

9/26/94 FVC

No agenda was
sent.

(sub-committees met)

Portland State University

P.O. Box 751, Portland, OR 97207-0751

September 26, 1994

To: Members of the Future Vision Commission
From: Ethan Seltzer
Re: Summary of edits for Vision Draft

What follows is a summary of the changes to the June 14 draft proposed at your last meeting:

- 1) There is a need for more formal bi-state institutions. The document should include this more systematically throughout and reflect the fact that we are talking about a nine-county region.
- 2) There should be a vision statement that deals with addressing the issues associated with concentrations of poverty. This is a basic equity issue and has to do with ensuring that public actions and investments do not put places or groups at a disadvantage. In fact, public actions and plans should consciously intervene in any chain of events that tends to keep an area or community in a poor or deteriorating state. The kinds of actions contemplated include changes in the tax system, tax base sharing, equal public investment, and overcoming barriers to access, physical and economic. Associated with this is a conscious effort to provide affordable housing throughout the region, so that low-income households are not automatically relegated to the same limited number of locations. An important underlying principle here is that conscious efforts to manage the quality of the physical urban environment must be accompanied by conscious efforts to address the needs of households least able to prosper in our society, today and in the future. These ideas could be included in a rewritten S-6 and reflected in a redrafted P-7.
- 3) The draft should incorporate references to creating a truly regional community, one where there are recognized relationships between urban and rural, city and suburb, old and new, bedroom community and industrial powerhouse, Oregon and Washington, etc. This could appear as a new value statement and as part of a vision statement. Both P-2 and P-7 offer possible locations for this idea.
- 4) At a minimum, we should specify the direction that we would want the indicators to move and, if possible, provide actual numbers for current status and desired target.
- 5) In the carrying capacity discussion on line 79 we should add something that indicates that carrying capacity was exceeded long ago, and that no one desires bad air, congestion, no open space, etc. Consequently, the key to living lightly in this landscape will be planning and action in advance of a crisis.
- 6) We should look at either combining the values statements on lines 164 through 170, or at a minimum clarifying them.
- 7) In I-1, we could underscore our beliefs about children by adding actions that result in communities and environments supportive of enabling kids to meet their needs. Among the suggestions was the creation of an annual survey of kids and about kids.

From The Oregonian 9/21/94:

"OREGON VOTERS REJECT MAJORITY OF SCHOOL BOND LEVY REQUESTS"

"POLL FINDS AMERICANS ANGRY, BITTER"

Children and education are among citizens' top priorities cited by statewide Oregon surveys, and are among our top priorities as well. What is behind the voters' rejection of bond measures — are they against taxes, government, the way schools are run?

Would this be a good time to get citizens to talk about their hopes for children, what they see as the strengths and weaknesses of all institutions that serve children, and how children can best be served in the future? If you believe that this is a good time to reach the public on these issues, would you prefer focus groups or public meetings?

Portland's Market Lures Investors

By Harry Lenhart

Dubbed by analysts as the pick of the West Coast, real estate investment trusts and pension funds are scouring the metropolitan area for buys.

Portland is the hottest commercial real estate market on the West Coast, judging by assessments of dispassionate outside observers.

"The commercial real estate market is booming in Portland and investors are flocking here," the *National Mortgage News* shouts to its readers.

Portland's real estate market is one of the strongest in the nation, portfolio manager James C. Ebert of General Electric Capital Corp. tells the Grubb & Ellis Co. Mid-Year Perspective breakfast in June.

Valuation Network, Inc., a Minneapolis-based appraisers groups, puts Portland among the top 10 in compilation of 40 cities in all property categories — office, industrial, retail and apartment — based on occupancy rates, projected values and anticipated economic and demographic changes.

Everything, it appears, is coming up roses in the Rose City. What's going on here? What has turned Portland into a real estate mecca?

"It's the least expensive alternative on the West Coast," declares Mark Madden, president of Colliers Portland. "We're a great value. Lease rates are low. Land is inexpensive, clean and abundant. There's strong in-migration because of the livability. And, with the tremendous amount of capital coming out of the REITs and with the pension funds needing to stabilize their portfolios, Portland is a very attractive market.

Capital Inflow

"More capital is coming into Portland real estate than at any time in its history," Madden says. "It's coming from REITs (real estate investment trusts), from foreign investors and from local buyers. Apartments led the comeback, then the REITs went into warehouse space and now they're going after office space."

