
NE Mississippi	\$14-\$18
NW Established (23rd, Pearl)	\$24-\$28
NW Emerging (Old Town)	\$12-\$16
Downtown	\$24-\$36

### Economic Value of OCC Expansion Area

1992 Property Values

Source: Eligibility Study for OCC Expansion

Land use Category	Net Area (Acres)	Land Value (\$)	Improvements Value (\$)	I:L Ratio	Net Area (sf)	1992 \$ Imp_Value over Area (\$ per sf)	2003 \$ Adjusted for Inflation (\$ per sf)
Vacant	5.21	402,600	28,100	0.07	226,948	0.12	0.16
Residential	5.31	303,600	685,000	2.26	231,304	2.96	3.88
Commercial	26.38	3,610,900	6,115,800	1.69	1,149,113	5.32	6.97
Industrial	7.48	869,680	2,556,470	2.94	325,829	7.85	10.28
Public	0.51	58,300	159,000	2.73	22,216	7.16	9.38
Quasi-Public	2.41	264,400	1,161,900	4.39	104,980	11.07	14.50
Mixed Uses	3.81	504,300	1,701,000	3.37	165,964	10.25	13.43
<b>Total</b>	<b>51.11</b>	<b>6,013,780</b>	<b>12,407,270</b>	<b>2.06</b>	<b>2,226,352</b>	<b>5.57</b>	<b>7.30</b>

2003 Property Values

Source: CGIS/Multnomah County Taxlot Data

Land use Category*	Net Area (Acres)	Land Value (\$)	Improvements Value (\$)	I:L Ratio	Net Area (sf)	2003 \$ Imp_Value over Area (\$ per sf)
Vacant	6.12	2,339,790	249,940	0.11	266,563	0.94
Residential	7.95	4,017,720	13,586,950	3.38	346,300	39.23
Commercial	21.01	9,517,730	19,384,080	2.04	915,234	21.18
Industrial	15.31	4,746,210	8,888,270	1.87	667,085	13.32
Public	0.50	176,000	365,180	2.07	21,980	16.61
Quasi-Public	2.83	912,460	4,113,620	4.51	123,146	33.40
Mixed Uses	0.46	228,990	1,405,100	6.14	20,037	70.13
<b>Total</b>	<b>54.19</b>	<b>21,938,900</b>	<b>47,993,140</b>	<b>2.19</b>	<b>2,360,345</b>	<b>20.33</b>

\* Category breakdown based on Metro Land Use Data. Not directly comparable to 1992 survey.

### Economic Value of NE MLK taxlots (Broadway to Portland Blvd.)

(no comparable survey done in 1992)

Net Area (Acres)	Land Value (\$)	Improvements Value (\$)	I:L Ratio	Net Area (sf)	2003 \$ Imp_Value over Area (\$ per sf)	
<b>Total</b>	<b>60.68</b>	<b>23,923,622</b>	<b>71,471,780</b>	<b>2.99</b>	<b>2,643,359</b>	<b>27.04</b>

"Inflation Calculator" from US Dept of Labor, Consumer Price Index page  
<http://www.bls.gov/cpi/home.htm>

## MLK Jr. Blvd Zoning Summary

232 taxlots between NE Broadway & Portland Blvd.

Totals	Area (Acres)		Taxlots		Land Value (\$M)		\$/sf
	62.8		232		24.8		
by Zone							
CG	19.1	30%	57	25%	9.1	37%	\$10.99
CM	0.8	1%	3	1%	0.3	1%	\$9.75
EX	30.1	48%	107	46%	10.5	43%	\$8.03
RX	1.1	2%	10	4%	0.7	3%	\$15.11
RH	10.3	16%	52	22%	3.8	15%	\$8.33
R1	1.1	2%	3	1%	0.3	1%	\$5.83
Commercial	19.9	32%	60	26%	9.5	38%	\$10.94
Mixed-Use	30.1	48%	107	46%	10.5	43%	\$8.03
Residential	12.6	20%	65	28%	4.8	19%	\$8.72

1 acre = 43560 sq.ft.

1000000

Source: Bureau of Planning and Multnomah County Tax Records via Portland CGIS Database

## POPULATION

The following pages document a number of important trends in Portland and the region. These trends include: impressive population growth during the 1990s, the dramatic increase of Hispanic populations, the shift from family to nonfamily households within the city, the decline in the number of households with children, the overall decline in median household size, and the shift in the median age of residents in Portland neighborhoods. Also mapped is projected population growth for the region in the year 2020.

### Population

After a consistent loss of population in the city during the post World War II decades, Portland has grown steadily since 1980 when tracking the population within the current boundaries of the city. The following map shows which areas of the region are gaining the most people and which areas lost population in the 1990s.



Since the 1970s, married family households have declined in both absolute numbers and as a percentage of population in the city.

During the 1990s, Portland also experienced a significant change in population composition. Whites have declined slightly as a percentage of the population, and there was a large rate of increase in Hispanic and Asian households. The growth in Hispanic households dramatically

exceeded estimates as shown in the charts on page 7. According to the Multnomah County Health Department, between 1990 and 2000 the number of births by Multnomah County resident Hispanics increased 242 percent (404 to 1,380), while the percentage of non-Hispanic Whites decreased 16 percent (7,595 to 6,375).










The average size of Portland households has also changed. Many inner city neighborhoods are declining in population. However, this decline is not a result of a decline in the number of housing units (stemming in the past from the demolition of older homes with little redevelopment), but is due to a long-standing decline in average household size. So, while household size is decreasing, the number of households is increasing.

Interestingly, several inner city neighborhoods have seen a decline in the percentage of families with school-aged children, but have also seen a decline in the overall median age of residents during the last ten years. This supports several findings that these neighborhoods have become attractive to young adults, single or married, who have delayed child rearing or have chosen not to have children. Elderly adults also make up a smaller share of these neighborhood residents, as many have retired to other communities.

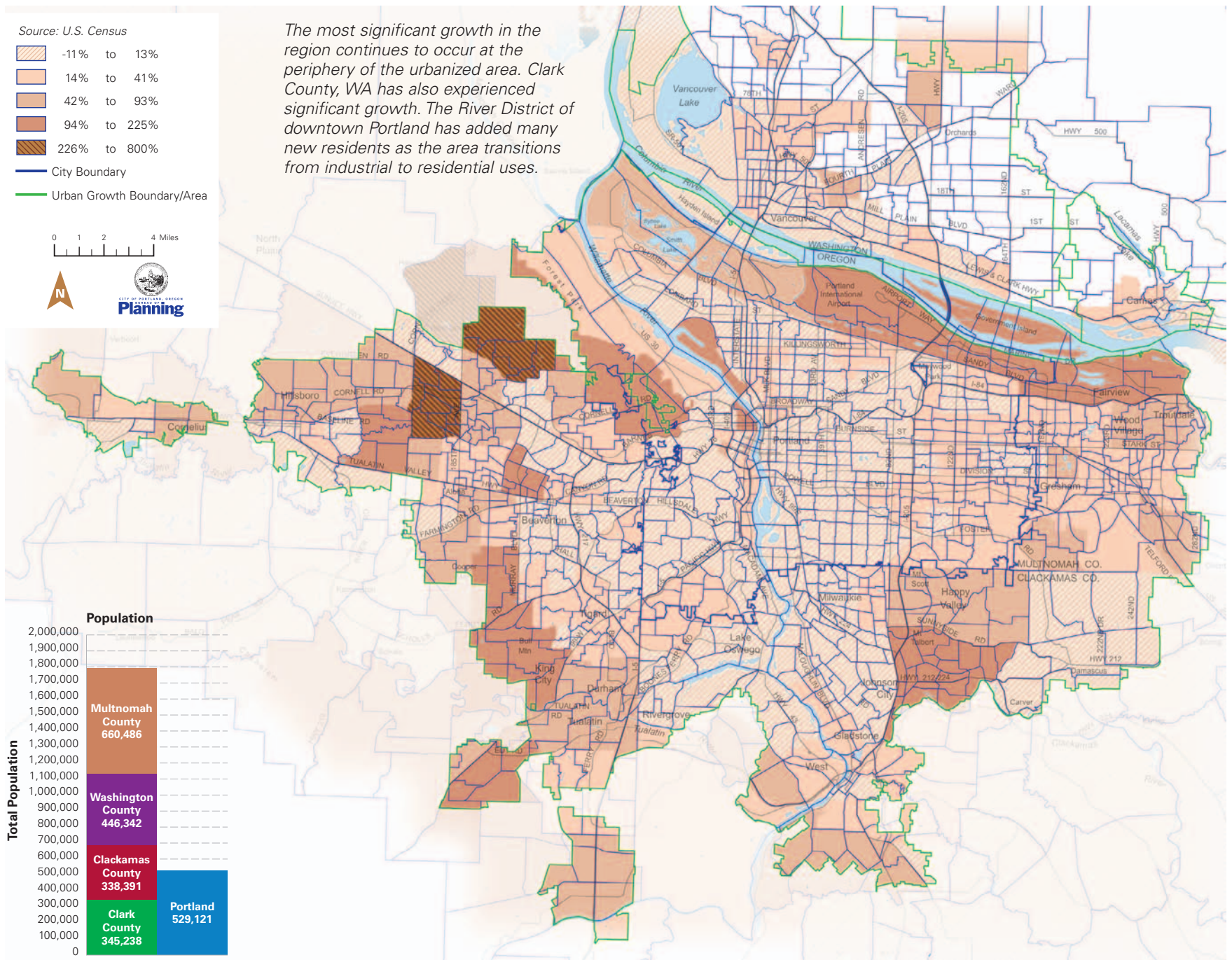
# PERCENT CHANGE IN REGIONAL POPULATION BY CENSUS TRACT 1990-2000

Source: U.S. Census

-  -11% to 13%
-  14% to 41%
-  42% to 93%
-  94% to 225%
-  226% to 800%
-  City Boundary
-  Urban Growth Boundary/Area



The most significant growth in the region continues to occur at the periphery of the urbanized area. Clark County, WA has also experienced significant growth. The River District of downtown Portland has added many new residents as the area transitions from industrial to residential uses.

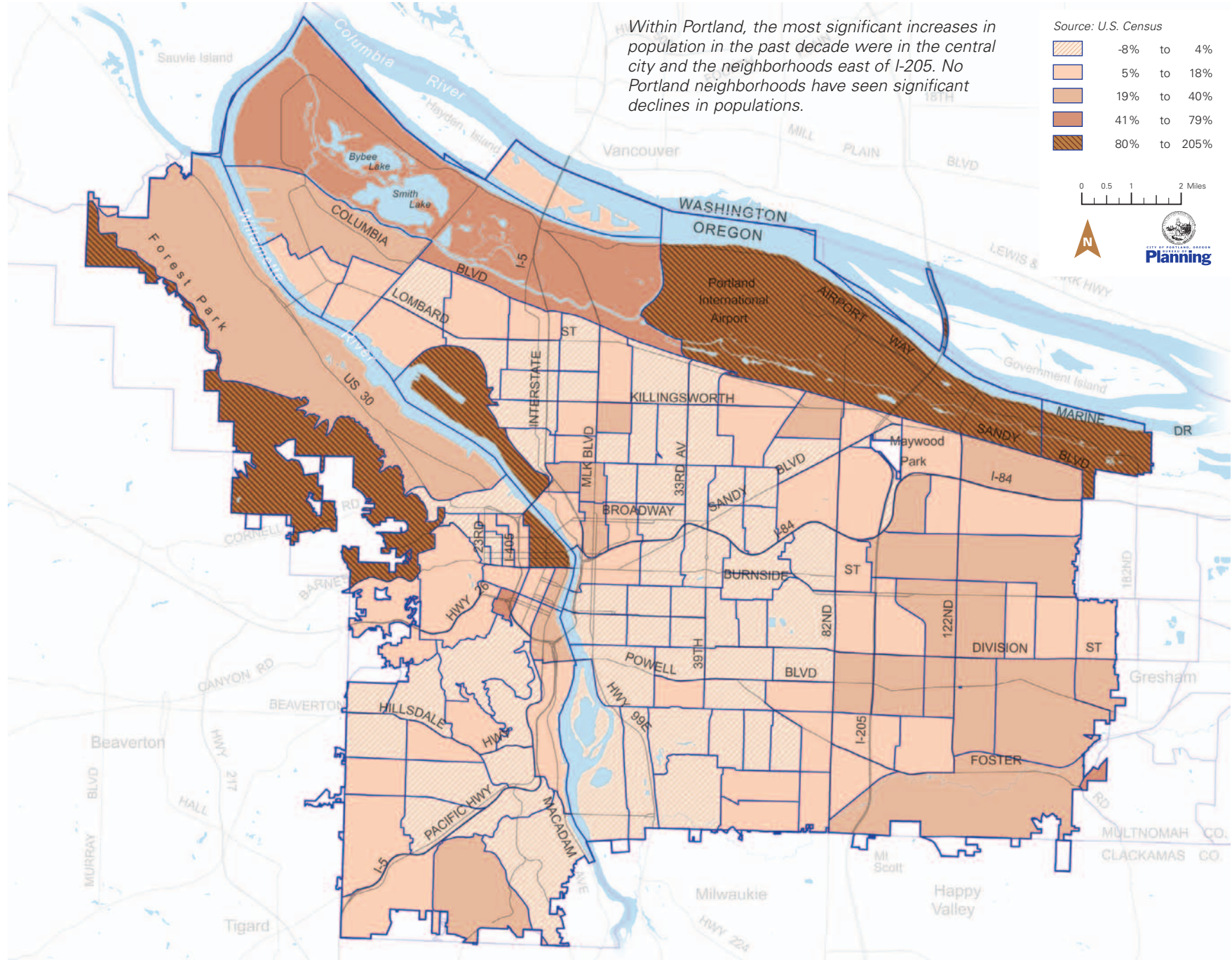
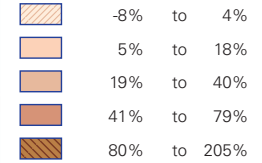


