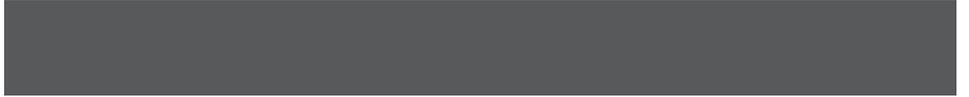




FOSTER CORRIDOR INVESTMENT STRATEGY



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NEIGHBORHOOD ECONOMIC DEVELOPMENT OPPORTUNITIES



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Introduction

This report, produced for Task 6.4, is an update to the original version presented for Task 4.4. This report includes current market conditions, demographics, and physical characteristics provided by the Foster Lents Integration Partnership (FLIP) team along with citywide economic development strategies. The purpose of this report is to analyze baseline conditions to identify economic development opportunities along the corridor, specifically at the nodes identified in Task 4.1 of this project, which were refined in Task 5 and Task 6, as the team developed an integrated framework across disciplines and prioritized opportunity sites. This report focuses on the priority nodes identified in Task 5 with an analysis of the market and demographic forces at play in adjacent neighborhoods along the corridor. This will create a basis for recommendations on immediate investments in Tasks 7. The preliminary nodes identified in 4.1 that were not considered priority investment areas, have been moved to the appendix in this version, in order to focus the analysis on the areas that will be considered for funding and implementation in Task 7 of this project.

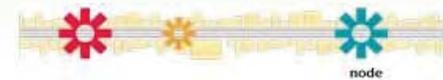
This study identifies appropriate tenant types at identified opportunity nodes in the study area, including the potential amount of new development, jobs, and annual wages possible at each node. These details will provide guidance for technical analysis in other steps of the larger Foster Corridor Investment Strategy that is being developed by FLIP.

Executive Summary

In the context of this project, the Foster corridor has three distinct parts, each of which may be approached differently in the analysis of economic opportunities. 82nd Avenue and I-205 act as barriers for pedestrians and residents and effectively divide the Foster Corridor into three distinct segments, where each segment acts as its own trade area, with little potential for economic activity in one segment to either contribute to or take away from economic opportunity in another. The Foster corridor west of 82nd will largely have neighborhood business district opportunities clustered around key nodes; while east of I-205, opportunities will be for larger employment uses of a regional nature. This analysis does not focus on the portion of the corridor between 82nd and I-205, where several existing plans spell out a revitalization strategy for the Lents Town Center, as noted below. Each section of this report describes baseline data about the area; plans and policies that might influence future uses; and provides an analysis of opportunity uses for the identified sites.

NODE

A node, as defined for the purposes of this report, is an intersection along a corridor that provides an opportunity to achieve mixed-use, high-value community development.



Key Findings

The following key findings apply to the entire Foster corridor. Specific findings that distinguish the corridor west of I-205 from the corridor east of I-205 are summarized below and discussed in greater detail in subsequent sections of this report.

- **Diversity.** Foster is more ethnically diverse than the Portland metropolitan area as a whole, especially for Hispanic and Asian populations.
- **Younger.** The corridor attracts more residents age 25 to 44, the peak renter years, than the Portland metro area.
- **Poverty.** Residents of neighborhoods surrounding the corridor tend to have lower incomes than the region, with a significantly larger share of households earning less than \$15,000 per year.

- **Business clusters.** Existing business clusters along the corridor include restaurants, automotive recycling and services, contracting and construction, and professional and medical services. The greatest business opportunities lie in building upon and expanding the existing business clusters.
- **Retail opportunities.** Recent market studies indicate retail opportunities are greatest for neighborhood serving tenants seeking 4,000 square foot spaces or smaller, and are greatest for the Foster corridor west of I-205, mostly in the following categories: apparel, building materials (this may require larger spaces), electronics, and food stores (including specialty grocery and restaurants).
- **Housing opportunities.** Housing opportunities exist, especially in the rental market. There is a near-term opportunity to provide affordable housing for seniors.
- **Traffic Safety.** Foster Road, between 50th and 82nd Avenue, is one of seven high crash corridors in Portland, with frequent pedestrian injuries and fatalities. Any successful revitalization efforts will have to include ways of increasing pedestrian safety.

West of I-205

Foster corridor west of I-205 was one of the original streetcar lines in Portland, and as such functions like a Main Street, with neighborhood serving businesses and retailers. Therefore a nodal development approach is recommended for this section of the corridor, placing the greatest amount of investment at key intersections that have already begun to redevelop or those that hold the most potential for catalytic development.

Potential Nodes

Potential nodes identified in Task 4.1 (along with their nicknames) and evaluated here include:

- Foster and 52nd – The Gateway District
- **Foster and 64th – The Heart of Foster**
- **Foster and 72nd – The Green Link**
- Foster and 82nd – The Crossroads

Task 5 identified the Heart of Foster and the Green Link as the key nodes of West Foster, and merged the two to create one priority investment area, with the recognition that some gateway treatment at 82nd Avenue and 50th Avenue would be needed to distinguish the corridor. The description of the Gateway District and The Crossroads has been moved to the appendix in this updated version of the report.

Short-term Strategies

Short-term strategies are those meant to be implemented within the next five years, laying the groundwork for longer term development.

- **Focus on nodal development.** Focus on key nodes that either already have active pioneering uses in place or that have large vacancies that hold a lot of development potential.
- **Fill existing buildings.** Not only will tenanting existing vacant buildings help to change the perception of abandonment in the area, it can meet other goals of helping disadvantaged small businesses by providing low rent spaces in which to start and incubate businesses.
- **Improve pedestrian safety.** Foster is a high crash corridor. Creating a safe place for pedestrians and bicycles will be crucial to its success.
- **Streetscape improvements.** Street trees, furniture and lighting can create an immediate sense of change along the entire corridor while concentrating initial investments on key locations.

Long-term Strategies

Long-term strategies are focused on guiding actions that will take longer than five years to implement and may be dependent upon successful implementation of short-term strategies.

- **Increase housing options.** Demographic trends show an increased need for rental housing that will continue over the next decade. Encouraging two to four-story buildings with retail and commercial on the ground floor and housing above will not only meet this need, but will bring more residents to the area which in turn will help to support neighborhood businesses along Foster.
- **New development should be mixed use.** As existing vacancies are filled, new construction will become more feasible along Foster. This new construction should be encouraged to develop as mixed use, as discussed above.
- **Streetscape improvements.** Continue to make streetscape improvements between the nodes, connecting Foster into one cohesive corridor.

East of I-205

Foster corridor east of I-205 is primarily industrial in nature with some housing and natural areas. It is unlikely to change much in the short-term. One of the greatest assets of this area is the Springwater Corridor, a trail that provides recreational amenities for both residents and employees. This area has a cluster of automotive recycling facilities. Automotive parts industries employ over 140 people along the entire corridor, with average annual wages of \$48,000, which is the highest annual average wage of the top ten industries along the corridor. This industry is expected to grow and advance in the future with overseas demand for used auto parts and recycled metals, online parts cataloguing expanding the potential sales market, and the complexity of newer autos requiring greater technical skills. Additional floodplain mitigation and increased amenities such as restaurants, banks, and dry cleaners might help to attract professional employers over time, but this area is likely to remain primarily industrial.

The Bureau of Environmental Services (BES) recently completed a 15-year floodplain mitigation project south of Foster Road, which utilized a willing-seller program to purchase and restore over 60 acres of land to an active floodplain. The project has reduced nuisance flooding along Foster from a typically annual event to one that now is expected to happen only once every seven years. This highly successful project was completed ahead of schedule and under budget and, as such, BES is considering the impacts of additional flood mitigation north of Foster, which would include raising Foster Road above the 100-year floodplain. Such action would have a considerable impact on the surrounding land use in the area, as businesses would no longer be inaccessible during floods, and surrounding homes would be relieved of expensive flood insurance and potential flood damages.

Potential Nodes

Potential nodes identified in Task 4.1 (along with their nicknames) include:

- Foster and 97th – The Triangle East
- Foster and 101st – The Freeway Lands
- **Foster and 111th – The Auto Lots**
- Foster and 122nd – New Residential

Floodplain analysis performed in Tasks 5 and Task 6 has highlighted the area around Foster and 111th as the area with the greatest potential for future change. This work includes a cost benefit analysis, which is considering alternatives for this expanded node. The economic development strategies originally considered for this area have been updated to take into account the potential intensification of the dispersed industrial land in this area. Furthermore, the Bureau of Planning and Sustainability (BPS) is currently updating the Comprehensive Plan, and has identified a need for increased industrial capacity in the area. Portland Parks and Recreation (PPR) has also expressed an interest in this area, indicating a need for a community center and active recreation fields. With these emerging interests in mind, the area north of Foster around 111th is being considered as the priority action area on East Foster. The discussion of the other nodes has been moved to the appendix.