Louis Dreyfus Property Group, acting for a New York partnership, bought the 30-story KOIN Center in the past year for \$40 million, and an Australian investment group purchased the Bank of America Financial Center for \$34 million. Both buildings were sold for less than replacement cost, notes Tom Fellman, senior associate at CB Commercial in Portland, which means, with the market showing significant strength, that the investors should see a sizable appreciation in their newly-acquired assets.

A partnership consisting of the San Francisco-

based Kimpton Group, owner of the Hotel Vint Plaza in Portland, and the Chelsea Development Co. announced in May 1994 that it would transform the former Frederick & Nelson department store building downtown into a first-class, 18 room all-suites hotel with a 150-seat theme restaurant.

"We love Portland," said Bill Kimpton, "and the project will enable us to bring another historic building back to life."

National real estate analysts are uniformly upbeat, if somewhat more restrained in their assessments. Dennis Macheski, director of research for the Price Waterhouse Real Estate Group-Western Region, based in Orange County, Calif., describes the Portland area office market as one that, while "not rip roaring, is a market that's coming up, on that's good for conservative investors who are looking for an understandable niche market."

Portland's strengths, Macheski says, are its high rate of employment growth, educated labor force, housing affordability, status as a regional distribution center and the perception of livability. The ratio of college graduates is 23 percent higher than the national average, the ratio of those with some college is 31 percent higher, he observed.

A gain of more than 17,000 office jobs in the Portland metropolitan area is projected by Hugh Kelly, director of economic research at Landauer Real Estate Counselors in New York. Kelly's analysis ranks Portland's office market 10th in the country based on the metropolitan-area vacancy rate and a 2.6 percent annual growth rate in employment. The cities Kelly ranks higher are Orlando, Columbus, Salt Lake City, Birmingham, Austin, Greensboro, Minneapolis, Milwaukee and Washington, D.C.

Newcomers Fuel Boom

Census Bureau projections indicate that newcomers will cause metropolitan Portland to grow at two to three times the national pace into the next century. Spot indicators like the surveys done by United Van Lines, the country's largest mover of household goods, show continued strong in-migration. Although Oregon has been displaced from the perch it held from 1989 through 1991 in United's surveys as the top destination of migrants, it remains in the top three. Only Nevada and Idaho-

showed a higher percentage of inbound versus outbound movers last year.

Portland's suburban office market is very tight, with vacancy rates at historic lows, particularly in hot spots like Kruse Way. Valuation International ranked Portland's suburban office market first in the country while putting the central business district eighth.

"If I had a developer with cash who wanted to build a 'spec' building in Vancouver out on Mill Plain, or near Clackamas Town Center or on Kruse Way, and it was a no-frills building, it would be leased before it was finished," says Tom Usher, Cushman & Wakefield's managing director in Portland. "In downtown," he adds, "that's not the case."

The cost disparity between suburban and downtown Class A space, Madden says, may spur "a migration back to downtown."

Yet because financing remains difficult to negotiate, the tight market hasn't increased rents enough to spark a construction boom. "Not many people have the cash or equity and lenders are very difficult to get money from," Usher notes. "They have got plenty of money, but they need equity."

"Speculators need to cough up 40 to 50 percent in equity before somebody will lend them the money," Macheski said.

What will unleash the construction cranes? "When you have more than one tenant vying for the same space and landlords are raising rents, that's when construction will take off," concluded Cushman & Wakefield's Usher. □

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bridge building quality. It is one of the very few places in the United States where the community is putting resources and effort into making it easy for local businesses to access worldwide markets and for people from the outside to do business with us.

One way we have done that is by uniting almost every organization with a major role to play in world trade at the World Trade Center Portland. A lot of foreign companies use the World Trade Center as a one-stop facility, where they can meet local officials from many different agencies and find out what Portland is all about. It is also a place for home-grown local firms interested in foreign markets to come for information. The same objective has been achieved through the Wheat Marketing Center.

We have a history of building centers of excellence to help things get done. That is a quality — our ability to work together as a community to achieve common goals — that has immeasurable value.

Because of that quality, the fundamental long-term growth outlook for Portland and for the state as a whole is very bright despite the short-term concerns posed by Measure 5. We continue building bridges to the rapidly growing global economy. □

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Bridges to the Global Economy

The essential economic fact to know about Portland today is that geography dominates the city's prospects just as it did in the 19th century. Then it was a remote place in the left hand corner of a developing America oriented toward Europe. Now it is very close to the center of things in a global economy — equidistant from both Europe and Asia.

Portland is in the right place to be one of the big winners in this new era of world competition.