Total Population	
Multnomah County	660,486
Washington County	446,342
Clackamas County	338,391
Clark County	345,238
Portland	529,121

**PERCENT CHANGE IN POPULATION BY CENSUS TRACT 1990-2000**

*Within Portland, the most significant increases in population in the past decade were in the central city and the neighborhoods east of I-205. No Portland neighborhoods have seen significant declines in populations.*

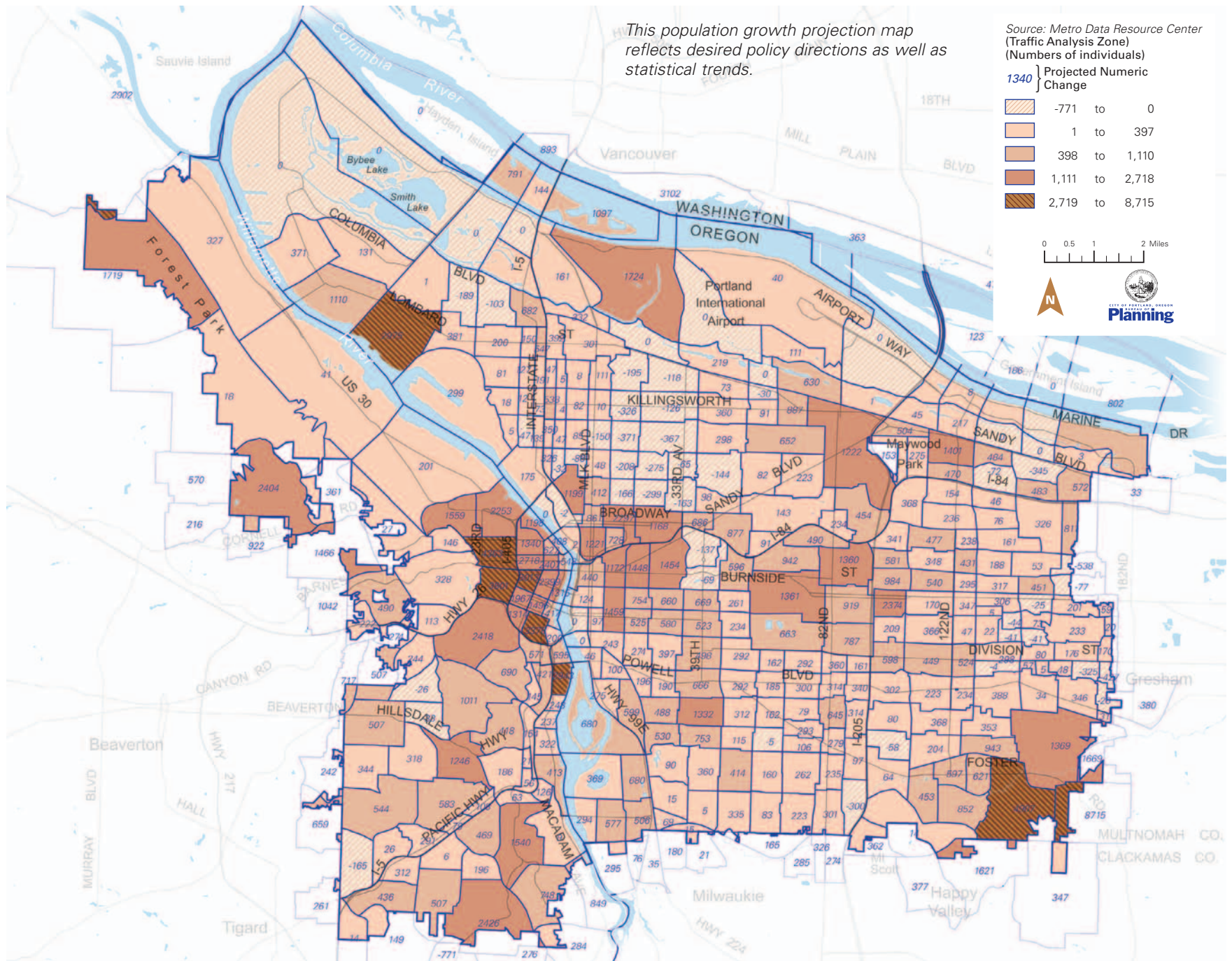
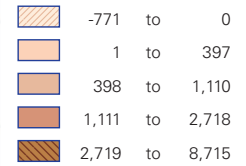
Source: U.S. Census



# PROJECTED POPULATION CHANGE BY TAZ 2000-2020








This population growth projection map reflects desired policy directions as well as statistical trends.

Source: Metro Data Resource Center  
(Traffic Analysis Zone)  
(Numbers of individuals)  
1340 } Projected Numeric Change



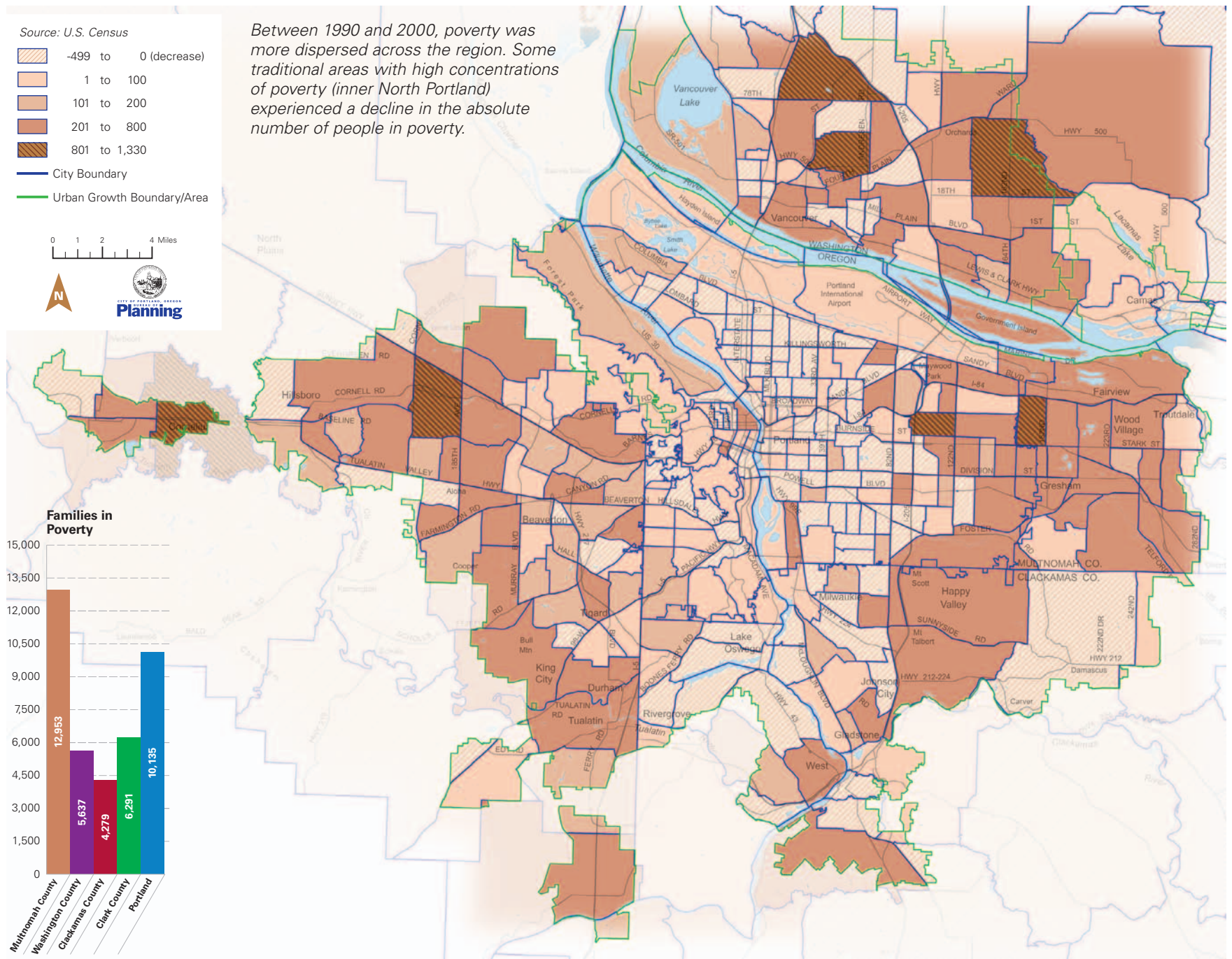
# NUMBER CHANGE OF PEOPLE LIVING IN POVERTY BY CENSUS TRACT 2000

Source: U.S. Census

-  -499 to 0 (decrease)
-  1 to 100
-  101 to 200
-  201 to 800
-  801 to 1,330
-  City Boundary
-  Urban Growth Boundary/Area

Between 1990 and 2000, poverty was more dispersed across the region. Some traditional areas with high concentrations of poverty (inner North Portland) experienced a decline in the absolute number of people in poverty.