Strategies:

Strategies for economic development east of I-205 include:

- **Expand upon auto recycling industry.** The auto recycling industry is growing in importance and sophistication. It provides higher wages than other industries along the corridor and could be expected to increase as the expertise required and the market opportunities increase. There are some indications that with vertical stacking, online parts registration, and value-added services, such sites could increase employment opportunities within existing facilities, and support spin-off businesses in the vicinity. Companies that remanufacture used parts, general machine shops, auto body shops, auto glass repair, and other similar types of businesses may tend to cluster near auto wrecking yards as they can share customers and employees, and use materials being recycled from old vehicles.
- **Intensification of industrial uses.** BPS has identified a shortfall of industrial land within the City of Portland and is considering areas appropriate for adding industrial capacity either by zoning changes or intensification of existing industrial use. Floodplain mitigation efforts would increase the value of the land in this area, spurring intensification of the existing industrial businesses in the area.
- **Inclusion of active recreation.** The floodplain south of Foster is a visible green amenity for the area, but is mostly inaccessible, serving a purpose other than active recreation. PPR has identified a need for additional park services in this area. Active recreation uses would attract both employers and enhance the surrounding residential community.
- **Floodplain and amenities.** Additional floodplain mitigation and increased amenities such as restaurants, banks and other retail and services may attract more professional employers over the long-term. These would be prerequisites to any significant intensification of employment on existing industrial and auto recycling sites for the purposes of attracting traded sector businesses.

Lents Town Center

The Lents Town Center is outside the context of this Foster Corridor work, as there are several existing plans and concurrent initiatives underway that focus specifically on the Lents Town Center. Because the Town Center is adjacent to I-205 and the MAX line, and is influenced by the freeway interchange, it has a very different set of challenges and opportunities than the rest of the Foster Corridor. It has regional visibility and could draw from a regional market. Some of the tools being utilized for the Town Center may be the same as those being suggested for West Foster, but actions taken in each area are not expected to create competition between the two areas, as they satisfy very different market areas. The Heart of Foster will serve the surrounding neighborhood, as it becomes the commercial center of a “20-minute neighborhood,” primarily serving the residential neighborhoods adjacent to Foster, between 82nd Avenue and the junction with Powell Boulevard. The Lents Town Center will have more of a regional draw due to its proximity to I-205, as well as serving the adjacent neighborhoods along the corridor from 82nd to I-205.

Plans and reports regarding the revitalization of the Lents Town Center include:

- Revitalization Overview, Lents Building Blocks, January, 2013
- Lents Town Center Real Estate Market Analysis, January, 2012
- Lents Town Center Urban Renewal Plan, amended in 2008
- Lents Neighborhood Plan, 1996
- Outer Southeast Community Plan, 1996

Economic Overview and Trends

This section of the report summarizes key policies from citywide economic development plans that will have major implications for the Foster corridor. When taken in consideration with broad economic and demographic trends these policies provide guidance for the types of strategies, and public investments that should be made to accelerate redevelopment of the Foster corridor.

Economic Development Policies

Economic development policies influencing the Foster corridor include the citywide Economic Development Strategy – Five Year Action Plan (2009), the more narrowly focused Neighborhood Economic Development Strategy (2011), and most recently the Portland Plan (2012). These policies provide guidance on the types of businesses that are targeted for growth within the city and, more specifically, would be the subject of various public incentives and catalyst initiatives.

Economic Development Strategy, 2009

“Job growth requires explicit investments in retaining and growing firms, training workers, funding innovation and developing catalytic projects.”

The goal of the Economic Development Strategy (EDS) is “to build the most sustainable economy in the world.” As part of the strategy to achieve this goal it identifies the target clusters for the City of Portland, as industries with higher than average wages, in which Portland has a strong competitive advantage. Therefore economic development policies should actively support new and existing businesses within the following clusters:

- Clean Tech and Sustainable Industries (CTSI)
- Activewear
- Software
- Advanced Manufacturing

The City also employs a cluster strategy, which identifies and then builds upon successful clusters of similar businesses (preferably within the target cluster profile) and network of supporting businesses that maximize efficiency in employee skills and training by hiring from a trained labor pool. Cluster industries also tend to have similar supplier and land use needs, and therefore tend to aggregate adjacent to each other creating other efficiencies within the built environment. The NED Strategy further develops this concept as summarized below.

Neighborhood Economic Development (NED) Strategy, 2011

“Achieving the goal of this strategy requires connecting people to living-wage jobs, supporting neighborhood business growth, and growing vibrant commercial areas.”

The Foster corridor is a key commercial corridor identified by the FLIP Team as part of the NED Strategy. In effect, the Foster corridor is a pilot for developing and testing a methodology for the creation of a diagnostic tool to characterize the problems, opportunities, and strategies for revitalizing an underperforming commercial corridor. Ideally, the tool can be refined and applied to other corridors where the city has resources.

Priority Neighborhoods

Priority neighborhoods are those experiencing lagging commercial investment, increased poverty or gentrification issues, facing substantial change due to public infrastructure improvements, or whose businesses are losing ground to suburban competitors.

NED Strategy

The City is shifting its economic development focus from a largely infrastructure improvement, land assembly and redevelopment based strategy to a jobs training and tenant first strategy. The NED Strategy is loosely defined in order to be flexible for each specific neighborhood, but has an overall focus on job training and support for small businesses, especially for disadvantaged populations. Its goal is to provide resources and training to increase small business ownership, especially within “priority neighborhoods”. “Priority neighborhoods are those:

- Experiencing lagging commercial investment and increased poverty;
- Experiencing gentrification pressures;
- Facing substantial change due to major public infrastructure improvements; or
- Whose businesses risk losing ground to suburban or big box competitors.”

Neighborhoods surrounding the Foster Corridor meet all of these conditions. The NED Strategy is meant to be flexible and able to respond to each neighborhood’s particular needs. It includes three objectives:

Build Local capacity to achieve economic development outcomes	Drive neighborhood business growth	Align and coordinate resources to support neighborhood economic development
<ul style="list-style-type: none"> • Strengthen community capacity to develop NED plans • Increase citywide community and organizational capacity 	<ul style="list-style-type: none"> • Connect traded sector and neighborhood work • Seed investments to implement neighborhood economic development plans • Expand city-wide financial tools for neighborhood businesses • Increase tools to support citywide neighborhood development projects 	<ul style="list-style-type: none"> • Align PDC efforts to support community-driven NED plans and equity objectives • Support small business needs by coordinating assistance efforts • Coordinate city of Portland initiatives to support community-driven NED and equity objectives

Portland Plan

“Neighborhood-serving business districts are predominantly comprised of small businesses and can be a source of job growth, minority entrepreneurship and neighborhood health.”

The Portland Plan, a long-range plan three years in the making that will overhaul the Comprehensive Plan for the first time in over 30 years, was approved by City Council on April 25th, 2012. Within a Framework for Equity, the Portland Plan¹ includes three integrated strategies: Thriving Educated Youth, Economic Prosperity and Affordability, and Healthy Connected City, which are interrelated and provide the basis for long-term guiding policies and short-term action items.

Neighborhood Business Vitality

Most important to the Foster corridor west of I-205 is the section describing Neighborhood Business Vitality (under the Economic Prosperity and Affordability Strategy), meant to enhance and support small neighborhood business employment districts in Portland, including commercial corridors, as explained in detail in the NED Strategy.

Industrial lands

The Portland Plan also recognizes the importance of maintaining industrial land in the effort to support and expand upon Portland’s traded sector businesses and target clusters. This report acknowledges a shortage of large shovel-ready industrial sites in the region. The Plan primarily focuses on heavy industrial land and transportation systems in the Columbia Harbor where rail, air and barge transportation converges

¹ The Portland Plan, Adopted April 25, 2012

with I-5 and I-205. However, as that area is largely built out, industrial holdings, such as The Freeway Lands, located just south of Foster Road next to I-205 will become a more important part of the regional industrial lands inventory and may be more enticing to heavy manufacturing and industrial businesses in the future, as well as other larger industrial parcels with quick and easy access to I-205, such as the auto lots along Foster.

What this means for the Foster Corridor

Existing city policies reinforce a focus on small business development along main streets like Foster corridor west of I-205. Rather than targeting any specific business type it focuses on broader strategies to provide the education, training, and tools to allow local small businesses to flourish. In larger industrial opportunity areas such as east of I-205, policies suggest assistance in growing businesses in the four target clusters: advanced manufacturing, activewear, software, and clean tech and sustainable industries.²

The Foster corridor has many assets which can be used to spur economic development in this area. It will be important to support current residents by offering job training and entrepreneurial opportunities, especially for minorities and disadvantaged populations, so that they benefit from revitalization efforts for the area. The Partnership should continue to utilize programs such as storefront improvement grants, but will need to expand to other sources and help tenant existing buildings with promising local small businesses. This will mean working with local partner organizations like MercyCorps, SE Works, and the Small Business Development Center, and building capacity within neighborhood community based organizations in order to provide education and business services to local area residents and employees. SE Works, which is WorkSource Oregon's southeast Portland location, is especially active in this area, providing a full array of services to job seekers and employers. PDC should look at partnering with Oregon Entrepreneur's Network (OEN), Portland Community College (PCC), and SE Works to provide workshops specifically targeted toward business opportunities along Foster.

Demographics

This section of the report provides a brief summary of national and local demographic trends that will affect the types of businesses that will be in demand and supportable along the corridor.