Just as it bridged the Willamette and the Columbia in an earlier era, Portland is building bridges to the world. At the dawn of the so-called Pacific Century, Portland is the transportation hub of the Pacific Northwest and an increasingly important fulcrum for international trade. On the West Coast, only Los Angeles handles more wholesale trade.

One in five jobs here are based on international trade, a much bigger ratio than most American cities. We're dependent on trade and transportation.

The trade context in which Portland functions has changed drastically since the end of the Cold War. With the long tug of war between the two superpowers now an artifact of history, trade patterns are being shaped by regional economic competition. Rather than East versus West, European, East Asian and North American interests now dominate. National boundaries are becoming increasingly meaningless. Canada, the United States and Mexico are now one general economic region.

In this new context, Portland and Oregon are well positioned.

Multimodal Nexus

Portland has been an important seaport since the 19th century when it offered sheltered moorage in fresh water. Today the city is at the nexus of an interdependent multimodal transportation web that promises to yield tremendous benefits as we move into the next century.

The city is intersected by Interstate 5, the main north-south artery on the West Coast, and Interstate 84, a principal east-west artery. It is served by three transcontinental railroad lines, 23 tug and barge and steamship lines, 150 truck lines, 14 passenger airlines and 18 all-cargo airlines. There are more than 20 average monthly overseas sailings by regularly scheduled steamship services to Japan and

the Orient, Canada, Britain, West Germany and elsewhere in Europe.

The Port of Portland is the U.S. leader in wheat exports, number one on the West Coast in auto imports in total export cargo tonnage, and number three (behind Los Angeles and Long Beach) in total tonnage of waterborne commerce. Located on the second largest waterway system in the country (Columbia/Snake Rivers), more than 13 million tons of waterborne cargo moved through the ports of the lower Columbia last year.

Portland International Airport (PDX) is the fastest-growing airport in North America. Passenger traffic was up 18 percent last year to more than 8.5 million and has risen 88 percent since 1983. By comparison, annual passenger gains, nationally, have been running just over 3 percent. The entry into Portland of Southwest Airlines this year promises another boost.

Air cargo tonnage has increased even more — by 235 percent since 1983. The airport's position in Pacific Rim commerce has grown increasingly pivotal. Asian service includes nonstop flights to Tokyo, Nagoya, Seoul, Taipei and Bangkok. And PDX is one of the few international airports in the United States with room to grow on its 3,200-acre site.

A Distribution Center

Because Portland is in the middle of the developing global economy, it's easy to see why businesses want to set up shop here and why long-established businesses here are expanding.

If you're located in Asia and you need to ship goods to the Midwestern United States, Portland is perhaps the most efficient transshipment point. The quickest way to move products from Asia to Chicago or some of our Midwest markets, where the bulk of the U.S. population is concentrated, is through Portland.

Conversely, if you are in the Midwest and want to ship to Asia, Portland is the best choice. One reason for that is that when you move goods up and down the Columbia River you encounter little elevation gain. By contrast, if you're shipping to or from Seattle, you have to get over the Cascades, and that means consuming expensive fuel.

Portland's geographic advantage is backed up by a vast infrastructure of warehouses and other freight

By Charles E. Allcock

Portland happens to be in the right place at the right time — which is why it's rapidly becoming a key international business hub.

Charles E. Allcock is president of World Trade Center Portland and manages its international business activities.

Portland's example not only is viewed as a model to emulate, but it is also bringing direct business to Portland companies, who are selling their expertise.

movement facilities that give its competitive edge added impact.

What is the fallout from all this? One illustration makes the point: More and more Asian companies — primarily Japanese — are locating food processing facilities in Portland. Portland is the collection point for raw food products from all over the United States — beef from Nebraska, chickens from the South, vegetables from California. Here the processors chop it, dice it, bake it, cook it, grind it, package it, refrigerate it, if necessary, and then ship it for just-in-time delivery 10 or 12 days later at various destinations in Asia.

A second reason that businesses are paying increasing attention to Portland is the breadth of resources available here: vacant land, clean and abundant water and room to expand. Portland's airport-seaport complex is probably the only one on the West Coast with the ability to expand in huge increments, not just in marginal ways. Airports all over the country find themselves hemmed in. Puget Sound's Sea-Tac airport is landlocked; it can't expand anymore. In other places like Los Angeles, air traffic congestion is a growing issue.

Environmental Business

Finally, Portland has acquired a worldwide reputation for balancing economic growth, environmental quality and livability. Once dismissed as tree-huggers with stringent land use laws that got in the way of growth, our approach is now accepted as socially responsible. It has turned into a powerful

business magnet.