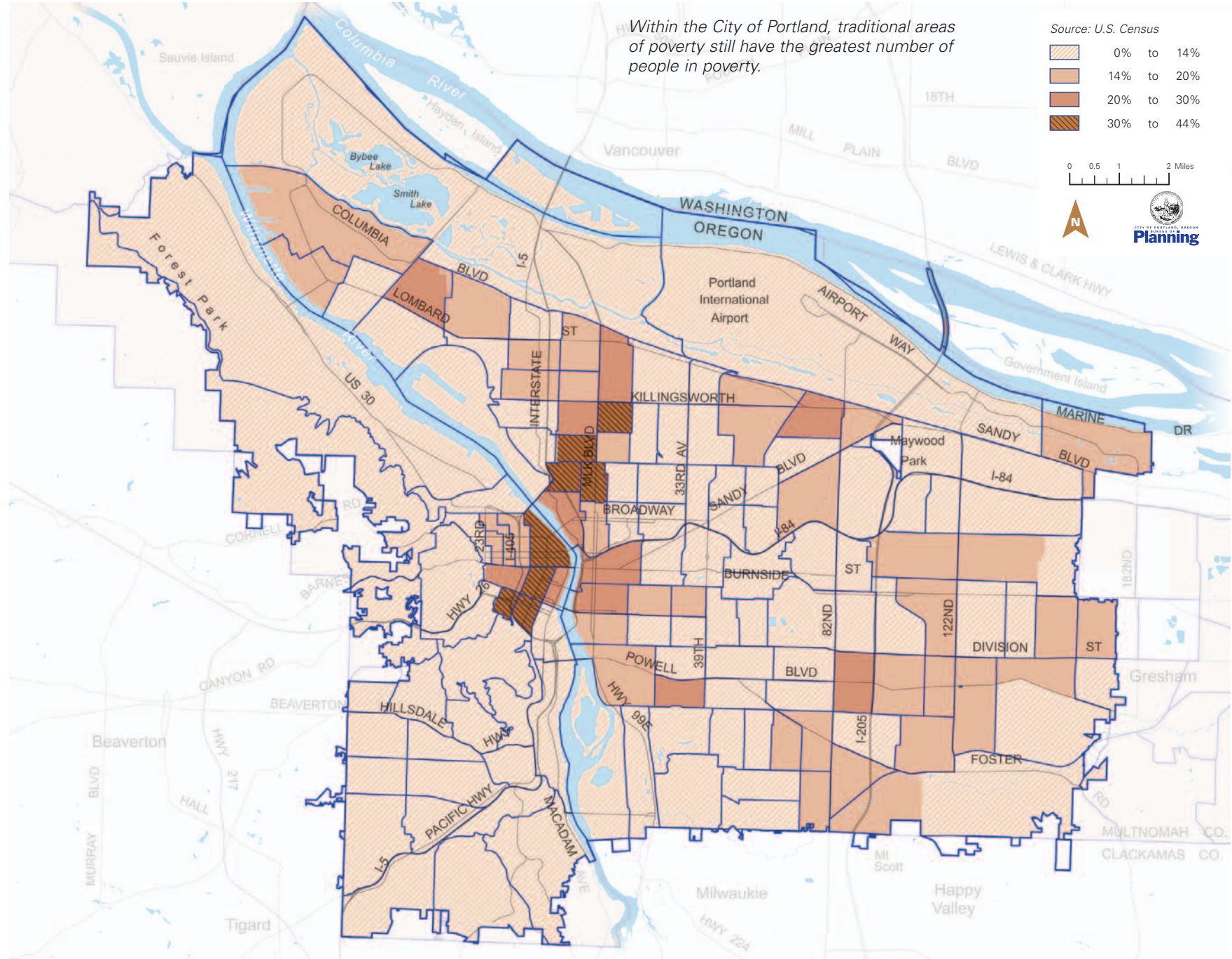
0 1 2 4 Miles





**PERCENT OF PEOPLE BELOW POVERTY LEVEL BY CENSUS TRACT 2000**

*Within the City of Portland, traditional areas of poverty still have the greatest number of people in poverty.*



Source: U.S. Census

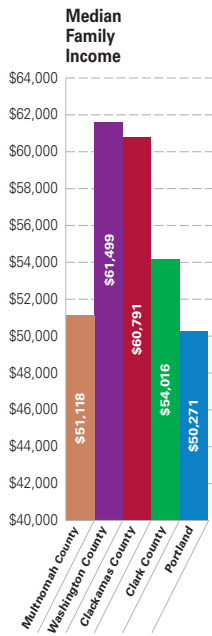
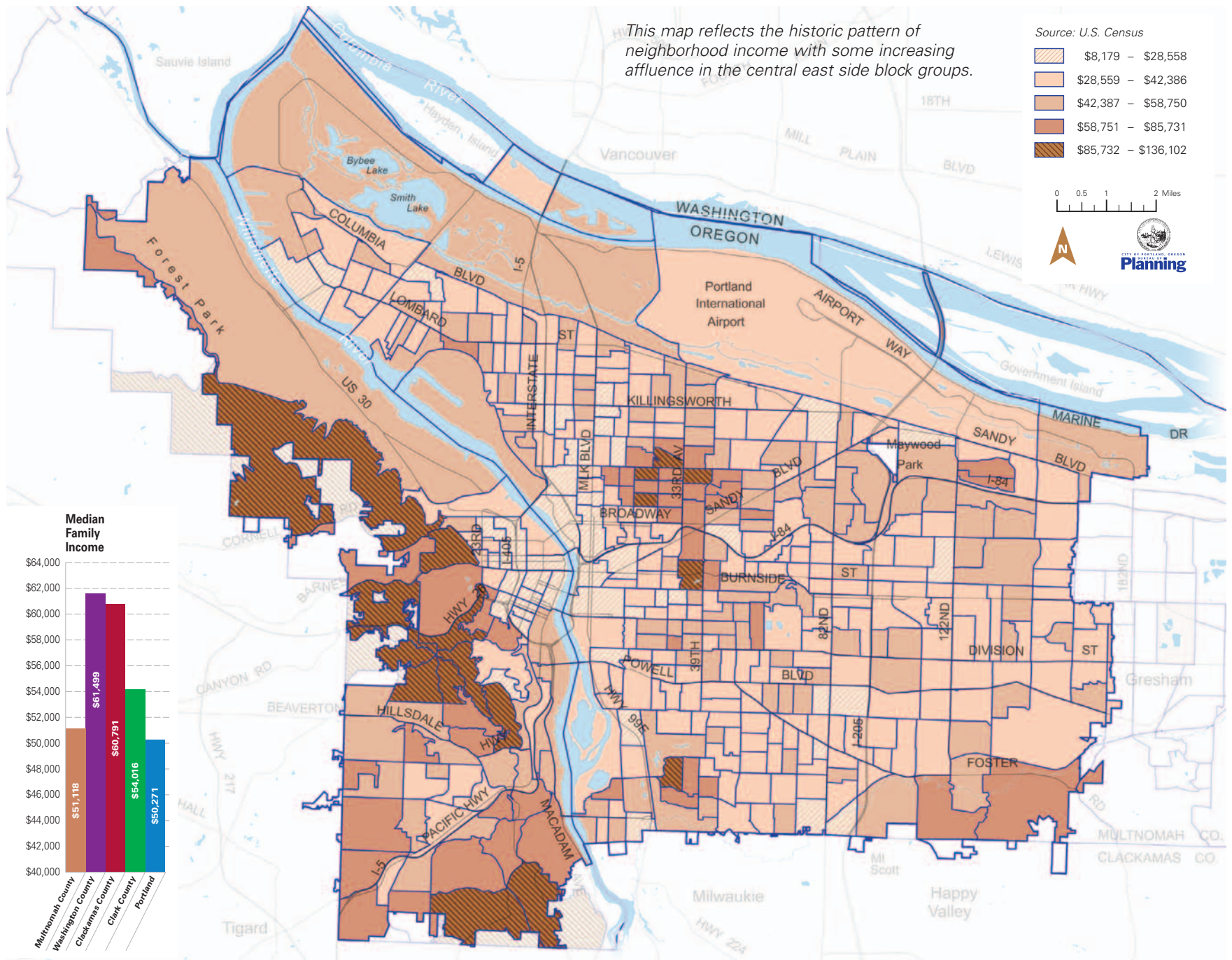
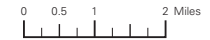
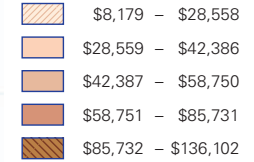
	0% to 14%
	14% to 20%
	20% to 30%
	30% to 44%

0 0.5 1 2 Miles

## MEDIAN HOUSEHOLD INCOME BY BLOCK GROUP 2000

This map reflects the historic pattern of neighborhood income with some increasing affluence in the central east side block groups.

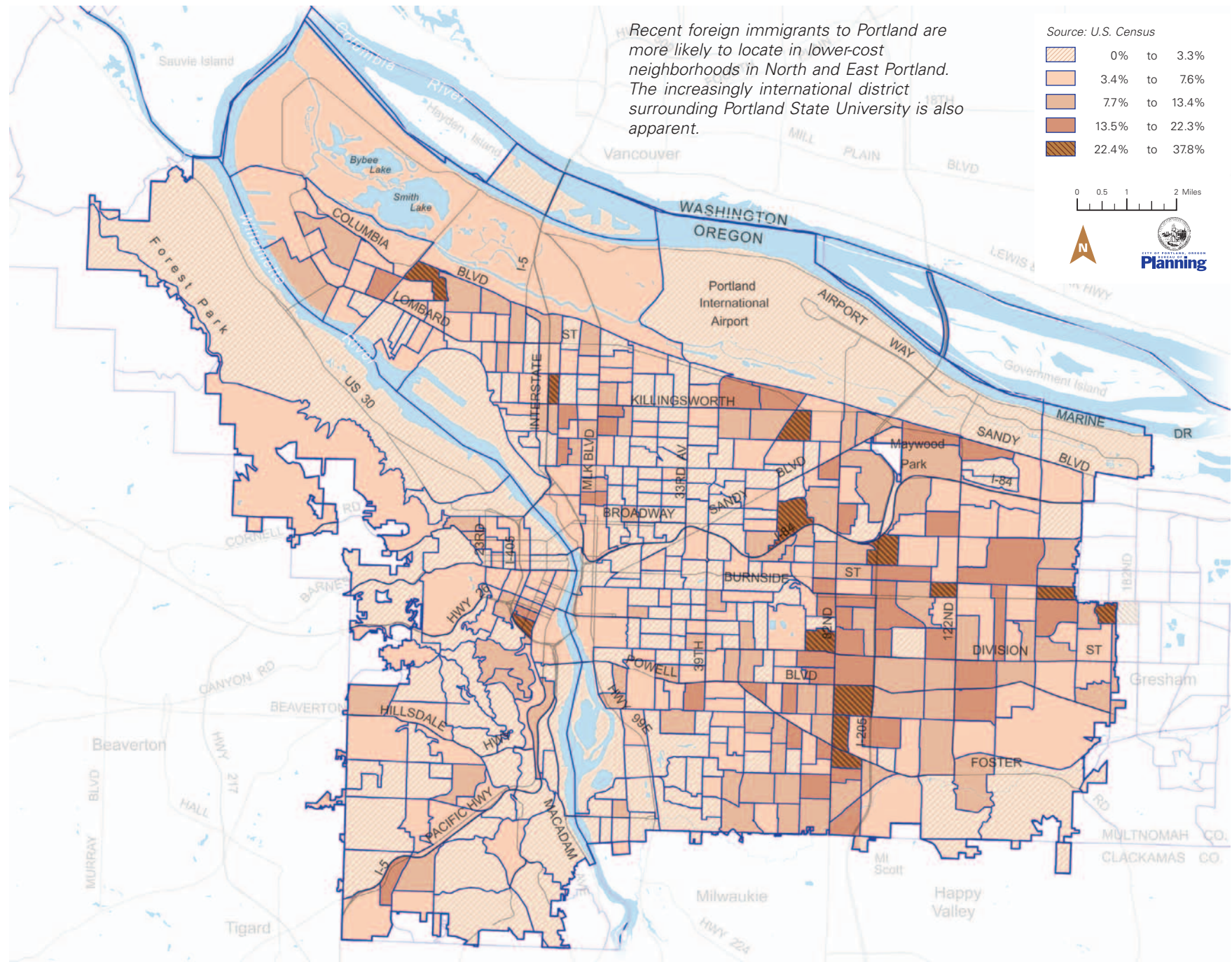
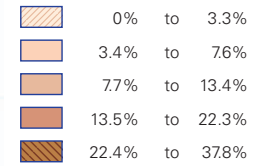
Source: U.S. Census



### PERCENT CHANGE IN FOREIGN IMMIGRANTS BY BLOCK GROUP 1989-1999

Recent foreign immigrants to Portland are more likely to locate in lower-cost neighborhoods in North and East Portland. The increasingly international district surrounding Portland State University is also apparent.

Source: U.S. Census



## GOALS

**P**roviding affordable housing and opportunities for homeownership to residents are long term goals of the City. There is a goal to attract a respectable share of all new housing built in the region in an effort to stem the flight of new housing to the neighboring suburbs. The following pages provide evidence that Portland is making progress with these goals.

In the mid 1990s, City Council adopted a goal to capture at least 20 percent of regional growth. As measured by the level of residential permit activity, the City has achieved that goal during the last half of the 1990s within those portions of the metro counties within the urban growth boundary. But it may become more difficult to reach these goals as inner city development becomes more expensive and surrounding cities make expansion by annexation less likely.

Housing prices in the city have increased in the past decade with some census tracts experiencing over a 200 percent increase in median housing values. The good news is that no census tracts experienced a decline in housing values. While the increase in housing



values is a concern for affordability and needs to be monitored, Portland is still considered affordable when compared to other West Coast cities. See the Arts and Culture section for a more detailed discussion.