National Trends

Figure 1 gives a brief overview of generational shifts in the population and corresponding characteristics that will shape economic, housing and employment trends over the next decade or two. A discussion of those demographic trends is presented here.

For the next 18 years, at least 10,000 Baby Boomers per day will turn 65. The impacts of their move into retirement will be broad and will include effects on the workplace, public policy, retailing, housing, recreation, and almost every other facet of society. This will have major implications for healthcare, as older adults have the greatest need for medical services. The greatest amount of overall household growth during the coming decade will come from the Baby Boomer generation, many of which will choose to downsize. A growing number have decided to move to locations that provide amenities – restaurants, community centers, galleries and other cultural and social venues – within walking distance of home.

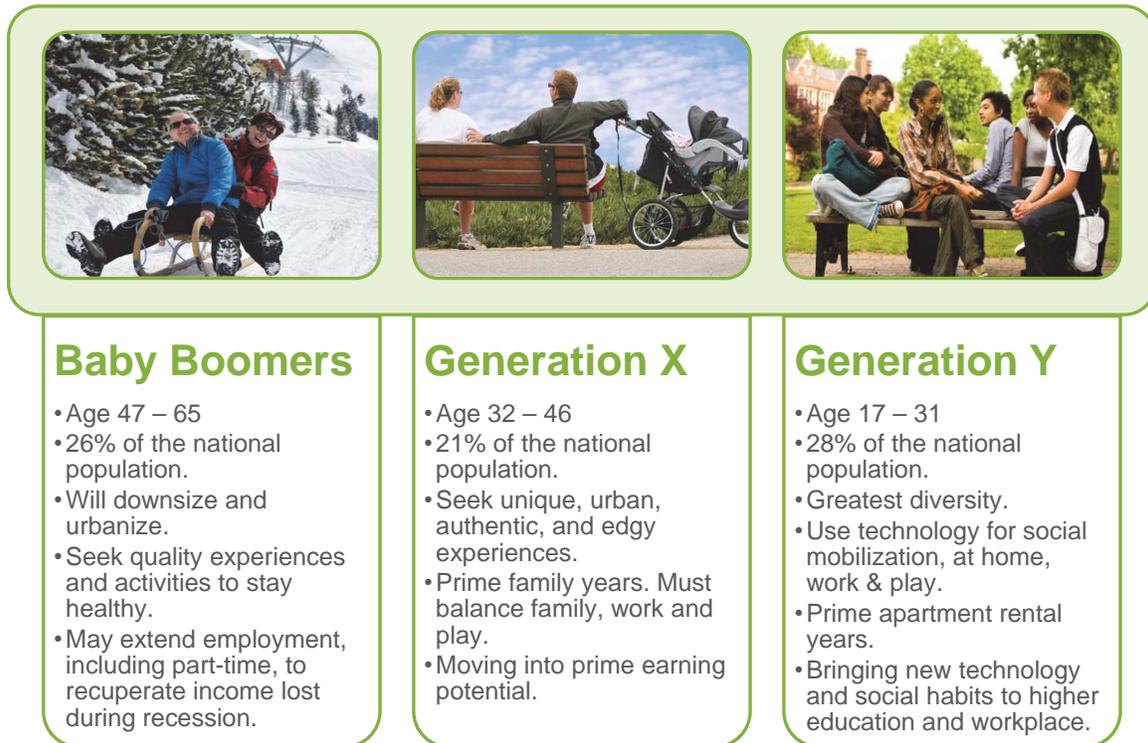
The number of middle-age households, however, will decrease due of the relatively small number of Generation X households compared to Baby Boomers. The decrease in this age group—which has the largest percentage of families with children—suggests that the single-family housing market will continue to stagnate for some time. It may also indicate a labor shortage as the economy recovers and an increasing number of Baby Boomers retire, with fewer workers to replace them.

Generation Y, mentioned more often for its tech savvy abilities than its size, has now overtaken the Baby Boomers as the largest generation in America. In particular, households aged 25 to 34—a key

² Research and commercialization was included in the list of business clusters in the Portland Plan, but was not mentioned in the EDS

demographic that drives apartment demand and development—is experiencing strong growth. This generation tends to choose to be where the action is—be it large central cities with urban amenities or smaller neighborhoods with thriving main streets, and they are willing to sacrifice large living spaces for smaller spaces with shorter commutes. This group is much more diverse than previous generations, coming from a variety of different backgrounds and experiences. Authenticity of experience and the blending of cultures will dominate food, music, and retail decisions.

Figure 1. Generational Highlights



Source: Leland Consulting Group

Local Demographics

Local demographic trends will largely follow national trends, but will have a much important role in determining the specific types of businesses and retail that will locate along Foster. The following discusses particular demographics that distinguish Foster from the rest of Metro Portland³, and may provide local economic advantages. For comparison’s sake, the corridor was analyzed separately for areas east and west of I-205 as shown in Figure 2. The analysis includes neighborhoods north and south of the corridor in order to create a profile of the close-in population that is likely to support local merchants and businesses along the corridor.

³ Throughout this report, “Metro Portland” is used as an abbreviation for the Portland-Vancouver-Hillsboro Core Based Statistical Area, a 2010 U.S. Census geography that includes seven counties: Multnomah, Washington, Clackamas, Yamhill, and Columbia counties in Oregon plus Clark and Skamania counties in Washington.

Figure 2. Map of Demographic Analysis Areas (West and East)

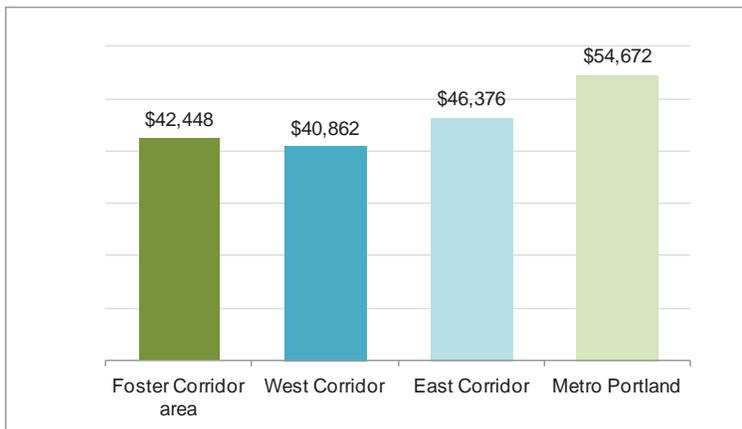


Source: ESRI and Leland Consulting Group.

Household Incomes

As shown in Figure 3, median household income in the Foster corridor area is much lower than the Portland metro area, with the western half of the corridor roughly \$5,500 per year lower than the eastern portion of the corridor.

Figure 3. Median Household Income



Source: 2010 Census; ESRI projections, 2011; Leland Consulting Group

Figure 4 further illustrates that the Foster corridor, both east and west, has more households earning less than \$75,000 per year, and consequently fewer households making more than \$75,000 per year than Metro Portland. While both east and west Foster have a large number of households making less than \$15,000 per year, this is much more pronounced for the west corridor, which also has fewer households making over \$50,000 per year than east Foster.

Figure 4. Median Household Income, Foster Corridor, 2010.



Source: 2010 Census; ESRI projections, 2011; Leland Consulting Group

Age

Figure 5 shows the age comparison between the Foster corridor and the Metro Portland area. The Metro Portland area is known for attracting 25 to 34 year olds, many of whom seem to be congregating along the Foster corridor. The Foster corridor has fewer people under 25 than Metro Portland, especially west Foster. There are further distinctions between east and west Foster. The west corridor has more 25 to 44 year olds, while the east corridor has more families with children as indicated by the number of people age 25 and younger.

Figure 5. Age Comparisons – Foster Corridor East and West and Portland Metro

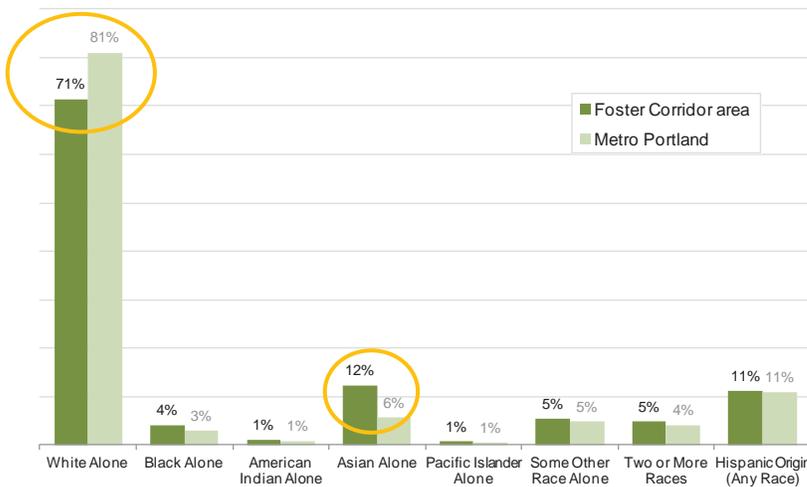


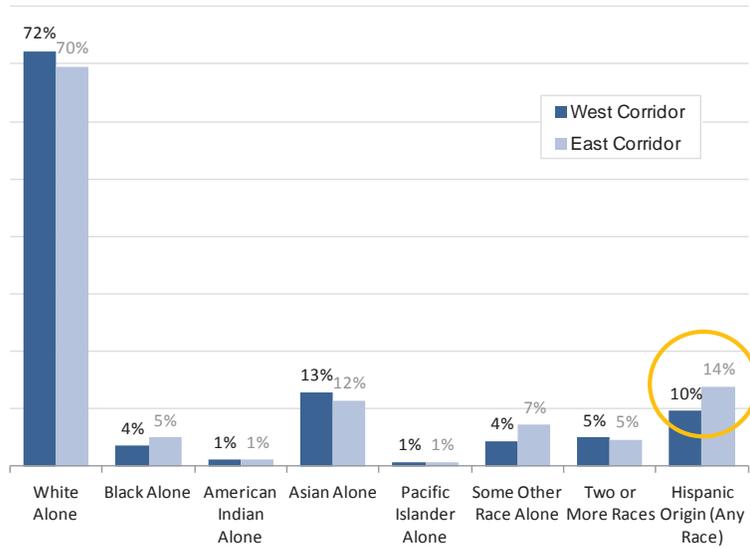
Source: 2010 Census; ESRI projections, 2011; Leland Consulting Group