Developing countries want jobs and growth. They also want to protect the environment. But until very recently, trashing the environment appeared to be the price of prosperity. It was an either/or proposition. There was no way to do both, they thought. Portland for them is becoming a show case of how you can do both.

We have done a variety of innovative things — like our land use planning, the light rail systems, curbside recycling and much more — to balance the conflict between growth pressures and the maintenance of livability standards.

Portland's example not only is viewed as a model to emulate, but it is also bringing direct business to Portland companies, who are selling their expertise. Their pitch: This is how we did it; we can help you do it too.

We have delegations visiting Portland's World Trade Center from all over the world. They are looking at what we could offer in the area of water and air treatment, for example. A number of Oregon companies have been doing river cleanup work in Vera Cruz, Mexico, to cite just one example.

Portland is helped by another perception more and more business people share: attractive, livable surroundings are not just an amenity but are critical to attracting and retaining a highly-skilled workforce.

Portland has another attribute — yet another
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bridge building quality. It is one of the very few places in the United States where the community is putting resources and effort into making it easy for local businesses to access worldwide markets and for people from the outside to do business with us.

One way we have done that is by uniting almost every organization with a major role to play in world trade at the World Trade Center Portland. A lot of foreign companies use the World Trade Center as a one-stop facility, where they can meet local officials from many different agencies and find out what Portland is all about. It is also a place for home-grown local firms interested in foreign markets to come for information. The same objective has been achieved through the Wheat Marketing Center.

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Regional Planning For A Livable Tomorrow

By Harry Lenhart

A unique level of regional cooperation in the Portland/Vancouver metropolitan area offers some promise that the region can manage growth and preserve the region's quality of life.

Livability — that amorphous term for attributes like affordable housing, painless commuting, clean air, accessible cultural opportunities and a measure of civility — is becoming an increasingly bankable attraction in a world of sprawling, car-choked urban agglomerations.

It may be hard to define, but people recognize livability when they experience it. Portland, in survey after survey over the last two decades, has been characterized as an eminently livable city.

That's why the forecasts of 500,000 to 700,000 newcomers over the next two decades have the urgency of a red alert for those who want to keep the metropolitan area from going the way of Seattle or Los Angeles.

The region's population is growing now at about twice the national pace. At that rate, the population in the Portland metropolitan area will exceed 2 million not long after the turn of the century.

Where is the point of no return? What is the region's carrying capacity? planners wonder. What reason is there to believe that Portland, in the face of overwhelming growth pressures, will do better at preserving its quality of life than other metropolitan areas have?

Collaboration A Key

One reason for hope is the region-wide cooperation and planning on transportation, land use and other critical issues that impact the quality of life. The existence of Metro, the nation's only elected regional government, the metropolitan urban growth boundary, and the region's commitment to mass transit distinguish the Portland area from every other region in the country.

Also, Portland may do better because businesses have a better grasp on the dollars-and-cents value of livability than they once did. "We're moving toward the greening of economic development," says one local planner. In a knowledge-based economy where skilled human capital is critical, a superior quality of life for employees — which translates into lower turnover and higher productivity — is no longer just an "amenity." It's becoming a deal maker.

There is a broadening consensus among the region's business leaders and government officials that preserving the quality of life is as vital to building prosperity as a reliable, well maintained

infrastructure, and excellence in education and training systems.

The late Gov. Tom McCall's barbed invitation to "visit but don't stay" has evolved through several economic cycles into something closer to "bring us your jobs, but don't trample the daisies."

"Portland's reputation as a livable, environmentally-aware community is a strong asset in retaining and attracting businesses," asserted the preamble to *Prosperous Portland*, Mayor Vera Katz's economic development blueprint, which was written with the help of the Mayor's Business Roundtable. A Portland real estate developer, John Russell, chaired the roundtable.

Portland holds "one of the last chances in this country to do it right," said Katz last spring when she unveiled her Livable City Project, a plan to foster development of 50,000 housing units downtown and along the light rail corridors.

"This is the heart of our effort to plan for growth, strengthen our sense of community and prevent urban sprawl from destroying the precious natural wonders of our region," Katz said.

Metro Comes Into Its Own

What Portland does is only one piece of the puzzle. There are 23 other cities in the metropolitan area.

Metro, which an adviser to the governor recently described as a "shadowy, nearly invisible government," is finally coming into its own 23 years after it was established. "Metro was like the old Orson Welles wine commercial: It wasn't ready before its time," quipped Rick Gustafson, who served as Metro's first elected executive officer.