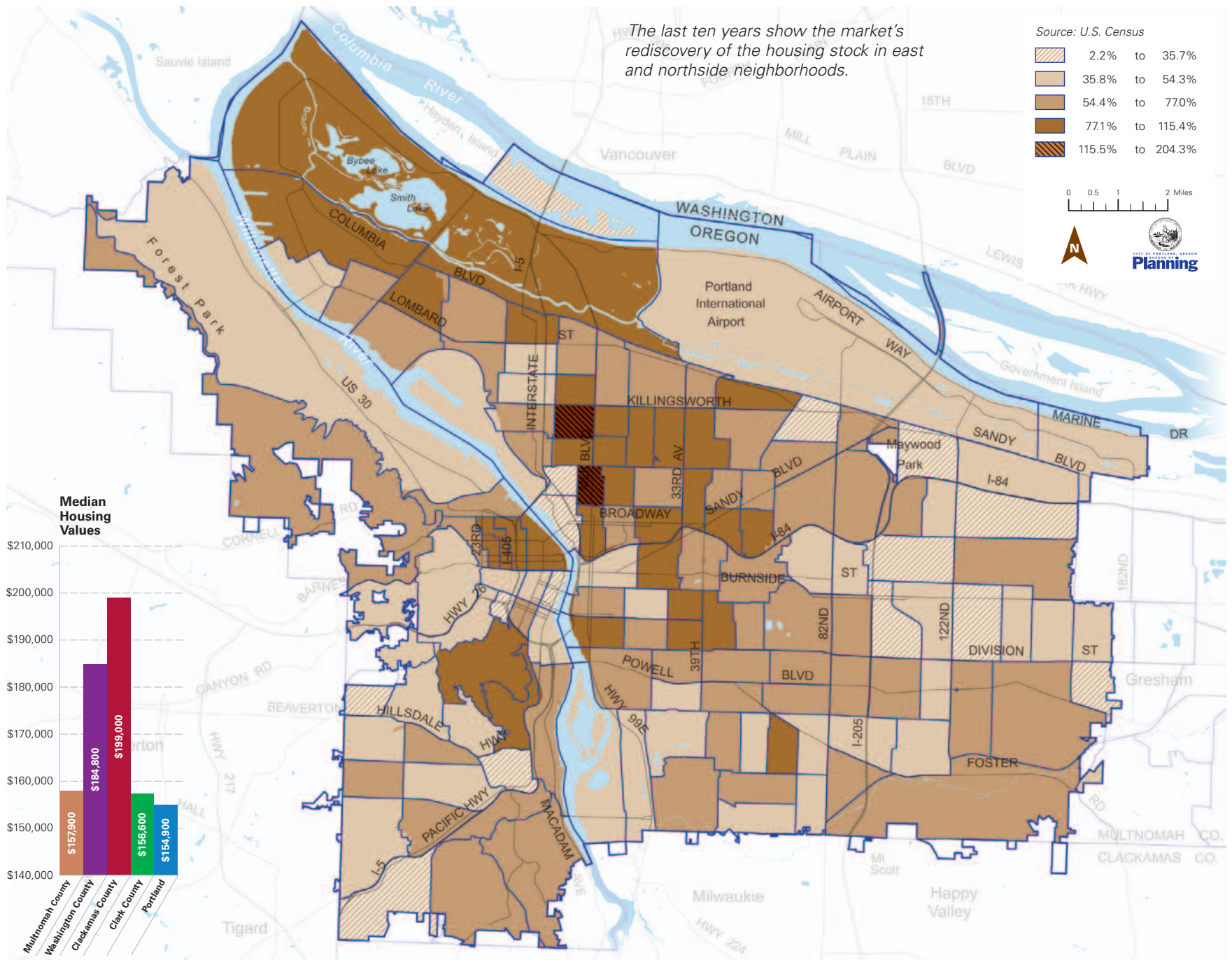
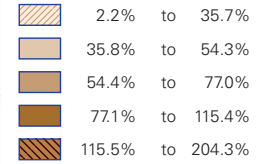
Portland had a citywide homeownership rate of 56 percent in 2000, up three percent since 1990. This is respectable progress when compared with other cities in the region, some of which showed a decline in homeownership rates. Portland's homeownership rate now exceeds that of some of its suburban neighbors for the first time since World War II.

Homeownership rates vary widely among racial and ethnic groups. Hispanics are the only major ethnic group showing a decrease in their homeownership rates. This is likely due to a large number of recent and "less established" immigrants (see the Population section for a more detailed discussion of the Hispanic population changes). Asian-American homeownership rates are approaching those of white households. The only minority not making significant gains in homeownership is African-Americans.

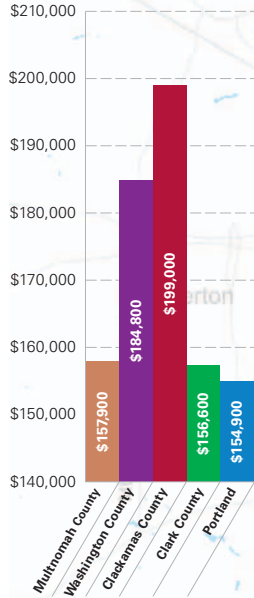
# PERCENT CHANGE IN MEDIAN HOUSING VALUE BY CENSUS TRACT 1990-2000

The last ten years show the market's rediscovery of the housing stock in east and northside neighborhoods.

Source: U.S. Census



Median Housing Values

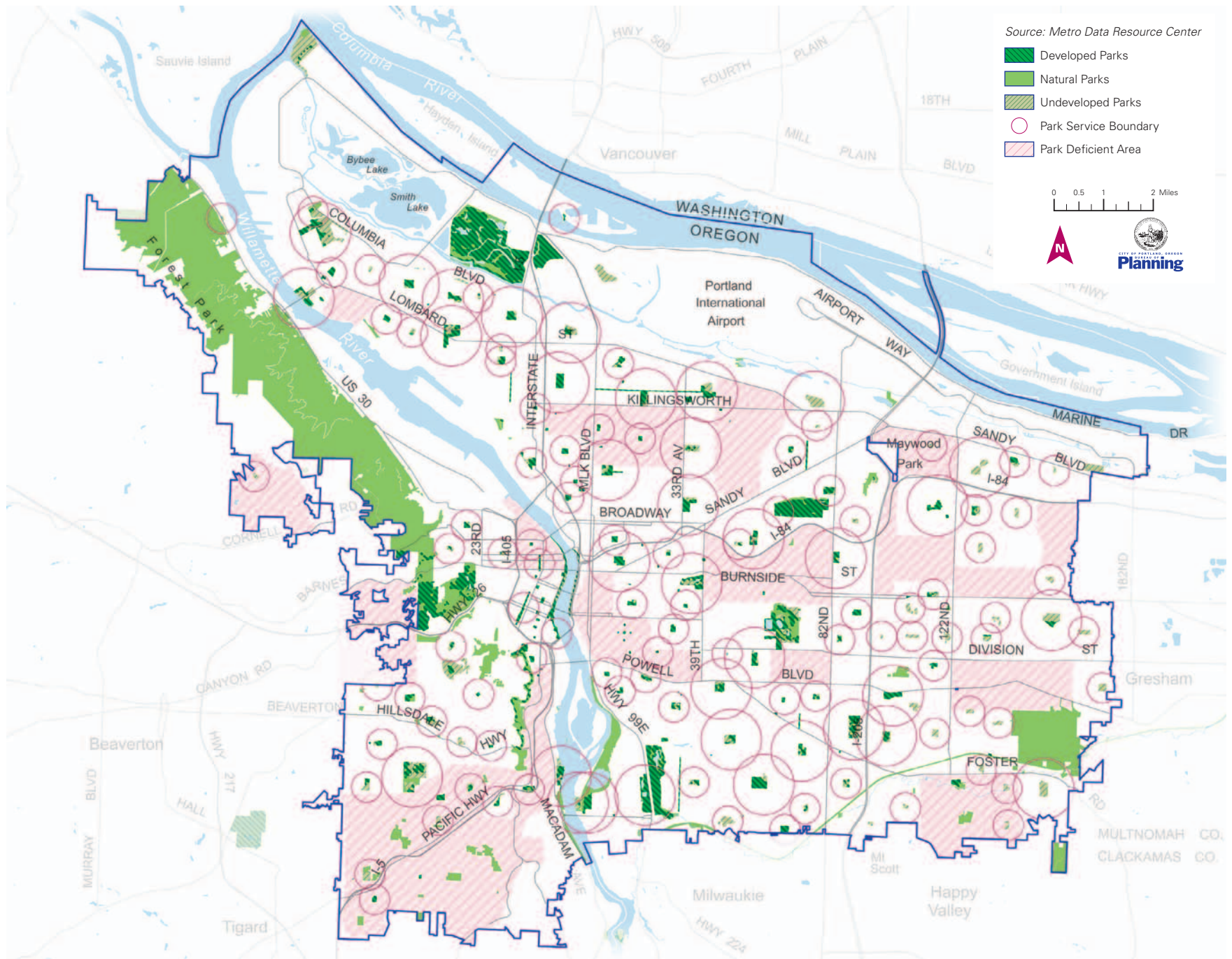


# PARKS AND RECREATION SYSTEM

Source: Metro Data Resource Center

- Developed Parks
- Natural Parks
- Undeveloped Parks
- Park Service Boundary
- Park Deficient Area

0 0.5 1 2 Miles



OVERVIEW

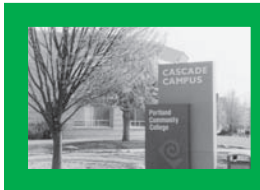
**P**ublic education has been a topic of heated debate recently and the following section identifies issues and trends that have a strong correlation to the future of Portland's national reputation and how well Portland neighborhoods function.

Student enrollment in the Portland Public School District is declining by about 1,000 students yearly. Some elementary schools are closing as a result. School closings can create a void at the traditional center of some neighborhoods. While enrollment in the city declines, suburban schools at Portland's eastern edge are experiencing increased enrollments. The final map in this section shows potential changes to public school properties. Several school properties are on large sites, which could allow for creative uses to generate revenue for the district.



As of 2001, families with children who were leaving the Portland Public School system were doing so to reduce the cost of housing, rather than to flee perceived deficiencies in the school system.





School lunch programs are often used as a marker for poverty. Similarly, school performance test scores show a high correlation between neighborhood prosperity and student performance. The following maps also show there is a greater need for school lunch programs clustered in inner North and Northeast Portland and the need is increasing at the outer eastern edges of the city.

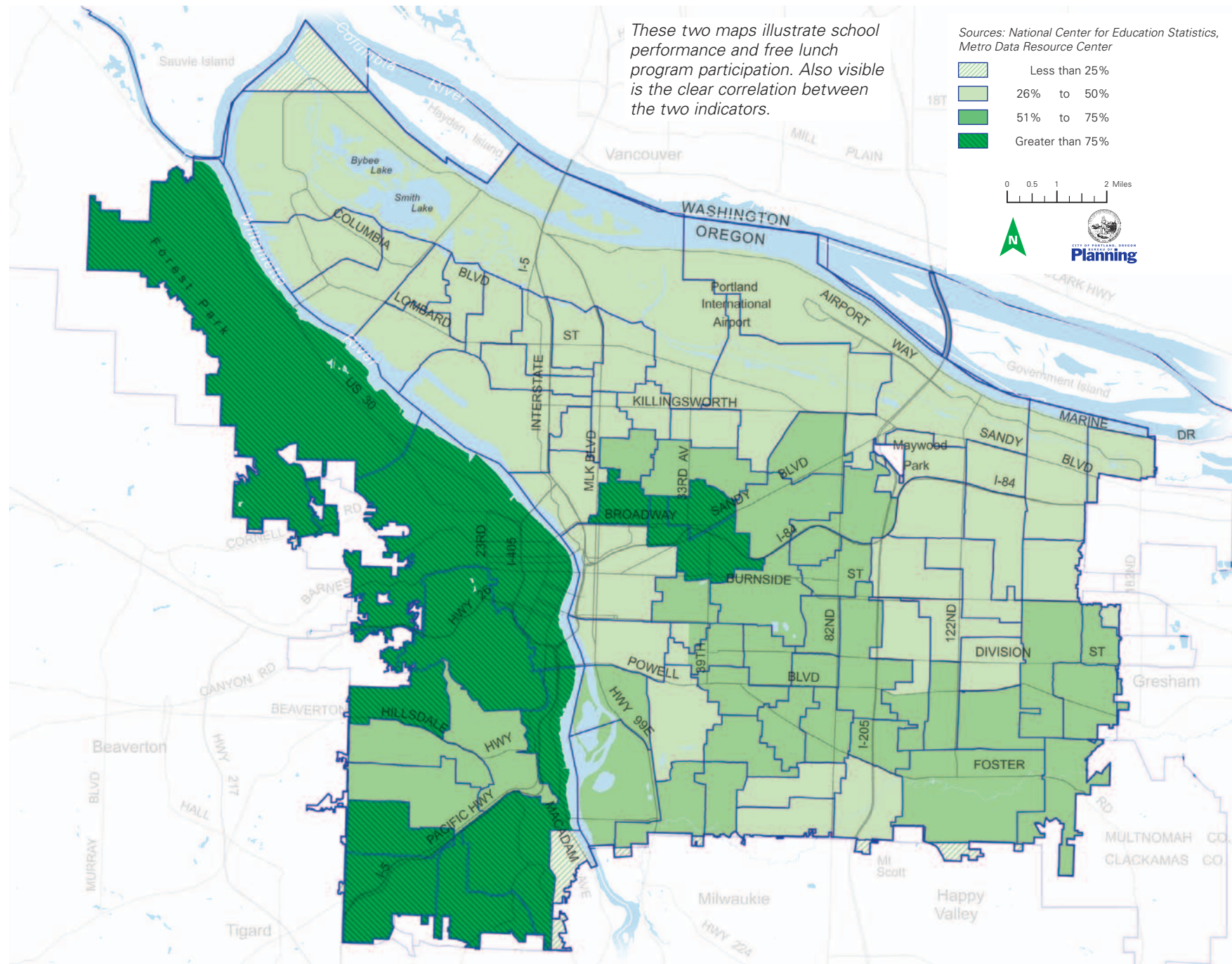


**PERCENT OF MIDDLE SCHOOL STUDENTS MEETING READING BENCHMARKS BY ATTENDANCE AREA – 2001/2002**

*These two maps illustrate school performance and free lunch program participation. Also visible is the clear correlation between the two indicators.*