Ethnicity

As shown in Figure 6, the Foster corridor is more ethnically diverse than the Metro Portland. The area has a significant Asian population. At 14 percent of the population, the east corridor is attracting a greater number of Hispanics than the west corridor or Metro Portland.

Figure 6. Ethnicity Comparison, 2011 projections



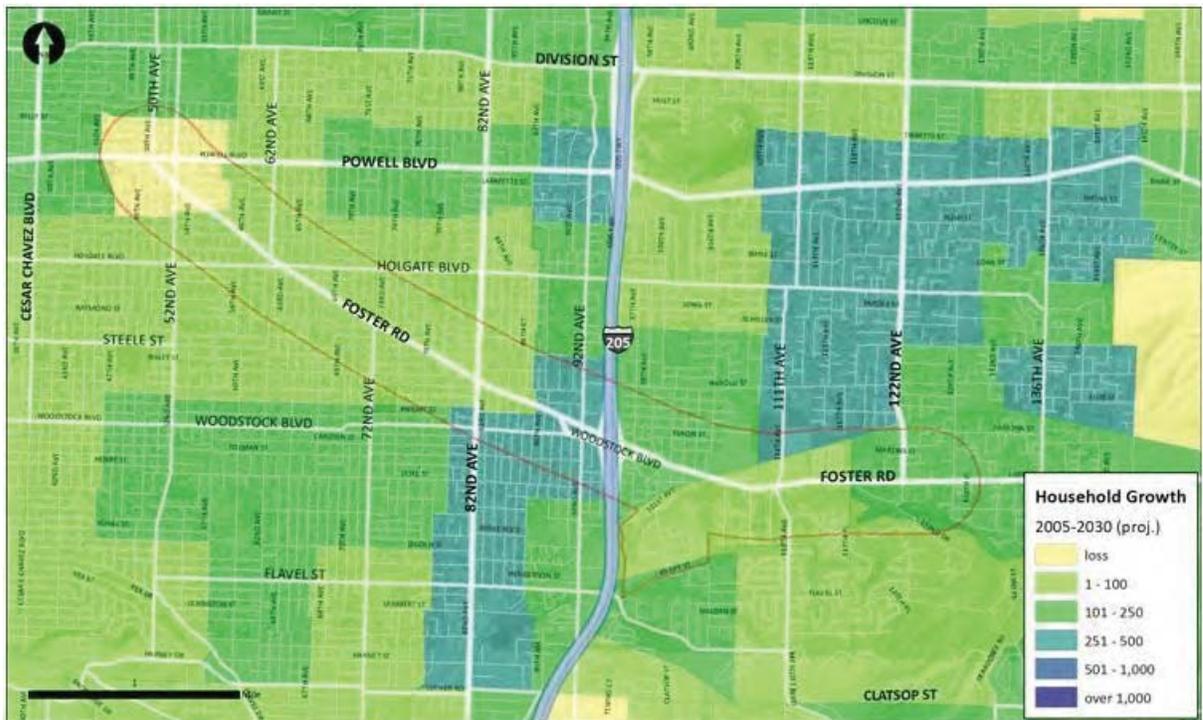


Source: 2010 Census; ESRI projections, 2011; Leland Consulting Group

Household Growth

As shown in Figure 7, the Foster corridor is anticipated to see modest household growth through 2030, based on Metro growth projections. The area near Foster and Powell is actually expected to lose households, while areas with the highest growth will be in the Town Center and north of Foster east of I-205.

Figure 7. Household Growth Projections, through 2030



Source: Metro Beta run, 2011, Leland Consulting Group

Market Conditions

A recent market analysis for the Lents Town Center⁴ area provides useful information about local market conditions especially for the west corridor, as the market area applicable to the Town Center, is roughly the same as the market area for the area west of I-205. Key findings from that report pertinent to this analysis include:

Housing Market

Overall the housing market for the Foster corridor is one of the more affordable areas in Portland, especially for inner southeast Portland, west of I-205.

- The neighborhoods surrounding the Foster corridor west are largely built out with single family homes and a few older garden style walk-up apartments, but contain few townhomes or other for sale attached housing. Growth over the past decade occurred mainly through infill and redevelopment.
- Proximity to employment on the eastside is an opportunity for residential uses, but the area faces a challenge in overcoming the perceptions of crime and abandonment that may deter potential residents.
- Over the next five years, household growth is projected to come mainly from the middle income households aged 55 to 74, which will comprise roughly one-third of the projected net new households, with an expected increase of 2,100 households through 2016 within the primary market area. This is consistent with the impact of the Baby Boomers discussed earlier.
- There is a lower rate of families in this area and thus a greater need for housing units for one and two person households, especially those in the rental market.
- Affordable housing is a near-term opportunity, especially for seniors that can afford rents between \$400 and \$800 per month.
- The quality of existing rental housing stock is poor, with a deteriorated supply of older apartment buildings. Achievable rents in the area may not currently allow for new construction of a higher quality product. On the other hand there may be an opportunity to provide a higher quality product than is currently available in this market and therefore achieve higher than average rents in this area.

Retail Opportunities

The Lents Town Center Real Estate Market Analysis also analyzed retail leakage for the Town Center area, which provides some insight into the types of storefront businesses that might be viable along the Foster corridor. The analysis of the local retail trade area⁵ (a 15 minute drive from the Lents Town Center) shows a regional level gap in some categories as described below:

Retail Leakage

Retail leakage indicates retail spending by households surrounding the Foster Corridor that could be captured by businesses along the Foster corridor, but instead is going elsewhere, indicating a *potential* market for new retail.

- The greatest opportunities are for smaller niche, neighborhood serving tenants seeking less than 4,000 square feet. The greatest retail potential includes the following segments: apparel, building materials, electronics and food stores – including specialty grocery and restaurants.
- The greatest competition for retail comes from 82nd Avenue, Gateway/Mall 205, and Clackamas Town Center, which have clusters of big box stores with national tenants.
- The amount of low-cost space in the area drives down rents, making new construction difficult to finance, at least in the short-term, but does provide an opportunity for local small businesses and start-ups who can take advantage of lower rents to get established.

⁴ Lents Town Center Real Estate Market Analysis, Johnson Reid, January 2012

⁵ Lents Town Center Real Estate Market Analysis, Johnson Reid, January 2012

- The area has a weak office market that is most likely to capture local services such as medical and dental offices, or insurance and real estate agents, rather than large headquarters.

What this means for the Foster Corridor

In summary, the Foster corridor is more ethnically diverse, has a higher number of residents in poverty and has attracted many people in their prime rental years. It has an older stock of housing and commercial buildings and experiences some retail leakage. On the whole, the demographic data portends a growing need for smaller dwelling units with a richer variety and a greater emphasis on active mixed use development, which in turn would support businesses along the corridor.

Given the local and national demographic trends and current market conditions along the Foster corridor, the following key takeaways guide the strategies discussed in the following section of this report.