Metro is armed now with a new charter and new power, which voters approved in November 1992. The new charter stipulates that Metro's first priority is regional land use planning and management of the region's growth. The urban growth boundary under the state's land use law, must permit a 20-year supply of land for development and is nearing a trigger point that requires Metro to adjust the boundary or accommodate development in some other way.

Its other functions are managing waste disposal, the convention and performing arts centers and the zoo. Starting in January it will be guided by

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streamlined seven-member council, pared down from the present 13.

Metro is poised to become "the most powerful government in Oregon," says Metro Councillor Jon Kvistad.

Its budget has grown from \$25 million in 1980 to \$200 million in 1994. Its staff has swelled from 214 to 1,500. It has launched the Region 2040 process to develop a plan to guide regional growth for the next 50 years. It has undertaken a \$500,000 publicity campaign to underline the importance of the process and sent a direct-mail piece to households throughout the three-county region laying out four issues: controlling sprawl, developing walkable neighborhoods, growth in satellite cities and development of strong city centers.

Metro is also developing a regional

framework plan which will set the direction for all the land use plans in the three-county (Multnomah, Washington and Clackamas) urban area.

Regionalism Gains Ground

"There is a new appreciation that healthy suburbs and dying cities don't make a highly productive metropolitan area," says Ethan Seltzer, director of the Portland State University Institute for Metropolitan Studies and former Metro land use supervisor.

"There is appreciation that we all have a stake in the health of the metropolitan economy, including the central city," Seltzer says. "How that gets acted on is still unclear. But the kinds of issues constituents want affected — issues like traffic congestion, economic development, air quality, provision of parks and open space,

support for the arts and cultural facilities — can't be directed by any single jurisdiction. They can only be affected and dealt with through cooperation and the collaborative efforts of a wide range of jurisdictions."

That reality, Seltzer believes, is clear to most local elected officials. "The notion that regional planning and regional collaboration need to be the basis is something people accept. That doesn't mean they're ready to go out and entirely dissolve themselves into a regional scene either. There is a desire for distinct identities. But in Metro we have the institutional structure in place."

Gresham Mayor Gussie McRoberts, who chairs the Metro Policy Advisory Committee (MPAC), is pleased that individual local governments have "a seat at the table" in region-wide planning after a five-year struggle in which, she contends, regional government purists were intent on shutting them out. MPAC, which is controlled by local government leaders and citizen members, functions as a counterbalance to the Metro Council, McRoberts says. Metro is required to consult MPAC on major policy decisions and disputes between them are to be settled by mediation rather than lawsuits.

"We've gotten Metro out of the ivory tower," McRoberts says, arguing that the Region 2040 process as it now is unfolding is a product of local government lobbying.

Robert E. Stacey, senior policy adviser to Gov. Barbara Roberts on urban growth, says that "through a lot of healthy mistrust has emerged a lot of common understanding of the issues the region faces."

Stacey notes there is wide agreement that "lots of growth is bad." At the same time, government leaders are struggling with the dilemma of how to communicate the idea that "some growth can be very good."

To develop an effective growth management framework, Stacey believes, "Metro will need to follow something other than a command and control strategy" and provide enough information to produce agreement on critical issues among the majority of local governments.

A Regional PACT

There are a variety of other regional collaborative efforts. The most significant, because the biggest sums of money are involved, is the Joint Policy Advisory Committee on Transportation (JPACT), a standing committee of local elected officials that was established before Metro. Its jobs is to advise the Metro Council on the regional transportation plan and to decide

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on the allocation of state and federal highway and transportation funds.

It was JPACT that brought forth the landmark regional agreement to build the west side light rail line and it is involved, with Metro, in planning a north-south light rail corridor from Oregon City to Vancouver, Wash.

Mayor Katz is working closely with Beverly Stein, chair of the Multnomah County Commission, in what Katz describes as a state-county-city partnership to set up benchmarks with time lines and measurements of progress in implementing critical goals identified in public surveys. Katz and Stein are also working at integrating city and county public safety services and other services. In addition, there is also a regional public safety council that works across jurisdictional boundaries on law enforcement issues.

Katz also chairs a regional mayor's group that seeks to coordinate the region's legislative agenda in Salem. She has organized a regional education summit that has begun work this summer to address possible funding options in light of the massive budget cutbacks being forced on school districts by the Measure 5 property tax ceiling.

If any metropolitan area in the country can find a way to manage growth, the creation of new jobs and the preservation of livability, the Portland-Vancouver area is one of the best organized to do it. □

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