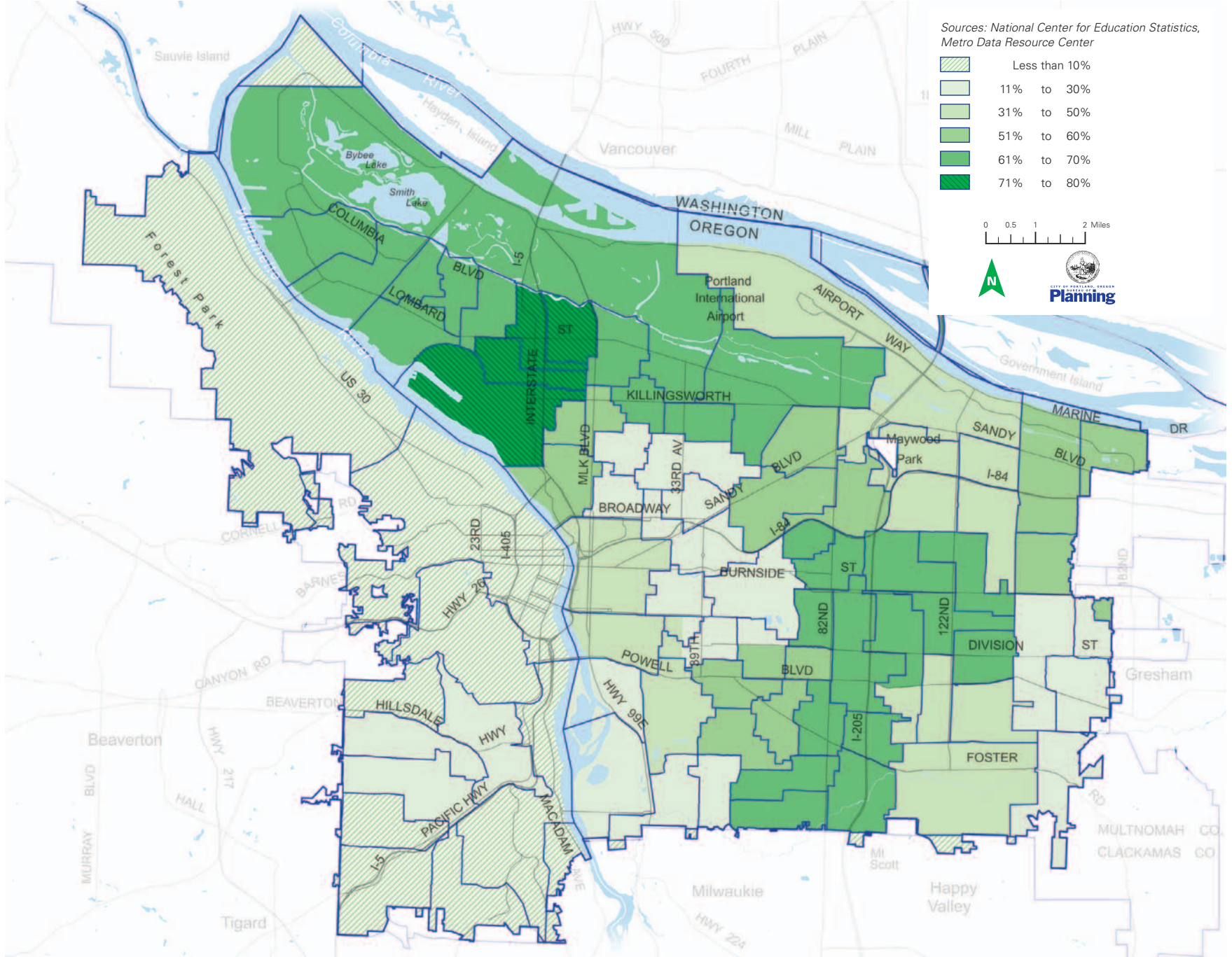
Sources: National Center for Education Statistics, Metro Data Resource Center

-  Less than 25%
-  26% to 50%
-  51% to 75%
-  Greater than 75%





**PERCENT OF MIDDLE SCHOOL STUDENTS QUALIFYING FOR FREE SCHOOL LUNCHES BY SCHOOL ATTENDANCE AREA—2001/2002**



## Residential and Nonresidential Permit Activity

Residential permit information shows single family development scattered fairly evenly throughout the city. There is a concentration of single family activity that is noteworthy in Outer Southeast Portland and the area of Forest Heights in the northwest. The data shows that 58 percent of multifamily units (apartments, rowhouses, and duplexes) were built in 2040 mixed use areas (centers and main streets) between 1997 and 2002. Over 70 percent of the larger projects with 40 or more units were built in 2040 areas.

Urban renewal districts provide some foci of multifamily residential development activity, although these urban renewal districts do not correspond entirely with Metro's *2040 Growth Concept* map.

The 2040 analysis design type areas depicted on the following pages were developed by the Bureau of Planning for Metro's *Urban Growth Management Functional Plan* compliance purposes in February 1999. Most boundaries are not official and have not been adopted by the City. Specific boundaries will change as specific local planning processes occur. Therefore, additional work is

needed by the City to fully implement the *2040 Growth Concept*.

Despite the positive development trends in the 2040 centers, little development is being built at the densities allowed in these areas. This suggests that the zoning in many 2040 centers is still considerably ahead of the market.

A closer look at recent development in 2040 areas reveals that it has required public subsidy in one form or another. For example, innovative projects that embody transit orientation, mixed-income, or mixed-use goals have been the products of public-private partnerships assisted

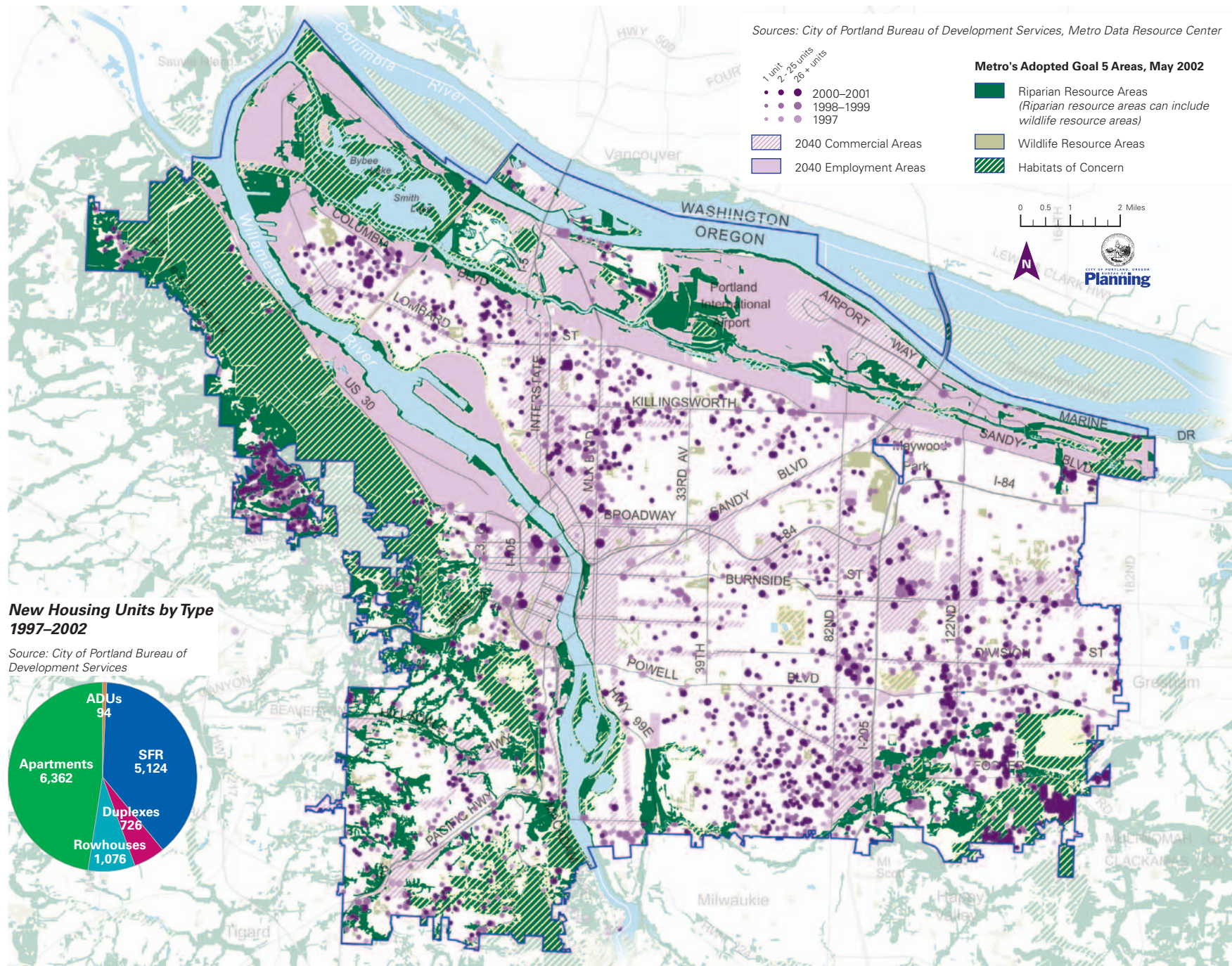
with public funds such as block grants, tax increment financing, or limited property tax abatements. Brownfield redevelopment has also required public-private partnerships, such as South Waterfront Park and River Place.

An additional finding is that Portland's commercial areas exhibit differing levels of vitality. Only a few of the 2040 centers are meeting Metro's goals for urban form and mix of goods and services. Commercial areas' health is determined by a combination of factors, particularly physical form, market niche, surrounding demographics, and accessibility.