- **Expanded housing options.** The neighborhoods surrounding the corridor are largely comprised of single family homes, yet there is more demand for rental housing than is currently supplied in the area. Corridors that have expanded rental housing options will probably fare better than those that are surrounded only by single family neighborhoods. This implies that mixed-use development that combines housing with retail or other commercial services and employment uses will be appropriate along the corridor. Current zoning along the corridor should be analyzed for its capacity to allow mixed use and multifamily housing.
- **Mixed-use development.** Given the need for increased housing options in an area that is largely built out with single-family homes, mixed-use nodal development makes sense, especially west of I-205.
- **Safety.** For commercial corridors, having safe pedestrian and bicycle access to neighborhood oriented businesses with a variety of retail and restaurant offerings will be crucial to success.
- **Ethnic diversity.** There may be opportunities for specialty retail, food and restaurants targeted toward specific ethnic groups, the owners of which could be supported by the programs outlined in the NED Strategy. There may also be a need for non-English language services and other assistance for residents in this area to access job training and other programs as discussed in the NED Strategy. It also indicates a community that could be vulnerable to gentrification issues if revitalization efforts in the area are successful.
- **Target tenants.** Target tenant types should respond to market and demographic trends as well as provide small business opportunities for residents. Therefore the Partnership should focus on helping tenant and improve existing buildings with restaurants; food-related businesses such as specialty ethnic food markets, bakeries, catering, and specialty food production; craft manufacturing which can include breweries, cabinet makers, metal fabrication such as bike manufacturing; and other creative manufacturing and service industries which could include apparel or jewelry making, art studios, or tech start-ups among others.
- **Existing Clusters.** There are several existing and emerging clusters of business types along Foster – home improvement, entertainment, ethnic and specialty foods, recycling and supply yards. Several home improvement type businesses include counter tops, flooring, plumbing and reusable building materials. Entertainment venues include bars and restaurants and two theatres – either newly renovated, or in the renovation process. The Day Theatre offers dance and fitness classes. Renovation of the Bob White Theater has involved outreach to community members and is currently in progress. Specialty foods include a meat and sausage shop, a bakery, fruit stand and a food cart pod. Recycling and supply include landscape supply yards such as barkdust, rock, and gravel, and auto wrecking yards.

Figure 8. Business Clusters along the Corridor



Source: Leland consulting Group

Existing Conditions

Current physical conditions and existing business types along the corridor vary widely between the area west of I-205 and the area east of I-205. Throughout this section the two areas are considered separately in terms of their existing characteristics.

Urban Design

The urban design and character of the Foster corridor is distinctly different for the east and west sides of I-205, mainly due to the era in which each developed.

West of I-205

The Foster corridor west of 82nd Avenue was largely built during the Streetcar Era⁶ and owes its stock of street-oriented one- and two-story commercial buildings to this history. Foster Road was one of the original streetcar lines in Portland. The neighborhoods surrounding Foster have a fine grained pattern of development with street-oriented commercial buildings, single family houses, and small garden style walk-up apartments. This development pattern makes Southeast Portland, including the neighborhoods surrounding the Foster corridor highly walkable and pedestrian friendly, supportive of vibrant neighborhood commercial corridors.

20 Minute Neighborhood

“Where residents have easy access to goods and services within a minimum radius through walking, biking or public transit.”

- Economic Development Strategy

Foster Road runs at a 45 degree angle from the regular rectilinear block pattern, which leaves some odd angular lots at various intersections. Many of the commercial buildings along the corridor have suffered from a long period of abandonment that occurred after the I-205 Freeway construction divided the Lents neighborhood, and this area fell into economic decline as did many other inner city neighborhoods during the peak period of suburban expansion. However, many businesses have taken advantage of PDC’s storefront improvement program and the area is developing a reputation for interesting murals.

East of I-205

The Foster corridor east of I-205 is more auto-centric with a mix of single family homes, large industrial lots, and nature preserves. Much of this part of the corridor is in the Johnson Creek floodplain and at times has flooding so severe that the road becomes impassable, although recent mitigation efforts have notably decreased the frequency of these events.

There is an island of single family homes, many of which are in disrepair, close to I-205, between the Foster/Woodstock couplet and the Springwater Corridor Trail, a holdover from the neighborhood pattern in place before the freeway was constructed. This stretch of Foster from I-205 to 103rd also contains a few neighborhood serving strip and stand-alone commercial buildings. As Foster extends to the east, it becomes more industrial in nature with a cluster of auto recycling facilities, an industrial office park adjacent to the corridor, and larger lot single family homes tucked in the neighborhood south of Foster. North of Foster is residential neighborhood comprised primarily of single-family homes laid out on a typical urban grid.

⁶ Portland Plan, Urban Form, 2011

Traffic

Traffic conditions are important for local businesses some of whom need quick and easy access to move goods, as well as neighborhood residents and visitors who want a safe and secure environment to walk and bike in. At times these are competing interests. Foster Road is no exception. It is a fast moving arterial that has been identified as one of seven High Crash Corridors within the City.

High Crash Corridors

The City has identified seven High Crash Corridors, which measure only four percent of the City's arterials, but account for 66 percent of the pedestrian fatalities and 15 percent of all crashes in the City.

West of I-205

With access to I-205, Foster Road provides an easy connection to Powell Boulevard at SE 50th Street to the west. Because of its 45-degree angle, Foster Road makes for a shorter route for those heading southeast from Powell or those heading northwest from I-205. This section of Foster Road has experienced multiple accidents involving pedestrians, several of which have been fatal. A few pedestrian islands and crosswalks with flashing lights have been installed along this stretch, but it continues to be an area of concern. As recently as May 24th 2012, the PBOT and the PPB held "crosswalk enforcement actions" to increase awareness of traffic safety along the corridor.⁷ Redevelopment efforts in this area should take into consideration additional bike and pedestrian safety improvements.

East of I-205

Foster Road east of I-205 is still considered a High Crash Corridor. It connects to farmland and nurseries in Damascus, Boring and beyond. Foster Road provides quick and easy access to I-205 to residents and businesses in this part of east Portland and northern Clackamas County as it is not as congested as Sunnyside Road or Highway 224 to the south.

Improvement Values

Improvement value ratios can give clues to a property's redevelopment potential; the lower the improvement value in relation property value, the more likely the property is to redevelop or intensify existing development. Vacant properties have no improvement value and therefore are the most likely to redevelop. Figure 9 shows the improvement values as a percent of the total value for properties along the corridor, with properties that are below 25 percent (red and orange color parcels) being the most likely candidates for redevelopment.

West of I-205

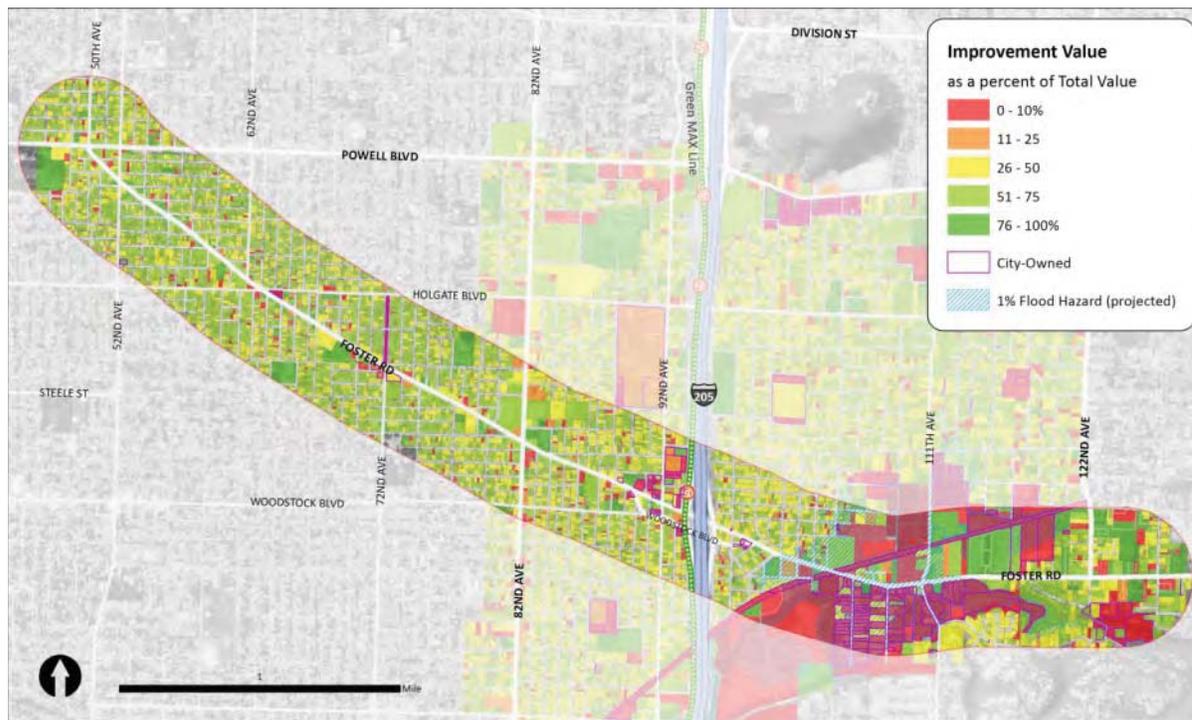
Improvement values west of I-205 are largely greater than 25 percent (yellow to green color parcels) with a few below 25 percent scattered throughout. Besides a few City-owned parcels in the Town Center, there are few concentrations of parcels with low improvement values. That said, several key intersections have at least a parcel or two that could be considered ripe for redevelopment (below 10 percent).

East of I-205

Much of the east corridor shows improvement values below 10 percent. However, much of this land is also in the floodplain and/or City-owned, so it does not have as many redevelopment opportunities as it might initially seem. There are actually very few parcels with improvement values below 10 percent or even 25 percent that abut Foster. With the exception of the Commerce Center, the auto recycling properties and the Freeway Lands site, this area is highly parcelized with small parcels and multiple ownerships.