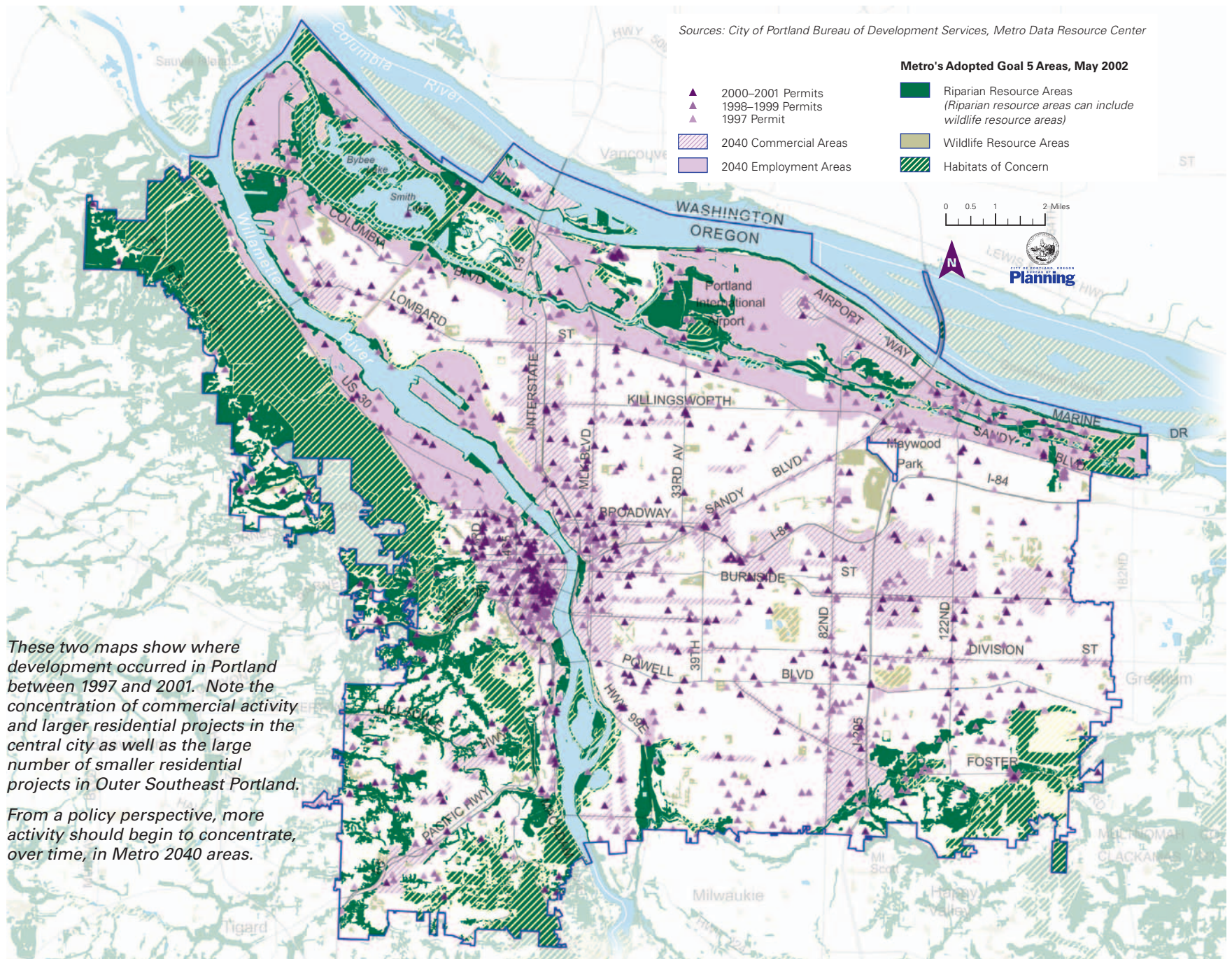
# RESIDENTIAL PERMIT ACTIVITY

Sources: City of Portland Bureau of Development Services, Metro Data Resource Center



# NON-RESIDENTIAL PERMIT ACTIVITY

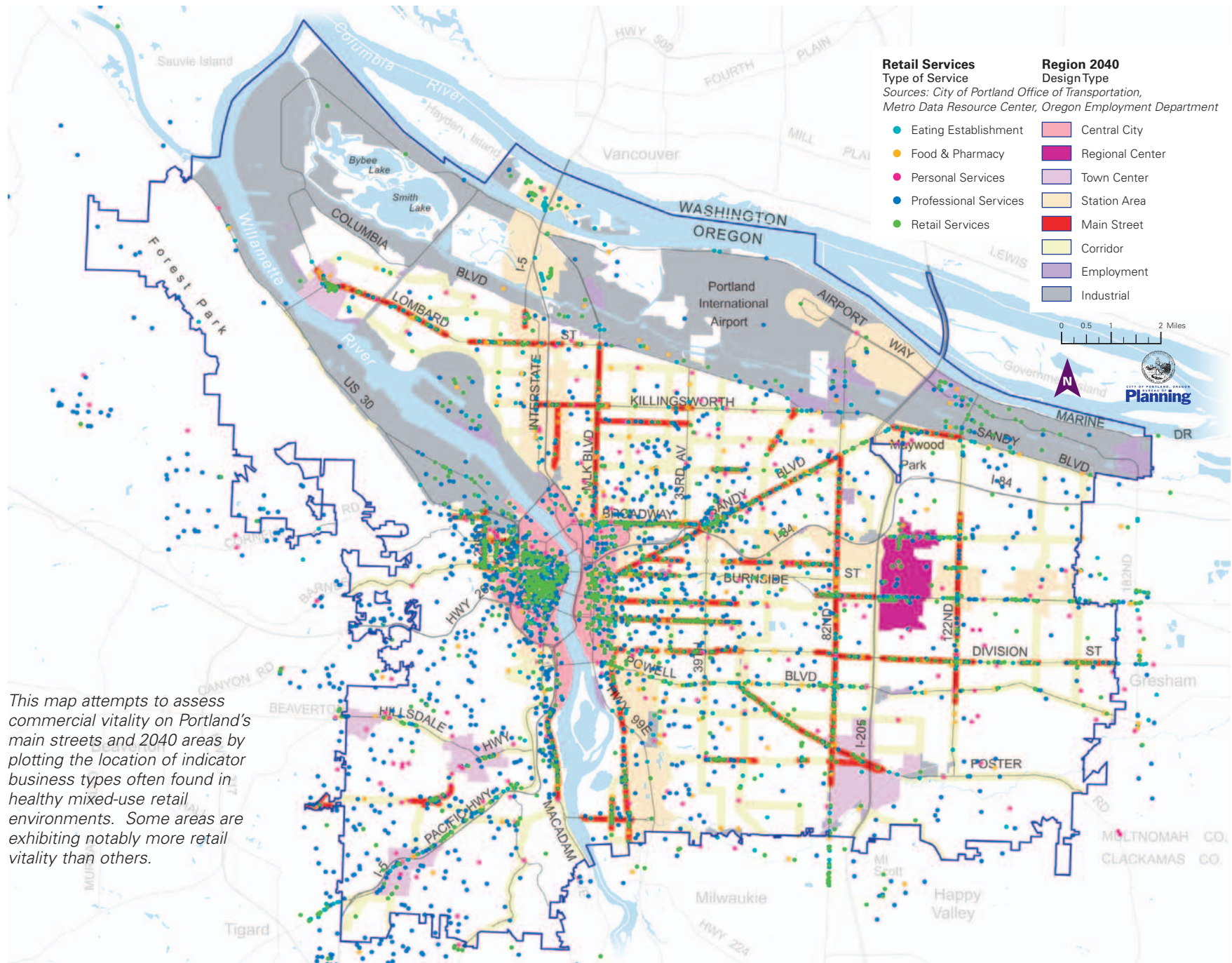
Sources: City of Portland Bureau of Development Services, Metro Data Resource Center



These two maps show where development occurred in Portland between 1997 and 2001. Note the concentration of commercial activity and larger residential projects in the central city as well as the large number of smaller residential projects in Outer Southeast Portland.

From a policy perspective, more activity should begin to concentrate, over time, in Metro 2040 areas.

**RETAIL SERVICES**



*This map attempts to assess commercial vitality on Portland's main streets and 2040 areas by plotting the location of indicator business types often found in healthy mixed-use retail environments. Some areas are exhibiting notably more retail vitality than others.*

## Appendix C: Excerpts from Stakeholder Interviews

### 1) Physical Environment & Neighborhood Context

- a) Vacant property & lack of commercial amenities
  - To support small business, need services like copy center. High speed internet is already there, need a way to tap in.
  - One factor that contributed to [business] closing: Driving up MLK at night, everything is dark. There's a bit of activity around Russell, but then nothing until Fremont. This street still has a long ways to go. Drive it at night and you'll see. Nike & Std. Dairy blocks are only exceptions. MLK needs more 24-hr activity.
  - The neighborhood is starting to get more services (ie. places to get lunch) and while it lacks some basics like a copy shop, [business] is big enough that they have most of this taken care of in-house.
  - The number of vacant & underutilized properties does present an opportunity for businesses that require large parcels, which are difficult to find close to the central city. Some examples are: a large commercial kitchens with retail storefronts (such as a bakery), or light industrial uses that need a commercial showroom (such as a tile company).
  
- b) Character of street: length, median, parking, traffic volume & speed
  - MLK Blvd. is dominated by affordable housing, which can be a disincentive for further redevelopment. Many of the newer buildings are aesthetically poor, with EIFS facades that do not give a good architectural feel. Another problem is that MLK Blvd is not pedestrian friendly. Many lots along MLK Blvd are vacant or underutilized. The addition of a median did not help to improve the streetscape.
  - The traffic on MLK Blvd doesn't lend itself to the small scale retail development seen on Alberta St. That's OK. Hopes to see more public & private investment on the Blvd. There have been a number of retail/housing developments; it would be great to see more retail/office buildings.
  - In 1940's it was all about the automobile, and MLK was hugely successful. McDonalds is a great fit as an auto-centric business.
  - MLK is major arterial route, and does not get foot traffic
  - MLK is a highway – too wide to talk to neighbor, but lots aren't deep enough to do big stuff.
  - Big issues on MLK:
    - Everyone still thinks of street as State Highway. Cars move too fast. Need to slow traffic down and provide more pedestrian access.
    - Median is a liability
    - Stop doing blank stucco walls facing street like McCoy Village
  - MLK Blvd is a highway. Difficult to re-make it as a bustling commercial area.
  - MLK acts as boundary between east & west. Much like the freeway, people don't tend to cross it.

- MLK is on a highway. There isn't the same kind of community thing going on as with Alberta. Can't do "Last Thursday" on MLK. Need a different kind of business model.
- Many other reasons have been blamed for lack of redevelopment, including poor zoning, transportation issues, crime, and racial bias. For example, some people blame the median & parking, but Macadam Blvd is very similar, and that area is not having the same redevelopment problems.
- Likes what has been done with street improvements & addition of parking which is necessary for retail uses.
- People thought getting rid of median would help redevelopment efforts on MLK. This was a bad solution. Narrow lanes now cause cars to get sideswiped, and no one parks in the narrow parking lanes. This was a lot of money spent for a median in a neighborhood that really just needs basic services.
- Was involved in project to advise redesign of MLK Median. This gave business owners a feeling that city was willing to work with them.
- [Subject] takes a positive view of transit improvements along MLK (including the addition of on-street parking). Hawthorne Street provides an interesting comparison with MLK Blvd. Both are busy transit corridors with four lanes of traffic plus on-street parking. Commercial activity on Hawthorne is strong between 20th and 40th Ave. in the vicinity of strong residential communities. This falls off dramatically toward the west end of Hawthorne approaching downtown. Where it is not surrounded by good housing stock, it looks a lot like parts of MLK Blvd. Increased home ownership in surrounding areas would help the situation.
- Investments in sidewalk trees are nice, since they seem to improve perceptions, though they are often bad for business because of reduced visibility. Investments in street parking and median changes have been a total waste of money. The shallow median makes it easy to jump the curb and drive into trees. The street parking is too narrow for MLK's high traffic volume, and is rarely used.

c) Small lot sizes (w/fractured ownership)

- Reasons for land not being developed vary by parcel, but mostly center around ownership issues. For example an owner may have inflated expectations of property value, and little incentive to sell if tax rates are low. With so much urban renewal investment in the area, there may be an expectation of eventual windfall if property is held.
- Small parcels often cannot be assembled into parcels attractive to developers because individual owners are unreachable, or impossible to work with. For property already owned by PDC, the development process is very slow.

d) Poor building stock: commercial buildings on King & nearby housing

- MLK commercial buildings are poorly designed for mixed use. Residential component often dictates design. This is flawed.
- Need more new housing in neighborhood.
- Several Portland neighborhoods are thriving with new commercial tenants. For example, NE 28th Avenue near Burnside has built out with private investment only.

Both Mississippi St. and Alberta St. have made great strides, with some help from PDC programs. All three neighborhoods have one thing in common. They are surrounded by good housing stock, and benefit from the energy of a strong neighborhood community. One problem that [Subject] sees on NE MLK Blvd., is a lack of good housing stock, particularly to the west in the Vancouver / Williams corridor.

- If challenge is to turn parts of MLK blvd into next 'hot neighborhood', the difficulty is a lack of infrastructure, particularly empty storefronts in relatively good shape with low taxes and value.
- Over past 10 years, Alberta St. has seen dramatic change driven by renovation of owner occupied buildings. In same time period, MLK did not have many small buildings for people to work with. There are a lot of car dealerships and empty land.
- [Subject] gets numerous requests from other brokers with clients hoping to buy market rate live/work space for \$200,000 or less. You won't find this in the Pearl, but it could work in N/NE neighborhoods. Even with the downturn in the economy, Portland seems to be attracting plenty of young entrepreneurial residents. Their needs could be well served by mixed use townhouses with small storefronts located near a major street. These new homeowners would also be working full time in the neighborhood, and could provide the energy and investment necessary to help parts of MLK Blvd. follow the success of Alberta, Mississippi, and 28th Ave.

e) Surrounding Community: Families & Schools

- Community services & Parks are not well represented in & around MLK Blvd.
- Education is biggest piece related to revitalization. Finding kids jobs is useless if they cannot read or write. Without education, little hope for the future.
- [Subject] talked about the need to improve schools in the neighborhood. This would attract more homeowners, and improve housing stock and income levels in the neighborhood. Since Portland Public Schools is strapped for cash, PDC could consider partnering on a project that included renovation of a school building.
- Sure, the housing market is good, and commercial development will follow if we wait long enough (10+ years?). But that may be too long because young families driving the residential market will have kids, and move out unless neighborhood has developed amenities to keep them. (Right now, school situation is not good.)
- Positive steps in education for this neighborhood? No. In fact, steps to improve education at public schools are having reverse effect on the high-risk students that [school] serves. Kids get almost encouraged to drop out so that state report card #'s will be less negative. On October 1, schools count their enrollment for state funding purposes. On October 2, problem kids get kicked out.

**2) Perceptions of MLK Jr. Blvd.**

a) Entire length of street considered as single entity

- Commercial uses on MLK stretch over a very long distance, but still get considered as a single entity. Mississippi, Alberta, and 28th have smaller, contained commercial districts. Some particular developments on MLK are succeeding such as Nike which



is a destination store (with good parking) that also serves the neighborhood. Billie Reed's is also doing well, as is the Venerable Properties redevelopment.

- It would help to not study MLK as one single entity, but rather a series of 4 or 5 bio-regional areas based on grade change and historic use. Political divisions are also important with 5 neighborhood (Eliot, Boise, King, Peidmont, Woodlawn) touching MLK Blvd in the study area, and 2 more on Alberta (Vernon, Concordia).
- People are still uneducated about what is happening in MLK corridor. Only hear negatives on the news (every month or so when something bad happens).

b) High poverty in area doesn't support major retail

- The area does not have a mature retail demand, and is hindered in part by perception. Prospective tenants for the [building name] include artists, non-profits, and other low rent seekers. Even among this group, [business] encountered some resistance based on location.

c) Racial bias

- Crime and racial bias issues do exist, but the problem is more with perception than the actual reality on the street.
- Racial bias problems have declined but are not gone. If they remain unaddressed things could swing back the other way.

d) Crime attracts negative press

- During the six years that [company] has been in the King Blvd location, there has been no graffiti, vandalism, or car prowling on their property.
- Today, gang issues are resurfacing, and we seem to be headed back toward 1988.
- When deciding whether to put bid on property, came out in the evening to check things out, and decided they were OK with neighborhood. In the 3-4 months between first negotiation and final sale, could see things improving, which reinforced good feeling about neighborhood.
- Current feeling: Neighbors are friendly, and building next door seems to be getting lots of potential tenants coming through. Biggest worry is recent uptick in gang activity might signal a move toward higher crime rates & slipping back to where things were in the 80's
- Never saw much crime on the street, but agrees that there is such a perception.
- Crime here is not as bad as SE, but perception is that it is worse, because much more news coverage given to NE Portland crime... Media organizations are used to doing this. It's what sells papers. Plus economic downturn leads to more crime.
- Lots of recent crime at MLK & Fremont. New community police station would help. Walnut Park station takes care of banks and surroundings, but not Fremont, Shaver.
- Recent gang activity in NE Portland is not helping fight the perception that MLK Blvd is a tough location for business. However, residential buyers do not seem deterred.
- Crime is down, but reading about shootings in the paper keeps people locked in the past.

- Focused public relations activity would help accelerate positive press and lead to more activity.
  - 10 years ago, Irving Park was bad. Today, neighbors are out more and the area feels safer.
- e) Government controls redevelopment
- Many people have the unrealistic expectation that the “PDC Paintbrush” will magically wipe away urban blight in broad urban renewal strokes. A more realistic view would consider that human systems are complex and change typically happens in small increments.

### 3) Community Expectations of Revitalization

- a) Allow for community input without moving too slowly
- In some cases PDC has been a hindrance to development. PDC approach is “we have the experts and will tell you how to best do this.” Why not stand behind people in the community who want to do the work?
  - PDC doesn’t follow historic community development because they don’t do the little stuff so well. PDC should partner with someone who does work well with small businesses.
  - PDC’s long planning cycle may outlast the demand for a particular type of development. For example if an mixed use development is in the works for 2-3 years, other developments may come on line sooner, meaning the PDC projects opens into a saturated market.
- b) Differing views of gentrification
- Diversity works. People are looking to go to places with diversity. NE Portland is a place where this can happen more easily than other places. Sell diversity as a feature, not as a difficulty.
  - More market rate housing in the neighborhood would help improve the situation. There has been concern that gentrification will push away the core of the black community. However, this sentiment is in direct conflict with redevelopment progress. Unless PDC is willing to subsidize every single development in the area, appreciation of property values must accompany redevelopment.
  - Reduction in MLK Blvd black-owned businesses is largely due to poor economy.
  - In favor of gentrification since it helped (not hurt) my market.
  - Urban renewal had a bad name in Northeast Portland after many blocks of inner city neighborhoods were demolished to make way for Emmanuel Hospital and Memorial Coliseum. When expanding the OCC URA boundary was first considered as a revitalization tool, [subject] negotiated with leaders from each neighborhood that touches MLK Blvd. After considering each block in the light of varying neighborhood interests, they were able to come up with a plan that would not result in wholesale removal of urban fabric. This is why the URA boundary snakes erratically up MLK Blvd.

- The people that are moving have income levels sufficient to support more businesses. Perhaps it would be helpful to highlight this positive aspect of gentrification, a term which is so often painted with negative racial connotations. In fact, not all affluent residents of N/NE Portland are white. For example, a core group of middle-class black residents now live in the area behind the Walnut Park shopping center at MLK Blvd. & Killingsworth Street. Gentrification should be viewed as an economic issue, decoupled from race.
- Sees public investment in MLK Development as a great use of resources, and noted that it is probably necessary since a typical developer is going to shy away from working in this neighborhood.
- City planners and PDC staff have worked to implement policies and programs that create opportunities for people to own homes in the neighborhood. However, the effect seems to be more people moving from outside the neighborhood than existing renters deciding to purchase homes. The migration of “creative services folks” into N/NE Portland will help the neighborhoods, but the city should concentrate on attracting services that will benefit existing residents while the opportunity still exists to do so.

c) Rising property values & land banking.

- Why are properties not being developed? It depends on the property. NE Fremont & MLK is owned by PDC, and progress is slow. By contrast, owner of a parcel at NE 27th & Alberta wants too much money for property to sell.
- Soft rental market means that for sale buildings are not moving except for owner occupied purchases.
- Northeast MLK area remains one of few areas that is “affordable” or a good investment opportunity. If Portland continues to grow, new businesses will need to go somewhere, and close-in neighborhoods seem likely candidate.
- Businesses like PDC programs, but because of land acquisition activity, PDC has reputation for competing with private developers. Several years ago, when most of this activity was going on, some members of NNEBA were angry about it.
- What if PDC were just 15 people buying land and that’s it. Instead of having so many tools, just dealing with the land might be cleaner. PDC could get first right of refusal on every empty lot. In some places PDC might give the land away, just to get the ball rolling.
- [Subject] feels that PDC can be successful with “seed projects” in a neighborhood when they buy and quickly improve a property. The Fremont/King project is one example that seems to be going well. Buying and holding for a long period is less helpful, and may lead some to believe that PDC is “land banking” property. Vanport is an example of a very ambitious plan that seems unlikely to be implemented. For better or worse, the extent of PDC involvement in the neighborhood has an effect on landowners. For example, [business] has looked at taking a listing in the neighborhood where the owner is suspicious that PDC is the only obvious buyer.
- When doing acquisitions, PDC should use county appraisals values as a guideline. In the past PDC has set false standard of what property owners could expect for land prices. For example, PDC purchased a beauty parlor on MLK and provided excessive moving costs.

- Many landowners resent PDC land acquisition activity, because it puts them in competition with the city which typically has a longer horizon (if any) for return on investment.
- PDC land acquisition in the area has had an overall negative effect, contributing to disinvestment by owners hoping PDC will eventually buy their property as well.
- PDC's perceived deep pockets in the buying market has bid up value of property tremendously. The prices are now high compared to actual value, given the neighborhood is still in pioneering stage.
- PDC should stay out of land purchase business, and get the word out that it is doing so. Consider selling properties to move market down.
- PDC needs new tools to get current properties operational. This should be priority rather than assembling more property in land bank. PDC spends too much money up front and tries to recoup premiums when they flip the property. This is setting a developer up for failure. PDC tries to avoid criticism and please downtown by showing they are doing real deals. But this is not a real market.
- Development not occurring where owners don't want to sell or develop the property.

d) Commercial development in neighborhood context

- MLK development needs to be village that interacts with itself, not necessarily the entire street. Developer must buy into community.

e) Goals for type of tenants

- Successful businesses on MLK will be car-oriented such as big franchises and drive-through restaurants. For example Motor-Mocha at MLK & Broadway is successful. Las Vegas would be perfect here.
- Difference between MLK & surrounding neighborhoods? Alberta, Mississippi will never have 40,000 cars/day, and don't want national tenants.
- Good idea to get tenants that complement each other. Has had good luck with this strategy on Alberta St., and has never had a vacant space more than 1 month.
- Get 2-10 employee companies to move into projects like Heritage Bldg. Need some services on ground floor with housing or office above. [Developer] can't drag in companies but PDC could.
- MLK needs a Fred Meyer type or other discount store, which is a good fit for what people in the area want to buy.
- Attract national brands like Starbucks (sure people will complain, but they make things happen) and Izzy's (they're a hit- you should go with a hit)
- Billy Reed's is doing well: mixed-use project with restaurant, achieves critical mass of tenants. By contrast, Irvington Covenant senior building has no activity on the street and brings no disposable income to neighborhood.
- One noteworthy project is Standard Dairy, developed by Bill Reed. The mixed use project includes a restaurant with housing above. Building on success with infill housing in Inner NE, Bill was not afraid to go forward with new development in this area. The restaurant is successful, and is still "the only game in town" with nighttime dining & live music in the immediate area.

- Assets of MLK include: (some) parking, sporting goods retailers, housing & transit nearby, underemployed youth with overzealous sports interest.
- Push hard for more sporting goods business activity. Major outlet stores for Copeland's & Adidas (similar to Nike's store) would do well in neighborhood. There is a natural synergy here, with many youth interested in sport.
- MLK is well suited for small commercial businesses with a few anchor tenants. Right now there are no brand names.
- Instead of targeting 100 companies with 500 employees each, should be aiming for 10,000 companies with 50 employees each. Once the little projects are successful the big projects will come in.
- PDC sometimes jumps on property without having a good long-term plan. They may be shooting for a big project, but need a "plan B" when big ideas don't work out. In the case of 6360 NE MLK Jr. Blvd., [subject] tried to get a charter school in there, but PDC wanted \$1.7 million and was targeting a call center.
- One formula that works is a name brand anchor with smaller stores surrounding. Single-use only works with owner occupied buildings.

#### **4) Financial Constraints & Market Conditions**

- a) Attracting new investment, tenants to unproven market
  - [Subject] has lived in the area for 35 years, and has seen a lot of positive changes during the past 10 years. [Subject] acknowledged that living in the neighborhood helps him see the difference between the "old vs. new MLK".
  - MLK is tough to pre-lease. In general, National tenants will pre-lease, but local tenants will not.
  - Easier to do small shops first. Big chains still think NE MLK is a "demised area" and have perceptions of drive-by shootings happening in the area.
  - Retailers are nervous about being North of Fremont, thinking they won't be able to draw the Irvington crowd.
  - A lot of people are excited to do something on MLK, but no one wants to be first.
  - Need to have testimonials for the area including Billy Reed's, Nike, Adidas, Albina Corner.
  - Need credible news organizations (i.e. Heidi Stout @ Business Journal) to do writeup highlighting investment in inner NE. Get comments from big, medium and small developers.
  - Many landowners on MLK / Alberta have been reluctant or unwilling to deal with real estate agents, which means they miss out on some classes of tenant that only work through brokers.
  - In Northeast Portland, housing market is viable and appreciating, but this isn't happening in the commercial sector except in pockets. (Mississippi & Alberta). On MLK & Interstate, it still doesn't look viable. This "non-viable" look perpetuates non-lease decisions by folks who aren't familiar with neighborhood.