⁷ BikePortland.org

Figure 9. Improvement Values as a Percent of Total Value



Source: Costar, City of Portland, Leland Consulting Group

Employment and Industry Concentration

A map representing current employment concentration is shown in Figure 10 and discussed by East of I-205 and West of I-205 below. Table 1 shows the top ten industries for the entire corridor, based on total employment, and shows the total number of establishments and average annual wages for each industry. The highest average wages of these top ten industries is found in the automotive parts industry, where earnings average \$48,000 annually. The lowest average annual wage is found in the restaurant industry, which employs the most workers, a total of 543 along the entire corridor in 59 establishments. Overall there are just over 480 businesses employing over 3,700 people along the Foster corridor with a total annual payroll of \$120.7 million dollars.

Figure 11 shows employment concentrations per number of employees, by industry for the west corridor, east corridor and the U.S. average. As a whole, the corridor falls far behind the U.S. average for professional jobs, and far above the average for retail, food service and accommodation, education, and manufacturing jobs.

West of I-205

- Employment along west Foster is scattered along the corridor with concentrations at key nodes, 50th and 82nd.
- There are approximately 2,760 employees working along the west corridor.
- Retail Trade, followed by accommodation and food services are the top industries along the west corridor.
- The west corridor has more jobs in industries such as professional and technical, real estate, finance and insurance, and health care than the east corridor, but falls well below the US average in each of these categories.

East of I-205

- The east corridor outpaces the west corridor for jobs in industries such as wholesale trade, manufacturing and construction, and far outweighs the U.S. average in all of these categories.
- Employment east of I-205 is found with just a few large employers, with several larger employers clustered just north of Foster and just east of 111th.
- There are approximately 960 employees working along the east corridor.

Table 1. Top Ten Corridor Industries by Employment

Category	Employees	Establishments	Total Annual Payroll	Avg Annual Wages
Restaurants	543	59	\$7,300,000	\$13,000
Furniture/furnishings retail	332	13	\$11,700,000	\$35,000
Schools	314	13	\$12,200,000	\$39,000
Construction/contracting	250	57	\$8,800,000	\$35,000
General merchandise	184	3	\$4,900,000	\$27,000
Automotive services	157	24	\$5,900,000	\$38,000
Wholesaling	151	23	\$6,100,000	\$41,000
Professional/medical services	146	24	\$5,700,000	\$39,000
Automotive/parts	142	10	\$6,800,000	\$48,000
Charitable services	131	14	\$3,100,000	\$23,000

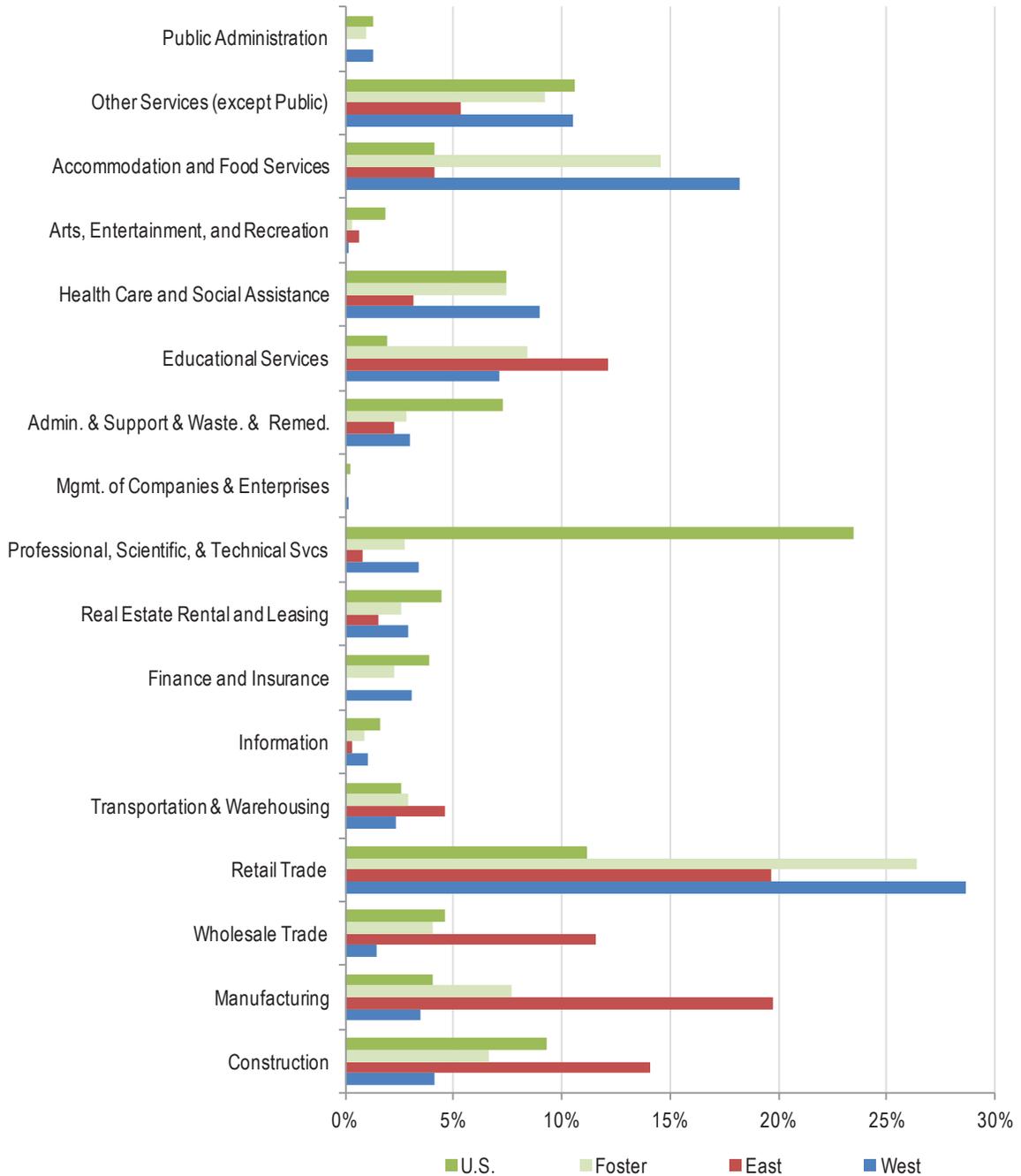
Source: State of Oregon Department of Employment, Quarterly Covered Employment and Wage (QCEW) 2010, Leland Consulting Group

Figure 10. Employment by Establishment



Source: State of Oregon Department of Employment, Quarterly Covered Employment and Wage (QCEW) 2010, Leland Consulting Group

Figure 11. Employment as a Percent of Industry Sectors⁸



Source: State of Oregon Department of Employment, Quarterly Covered Employment and Wage (QCEW) 2010, Leland Consulting Group

⁸ Note: Accommodation and Food Services includes hotels/motels, although the majority of employment in this category along Foster is in the Food Services industry. Also the QCEW data does not include sole proprietors and home occupations, which could undercount employment. According to a survey by the Bureau of Economic Analysis, self employment in Oregon averages 8 to 9 percent of total non-agricultural employment.

Strategies for Revitalization

The Foster corridor has two distinct parts, each of which may be approached differently when selecting strategies to accelerate economic opportunities. The Foster corridor west of I-205 will largely have neighborhood business district opportunities clustered around key nodes, while east of I-205, opportunities will be for larger employment uses of a regional nature.

It is important to note the distinction between revitalization strategies that focus on a specific geographic location and those related to an overarching business and economic development strategy that may apply to the entire corridor or to an even larger geography. The revitalization of Foster will require a two pronged approach, focusing not only on the priority areas (geography), but also on the larger goal of expanding traded sector businesses, especially those within the clusters identified in the region, which include clean tech and sustainable industries (CTSI), activewear, software, and advanced manufacturing. Given the nature of this project and the Partnership, most of the strategies are tied to specific locations. Both types of strategies have the same goal of increasing jobs and investment, and it is important to not lose focus of the larger picture when targeting specific locations.

Foster Corridor – West of I-205

The Foster corridor west of I-205 has the characteristics of a “Main Street”. In fact, the ROSE CDC recently received Meyer Memorial Trust grant to apply the Main Street model for the Foster corridor. A brief overview of revitalization principles that could apply are discussed below.

Corridor Revitalization Principles

Corridor redevelopment is one of the greatest challenges facing planners today, as leapfrogging development has left many corridors with deteriorating auto-oriented buildings and failing businesses. Foster Road, due to its Streetcar Era history, does not suffer from these physical issues quite as much as other corridors such as 82nd Avenue. It has many street-oriented buildings and wide sidewalks that can easily accommodate street furniture, pedestrians, and street trees. There is an abundant supply of low rent buildings that could be used by pioneering small businesses. New development will be difficult to finance until current vacancies are filled and rents reach levels that will support new construction costs.

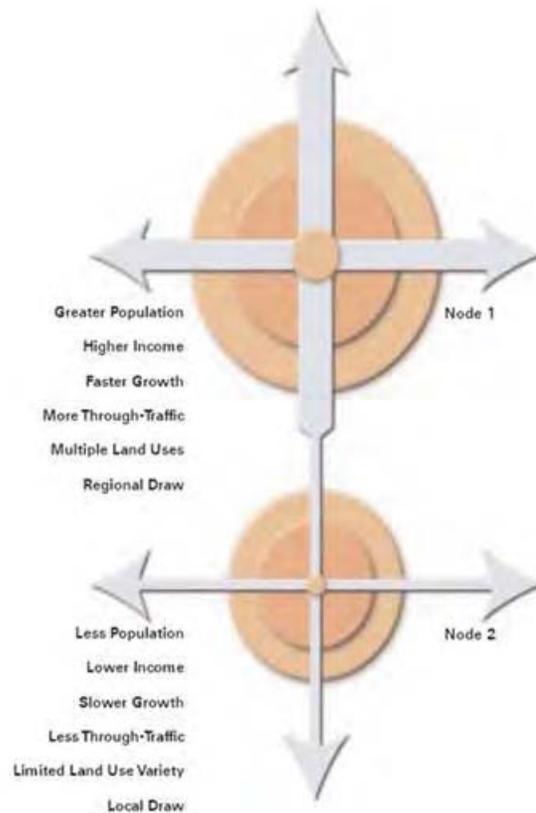
Revitalization of the corridor will be more successful if coordinated strategies are targeted along the corridor’s strategic nodes of development.

Nodes of Development

Corridors are commonly perceived as one continuous and unified expanse of development. For the purpose of revitalization, however, it is critical to view a corridor as a series of nodes and districts with distinct character and functions as shown in Figure 12.

Nodes are usually located at key crossroads along a corridor. By concentrating development at nodes,

Figure 12. Nodal Development



Source: Urban Land Institute

market potential can be concentrated rather than diluted along great distances and public resources can be concentrated where they will have the greatest chance to leverage investment.

Revitalization can begin at existing nodes where there is already market momentum and recent investments. At the same time, it can also be effective to identify nodes with large, developable parcels in limited ownership in order to avoid complex land assembly and where willing partners can be found. Finally, nodal development is easier when extensive demolition can be avoided or where minimal infrastructure investment is required.

Over time, as nodes strengthen, the areas along the corridor in between the nodes will redevelop as well and it is expected that the benefits from early action development strengthen development prospects for a future employment center moving inward into the site. In defining specific opportunities at each node, the following guiding principles were followed:

Principles for Long-term Redevelopment⁹

- **Not All Nodes are Created Equal.** Each node may have a unique character, with some being largely commercial, others residential, and others made up of mixed uses. Similarly, some nodes may be denser than others. This variety is actually beneficial to the corridor as it provides for a range of market-based opportunities depending on the local conditions at each site.
- **Anticipate Evolution.** As with any transformation, revitalization of the Foster corridor will take time. These changes are often difficult to predict, so it is important to maintain flexibility. As change occurs along Foster, it is important to keep the historic character and to maintain the authentic nature of the streetscape – this is part of the area’s attraction. As a mixed use district, the evolution from one and two story structures to two to four story structures along the corridor may take ten years or more. Growth occurs incrementally as the neighborhood becomes a destination and the market matures.
- **Balance the Automobile with Transit Opportunities.** The reality is that the automobile is currently the primary mode of travel along the corridor. Development strategies must provide development opportunities that have adequate vehicular access, visibility, and parking. Through good urban design, the role of transit, bicycles, and pedestrian access and safety can be encouraged and enhanced.
- **Consistency and the Public Realm.** The nature of streets—travel lanes, parking or no parking, landscaping, street lighting, street furniture (benches), transit stops and other features can provide a consistency to the length of a corridor even though the adjacent uses may be ever changing.
- **Know the Market.** Development along the corridor must respond to market realities. Understanding how it behaves in relation to nearby residential and commercial areas is critical to identifying appropriate land uses. Markets are unforgiving and trying to impose the wrong uses will lead to failure. That said, national trends are very supportive of increased housing and mixed-use along corridors. Demographic and lifestyle changes are making close-in, urban housing and mixed-use product highly desirable to a growing population.
- **Create the Place.** The importance of a high quality public realm in centers and along corridors cannot be understated. The streetscape, façades, sidewalks, and other outdoor features set the tone for private investment and become the amenities for area users.
- **Diversify the Character.** The key to creating interesting districts and neighborhoods is to have a vital mix of uses at the nodes. Multiple use types allow the area to appeal to a variety of markets and it creates more interesting streetscapes that become part of the amenity value of each place. Large, single-use blocks often become barriers to pedestrians and harm the connectivity of the corridor. Find the existing authenticity in emerging districts – the elements that add visual and architectural interest, add contrast to new construction, and differentiate the district from other parts of the city.

⁹ Ten Principles for Reinventing America’s Suburban Strips, Urban Land Institute

- **Eradicate the Ugliness.** In urban neighborhoods, most human interaction occurs in the public realm and in commercial buildings. An attractive streetscape lined with well-designed buildings will make the area more appealing to users and will raise the bar for investment. Better utilization of on-street parking, design standards, and streetscape amenities will combine to create the right character for each district.
- **Put Your Money (& Regulations) Where Your Policy Is.** Private investment follows public commitment. Therefore, the public sector must “step up” when it comes to preparing for investment. Removing barriers by setting high quality design standards, making strategic public investments, and preparing a great plan are essential to establishing the public leadership that private investors will respond to.

Opportunities and Challenges

Foster corridor west has many opportunities for successful revitalization. It has a good underlying urban structure with street connectivity and buildings abutting the sidewalk. Existing buildings can be rehabbed, providing affordable commercial opportunities for local small businesses. This is one of the more affordable residential neighborhoods in inner southeast Portland, and as the region continues to grow it will probably continue to attract newcomers, providing an opportunity for increased rental housing which will help activate the corridor.

Short-term Strategies

The short-term strategies are focused on catalytic projects intended to guide actions over the next five years.

- **Focus on nodal development.** As discussed above, corridors redevelop best by focusing on key nodes that either already have active pioneering uses in place or that have large vacancies in older commercial building stock, or vacant parcels that hold a lot of development potential. The nodes with the greatest catalytic potential are discussed in the next section of this report and include: 52nd, 64th, 72nd, and 82nd.
- **Tenant existing buildings.** Vacant buildings give the impression of abandonment. The Partnership should continue to implement the NED Strategy and financial and technical assistance toolbox along the corridor. Deploy the full range of existing tools and programs to overcome the disinvestment in the area and make tenant spaces move-in ready. Interim strategies such as pop up shops can be a great way to ignite interest, create excitement, and help prospective tenants envision the possibilities for a given space.
- **Improve pedestrian safety.** Increased activity along Foster will increase the utilization of on-street parking in the area. This will help to enclose the sidewalk giving pedestrians a greater sense of security and increasing pedestrian activity. Street trees plantings will also help to give this wide corridor a more pedestrian scale and increased sense of place. Pedestrian crossings need to be added at key intersections and nodes, which could include traffic lights, islands in the medians or bump outs at the intersection that would shorten the crossing distance.
- **Streetscape improvements.** Street trees, furniture and lighting can make a big difference in creating a more inviting pedestrian scale environment and can immediately change the perceptions of an area. Focusing streetscape improvements on key nodes along Foster can create a sense of change along the entire corridor while concentrating initial investments on key locations.

Long-term Strategies

Long-term strategies are focused on guiding actions that will take longer than five years to implement and may be dependent upon successful implementation of short-term strategies.

- **Increase housing options.** Demographic trends show an increased need for rental housing, which will continue over the next decade. Encouraging two to four-story buildings (or higher) with retail and commercial on the ground floor and housing above with not only meet this need, but will bring more

residents to the area which in turn will help to support neighborhood businesses along Foster. The Partnership should incentivize rehabilitation of existing buildings that offer housing above ground floor commercial uses. Although Partnership activities will be focused on direct assistance for jobs-creating investments, these policies and investments should also indirectly encourage private development of housing products in the area.

- **New development should be mixed use.** As existing vacancies are filled, new construction will become more feasible along Foster. This new construction should be encouraged to develop as mixed use, as discussed above.
- **Streetscape improvements.** Continue to make streetscape improvements between the nodes, connecting Foster into one cohesive corridor.

Foster Corridor – East of I-205

Foster corridor east has easy access to I-205 and proximity to ample housing opportunities. It is challenged by the floodplain and a lack of amenities such as restaurants, services, and other neighborhood retail. It is currently not an attractive office location mainly due to the lack of such amenities and distance from other office users. It does have several large parks and natural areas, including the Springwater Corridor, which are amenities for housing and employees.

This section of Foster has several industrial users. Most notably it has a cluster of auto wrecking yards and other auto related uses. The Foster 205 Commerce Center is a small business park that recently attracted Bridgetown Natural Foods. It is also home to the Freeway Lands, an industrial reserve which currently hosts 30 businesses with over 200 employees, mostly in recycling related industries, such as asphalt recycling, and a transfer station for Recology. Given the existing mix of business and size of opportunity parcels, strategies for this area will have a more regional focus on larger employment uses that could be developed.

Although it is not directly linked to rail, marine or air transportation, as are the prime locations in the Columbia Harbor Industrial Area, Foster does enjoy quick access to the airport and other transportation via I-205.