- People who are changing the market are those who live in the neighborhood and don't have a bias about locating a business there – reclaiming old buildings. New developments on MLK tend to be owner occupied, but are few and far between.
- Pre-leasing tenants is hard in this neighborhood. Tenants want to touch and see before leasing, so timeline is tough. Small tenants can't wait two years when they want to lease right away. Corporate tenants are a different story, but we still don't have enough density to attract them.
- The business climate on MLK has not really changed in the past 10 years. There has been tremendous change on a global, national, and local level, and MLK seems to resist it all.
- Offer rent subsidies for the right kind of tenants. These would go to the business owner, but developer could offer it when marketing building. However, if PDC has to subsidize all tenants, it's unsustainable. At Walnut Park, PDC subsidized rents for 5-6 years. Do it again if necessary to get projects done.
- If there are no tenants, do speculative development. Smaller retail & service businesses won't come until building is under construction. None of [developer's] buildings tenanted until they were under construction. Here's the Catch-22: Starbucks, Kinko's and other "name brand" tenants don't believe in area, but will do pre-leasing. Meanwhile, neighborhood tenants believe, but won't pre-lease.

b) Development costs lead to financial gap

- Less stringent building codes would help. Fire and life safety codes are fine, but other things do make Portland unfriendly to developers:
  - For landscaping, code requires 3" caliper trees. When some of these get run inevitably get run over or die they are expensive to replace. 1.5" caliper would be just as good, and much cheaper.
  - Buffers between residential & commercial: have to do solid concrete wall where a fence should be good enough. Infill development should have looser requirements than new construction in neighborhood.
  - For stormwater disposal, a drywell is required which carries a de-facto setback of 15 feet, which conflicts with requirements for lot coverage.
- Empty lots or empty buildings that have problems, make rents of a redeveloped project (including new building, cleanup, SDC's) too high to be feasible. Need to add new building fabric now, while interest rates are low.
- Hard for developers to pay for building + property (which has appreciated due to market upturn) and still make it pencil. Particularly on Interstate & King.
- SDC's and some codes also impede development
- City SDC's and building department elevator requirements are impeding development. PDC should have more clout to make city be flexible. Perception is that "big player" developers can get what they want while smaller developers are held to maximum standard.
- Low income housing works on its own since it is already heavily subsidized. Other projects need public investment to go forward. It happened in Pearl, why not in N. OCCURA?

c) Risk of underwriting loans and history of redlining practices

- In general, [subject] sees private lenders still very cautious about new commercial projects, particularly in unproven areas. Remodels are a bit more feasible, particularly when assisted by some public financing.
- Albina Bank is cornerstone for helping community. They made it possible for [business] to get credit line, loan with good terms, flexible deposit dates & short term carry. In general, banks can be vital to neighborhood revitalization.
- With respect to lending, business owners knew what they could & couldn't do. If they were determined to make things work, they did.
- There is still "redlining" that occurs. Would not have been able to do several projects without PDC support. Private bank turned down for property value, DCL / LTV too high, or cash flow too low. In fact, being an African American [Gender] was (unspoken) part of decision.
- City can't do it all, and shouldn't have to. "I wouldn't have given myself a business loan".
- Would have been helpful to have a "roll-up sleeves" work session with PDC legal & underwriting staff. Doing this once early on in the process might have saved 12 weeks of time.

d) PDC tools: incentive programs

- Emergency Loan programs would keep struggling businesses afloat until economic climate improves. Perhaps it makes sense to concentrate on what is already there, and hold big new projects until PDC gets more bang for buck.
- Inc. Magazine, has run article about the top 100 inner cities companies & how they leveraged city investments such as storefront grants, street improvements, matching grants.
  - <http://www.inc.com/magazine/inner100/inner100.html>
  - [http://www.inc.com/magazine/20040501/inner100\\_tips.html](http://www.inc.com/magazine/20040501/inner100_tips.html)
- On MLK, do more than street improvement & storefront. Build speculative infrastructure & fill them up by subsidizing rents & giving loans. It's the same money but a different way of thinking about financing:
- Tie business loans to growth incentives. Subsidize rents rather than just giving cash
- Be proactive about improving other retailers & stores
- [Business] wouldn't go for Beech St. site. It was difficult site to build what they needed, plus PDC was inflexible about quality jobs program.
- Suggest reading "Competitive Advantage of Inner City" by Michael Porter, Harvard Business School. Porter's "Inner City Investment Corps" provides a model that could address MLK issues. Consider bringing him out for address?
- In Lloyd district, [master developer] brought people in through marketing events, and getting stuff active. PDC is pushing change, but leaving marketing to capital poor developers. PDC is an economic development agency, not a bank. They need to get these projects going before private development will come in around them.
- Was happy with the way DOS worked out. Appreciated patience and help from PDC staff. Looked at using storefront too, but ended up having very few exterior

improvements to do for new tenant, and decided not to use up 5-yr Storefront eligibility on such a small project.

- If there was a program for 3% loan during the first few years while return is low, [subject] might have looked again at doing the full DOS. However, [subject] has no business in the building, and will not qualify for PDC business loans. EcDev did offer bridge financing, but not a complete loan. Got good advice from Fred Atiemo on how to work with PDC and outside of PDC.
- PDC is doing good work, but needs to re-tool a bit.
- When it comes to working with PDC, downtown developers know the questions to ask, and bring the right people to the job. Small time developers might not have either. Don't make little guys fight PDC to get credibility. Give them a read on proposals, rather than just making them just fill out paperwork.
- Likes DOS program, but wished it translated more good ideas to production. How could PDC help developers cross the chasm?
  - Negotiate land
  - Find other money (state/federal)
  - Marshall resources (not just money: legal, architecture, builders)
- Rather than just taking more DOS projects, take the "right ones". Don't pick winners, but pick people that have the oomph to go forward. Get a development consultant involved at beginning.
- PDC has the money, but wrong tools for people with developers with limited financial & professional resources. But these are the same folks that PDC wants to develop & keep wealth in the community.
- PDC has taken tools that worked downtown, and tried to make them work in N/NE. This is like trying to make a battleship work like a cruiser. PDC gets this, but has not followed through with new tools.
- Knows a little about PDC's programs, but could really use a marketing package to hand out to tenants thinking about locating in urban renewal areas. PDC should create such a package for brokers.
- Thinks general opinion "on the street" of PDC business programs is good. People like Storefront because it is an effective way to help small business. DOS helps owners understand what they can do with their property. Business Loans are a problem because owners get tied down with job requirements. Example: most people defaulted on their Hatfield Grants.
- [Business] has used PDC Storefront Improvement grants in the past, and [subject] feels this is an effective program. [Subject] learned about the DOS and Business Loan programs more recently. These programs seem less publicized, below many developers' radar screen. [Subject] also mentioned the seismic loan program as being very effective.
- People know to call PDC regarding small business programs.
- PDC has been good with small business tools in past. Current leadership is more large business oriented. However, larger developer has different relationship with neighborhood. With Vanport project, are they concerned about Walnut Park and other projects in immediate surroundings?



- [Subject] has used DOS, Storefront & Business Loans. However, most of community doesn't know about business tools and a mailing would help. Also, strategically place materials with business owners who provide neighborhood gathering place.
- PDC's Storefront & Quality Jobs Program incentives were part of the EcDev proposal that made it possible to work through rest of DDA process which at times seemed really slow. (Though to be fair, it was a slow economic time)
- Reinvestment in neighborhoods is aided by PDC programs. For example, on Mississippi Street. The Storefront Improvement Program is particularly popular with its simple rules and tangible results. [Subject] felt that the DOS program was not utilized effectively, partly because people aren't clear about its purpose and when they can apply. [Subject] knows less about PDC business loans, but has heard that the bureaucracy and complexity of various loan programs makes private financing preferable when it is available.
- Has had good success working with DOS program. 80% of [subject's] projects have been built, which is larger than average. Wish DOS would still pay for permits & fees.
- Storefront is one of PDC's better programs as it is directly tied to remodeling. DOS is nice, though [subject] wonders what percentage of projects receiving funding are actually built. PDC Loans are often "what makes it happen" for commercial real estate development.
- As for suggestions for future public investment, [subject] is not keen on predicting the future. In a Larry King interview, Andy Grove (CEO of Intel) once remarked that he could not possibly say what is coming next for the rapidly shifting computer industry, and instead designed his company to completely adapt to any change in 18 months. Perhaps the city should consider investment programs that are adaptable to market conditions, rather than detailed multi-year development plans that are inflexible, and therefore produce an obsolete end product.
- Storefront is great- well understood and used. However, most businesses in URA have now fixed things up, and there aren't a lot of new ones coming in.
- DOS, and the early money it provides is essential in this neighborhood, but only useful to limited extent by unsophisticated owners. Architects have made more than anybody. They draw pretty pictures that are often not responsive to financial & marketplace needs. PDC should encourage owners to add development expertise to DOS team. Add \$3000 to \$4000 to DOS grant if necessary.
- Additional tools are needed. For example, an equity pool, call it "venture capital for development," could help close the gap in projects that don't quite pencil. These would invest for 7-10 years to help get projects out of ground. New Market Tax Credits / Portland Family of Funds could play a role.

## 5) Land Use Goals

### a) Albina Community Plan & PDC Strategy

- ACP is best plan city has ever produced. What we wanted to happen is happening, but the who and for has changed because the population has shifted. The plan was about African American & other residents, but at the time, there were not a lot of others. Now, gentrification has begun to set in and some people think all the changes are not benefiting original residents.

- Some groups that had the good ideas don't have energy to implement them, so you could still follow the plan, but need to shuffle the deck: get new people involved and let them have some say / ownership of what gets done.
- Should make MLK more of a shopping street. Albina Community Plan calls for nodes of commercial development with 2 blocks in each direction.
- PDC properties are scattered, making it harder to notice change. Developments sit like islands, and it takes longer for things to happen around them. It would be better to concentrate where there is already activity and it will spread out over time. (Note: Nike & Std. Dairy projects were private investment)
- PDC's nodal strategy based more on urban design than economic principles. Physical reality needs to be coupled with economic & social reality.

b) Zoning code & housing on King.

- Housing makes sense on MLK. Do it simultaneously with development.
- More housing needed in main corridor.
- ACP calls for mixed development in nodes zoned EX. It's ok to do housing in EX, but can't do commercial / industrial in RH. Some of the key spots on MLK are now housing.
- MLK Blvd. is a long street that has different characteristics and faces different challenges depending on location. The Albina Community Plan acknowledges this fact by breaking the street into several commercial nodes surrounded by residential areas, with high density encouraged. The area already has a great deal of commercial zoning, perhaps too much given the relatively small amount of housing stock in the immediate area to support it. Because commercial uses typically provide the highest return available to landowners, many properties sit vacant waiting for the commercial leasing market to rebound. This can be a long wait given the high number of other sites in the Central Eastside that are easily available to prospective tenants. MLK Blvd. does not exist in isolation, but is part of a dynamic inner city environment.
- Alberta St. is shorter & easier to work on because of CS Zoning.
- MLK Zoning (mostly EXd & RH) carries design review requirement, plus large parcels cost more to develop. Former auto industry land has need for level 2 environmental reviews, and often remediation. Finally high traffic levels make the street less attractive.
- Is there too much RH zoning? Probably not, and even if there was, the no-net-loss housing agreement renders this issue moot.
- Albina Community Plan focused on residential. MLK zoning was not well thought out. Good commercial property was zoned for housing, and vice versa.

c) Metro's "Main Street" designation & pedestrian oriented development.

- Businesses that need pedestrians are not finding them on MLK Blvd.
- MLK is no longer a state highway, and this may contribute to more successful development patterns, as the city will have more flexibility in dealing with transportation issues.

- People have operated under the MLK “Mainstreet” criteria, pushing for more neighborhood shops, and focusing on pedestrians & transit, and slowing down traffic... But major planning decisions have kept major traffic on MLK. (Light Rail and bike lanes went to Interstate).
- Need to match development of MLK with character of street. To be pragmatic, this may mean more auto-oriented businesses. There just isn't another street for these cars to go on.