Business Location Criteria

Employment throughout the nation has shifted from a resource and manufacturing base economy that needs to be located close to source materials to an economy in which employers are attracted to places with highly educated workers, who in turn are attracted to areas with a high quality of life. Employment must follow the land use fundamentals, the basic rules of which are described in Figure 13, in order to be successful. Office and regional retail uses typically need to be clustered with other retail and office uses in a prominent and established location. It is unlikely that Foster will serve the site needs of either office or retail users, because it lacks other amenities that would help draw office employees or major retailers. It does however have an established cluster of industrial uses, namely auto recycling, and landscape suppliers and could expand upon those existing clusters or intensify the employment capacity by offering value added services to existing businesses.

Bridgetown Natural Foods

Bridgetown Natural Foods, LLC, founded in Portland in 2010, is a 100,000 sq. ft. contract manufacturer of portable healthy snacks. A privately held company, Bridgetown's production capabilities include bars and baked goods, granolas and cookies; and it's one of the few gluten-free plants in the country. BNF's mission is to partner with the leading all-natural and organic brands to deliver sustainable, healthy food products of the highest quality. The company also supports partner businesses with product development, sourcing and procurement, custom ingredients, bulk and finished case production and fulfillment. Dan Klock, originally an investor in the company, became the managing partner in 2011 after working in the investment banking industry.

Dan is committed to a triple-bottom line philosophy and has hired 80% of his employees from the neighborhood. Dan says, "Working with PDC has been beneficial for our business. We appreciate PDC's partnership with local businesses in the Lents neighborhood."

Portland Development Commission

Figure 13. Land Use Fundamentals



Retail

- High visibility
- Easily accessible
- Central location
- Manageable competitive environment
- Demographic match
- Anchor tenants
- Sense of place, safety, cleanliness
- Contiguity
- Parking capacity



Office

- Easily accessible
- Center of a metro region
- “Address status”
- Proximity to suppliers and collaborator firms
- Parking capacity
- Proximity to support services
- Access to intra- and inter-regional transportation connections



Industrial

- Access to intra- and inter-regional transportation connections including rail, water and air freight capacity
- Large parcels
- Parking capacity
- Trained workforce
- Access to suppliers
- Not adjacent to non-compatible uses

Source: Leland Consulting Group

Auto Recycling Trends

The Foster corridor east of I-205 is characterized by a range of commercial, industrial, and light industrial uses. Several large auto recycling facilities exist on the north side of the corridor and represent some of the largest development opportunity sites since they have few existing structures and are large acreages under single ownership. However, before looking at future uses for these sites, it is important to consider the state of the industry today and to understand the relative impacts of current jobs.

Cars are one of the most recycled products in America, with perhaps 84 percent of a vehicle being recycled including what would otherwise be hazardous pollutants such as anti-freeze, oil, gas, and lights containing mercury. Not only does recycling vehicles keep these pollutants out of landfills and rivers, it allows vehicle owners to find spare parts which would otherwise have to be manufactured. Average wages in the industry exceeds wages in other industry types found along Foster, and has the potential to grow. “A skilled sales person with experience, on average in the industry, with commission base can earn as much as \$85,000 per year¹⁰.”

Auto recycling facilities vary widely in size, complexity, and sophistication making it difficult to apply standards such as employees per acre. One example, Integrated Recycling Technologies (IRT) in Minnesota¹¹, is “global competitor, processing 4.5 million pounds of non-ferrous, e-scrap, and catalyst per month, out of a modest 4-acre, 40-employee facility.”

¹⁰ Automotive Recycling – A Greener World, The Automotive Recyclers Association, Special Edition 2008

¹¹ The Minnesota Recycler, May/June 2012

Future trends noted by the Automotive Recycler Association include the following¹²:

- **Internet sales.** Internet sales make up the core of the recycled parts business, which means cataloging, and photographing parts and maintaining an up to date inventory, and may have future implications for having employees dismantle vehicles and stock the parts, as opposed to allowing customers to search for parts themselves.
- **Overseas market growth.** The overseas market for ferrous and other recycled materials, as well as used auto parts, is strong and expected to continue to grow.
- **Advanced training.** Advanced technical training will be required for employees to dismantle cars, as newer cars with more alternative fuel options and more sophisticated electrical and computer components cars reach the used parts market.
- **Diversification.** Diversification of services can help a business grow, especially with internet sales capacity and growth in the overseas markets. This could potentially include a repair division or remanufacturing certain parts such as tires, in addition to the stock of non-altered used parts.

Opportunities and Challenges

This section of the Foster corridor faces many challenges with flooding, the perception of abandoned and deteriorating properties, and lack of amenities. One of the greatest amenities in the area is the Springwater Corridor and various natural areas and parks found in the area. It also has easy access to I-205 without much congestion. Many of the current industrial uses have a low improvement to land value, meaning they utilize a large tract of land with few structural (building) improvements. Properties with a low improvement to land value ratio are often occupied by uses that need low cost land to operate economically. Often a low improvement to land value is indicative of a redevelopment opportunity, where improvements that raise land values would encourage more intensive development (of both jobs and structures) on the properties. With the completion of the floodplain mitigation work south of Foster, some of the properties will have a new opportunity for redevelopment. Further floodplain work could create a new dynamic for the entire area as discussed below.

Short-term Strategies

Not much change is expected on this section of the Foster corridor over the next five years. Support of existing businesses and continued flood mitigation efforts can help set the stage for future opportunities that may be not be realized for a decade or more.

- **Continued use as auto recycling.** The greatest opportunity for this part of Foster in the short-term is to increase the number of jobs that could be supported on the existing auto recycling sites, and perhaps attract some spin-off or value-added service businesses that would benefit from proximity to this cluster. There is an opportunity at the existing facilities for higher value through remanufacturing and distribution rather than just u-pick, according to future trends projected by the auto recycling industry as discussed above.
- **Other Recycling Opportunities.** There is perhaps an opportunity to build on the recycling cluster, including asphalt, compost transfer station and others at Freeway Lands.

Long-term Strategies

Over the long-term there are opportunities for this area to entice higher employment densities or higher wage employment such as manufacturing or other clusters. As noted in the previous section, the Portland region has a shortage of readily available industrial land, especially large parcels that would appeal to large regional employers. The Freeway Lands hold a potential opportunity for such development with its immediate access to I-205, however flooding continues to question the current viability of such development, as well as perceptions of the area and lack of amenities.

¹² Automotive Recycling – A Greener World, The Automotive Recyclers Association, Special Edition 2008

- **Streetscapes.** Streetscape improvements such as street trees, continuous sidewalks and lighting would help to improve the area's image, and potentially help to attract a more significant employer.
- **Amenities.** Corporate or professional employers would want to be near amenities such as restaurants, banks, and other services that are not currently found east of I-205. Support of such services could over time create an environment that would be enticing to a larger corporate or professional employer.
- **Continued flood mitigation.** Significant redevelopment of the properties north of Foster will likely not be viable without a long-term flooding solution, as users such as offices and indoor manufacturing will need greater assurance that their buildings will be safe from periodic flooding. Therefore, ongoing analysis and refinement of the Johnson Creek floodplain will be needed before redevelopment is likely.
- **Eco-Industrial.** With the completed floodplain restoration south of Foster Road and additional improvements being contemplated north of Foster, the area has a rich exposure to natural areas. Conduct further research into Eco-Industrial uses and seek a partner who would be interested in managing and recruiting compatible businesses. "An [Eco-Industrial Park] is a community of manufacturing and service businesses seeking enhanced environmental and economic performance by collaborating in the management of environmental and resource issues. By working together, the community of businesses seeks a collective benefit that is greater than the sum of the individual benefits each company would realize if it optimized its individual performance only."¹³ Upon initial research, the key to Eco-Industrial facilities lies in having a strong management team that actively seeks and coordinates businesses with balanced energy and waste stream production and utilization, and a site large enough to accommodate multiple users.
- **Traded sector businesses.** Given the flood mitigation work that has been completed to date, there is an opportunity to expand upon traded sector businesses such as valued added food products and advanced manufacturing which require physical investments that businesses might not have been willing to make in this area previously, due to the risks involved with being located in a floodplain. Over time this could lead to the intensification of the existing industrial land, creating a greater number of jobs in the area. Traded sector diversification helps to weather short term economic cycles and supports long term job growth. Traded sector jobs tend to pay higher wages which means employees can spend more in local restaurants, shops and on other service providers. Food-based industries could be an emerging cluster in this area, with the recent success of Bridgetown Foods and the ongoing efforts of Zenger Farms to add a commercial kitchen for small businesses and entrepreneurs (known as the Urban Grange). The Partnership should continue to employ PDC's business strategy to support business development of traded sector businesses and target industry clusters.
- **Freeway Lands.** The Freeway Lands property will probably not change much in the short-term. Therefore it was not included as a priority project in this study. However, it remains one of the largest and best located industrial properties in the region and should remain a priority over the long-term for the Partnership. Additionally, as the regional industrial land supply stays low, and is already constrained within the City of Portland, demand to intensify sites such as this will increase. Therefore the Partnership should continue to engage with the property owners as part of the larger regional business and economic development strategy. Perhaps there is an opportunity to connect them to a visionary partner who can help realize a higher and better use for the site.

Traded Sector

Oregon Revised Statutes define the traded sector as "industries in which member firms sell their goods or services into markets for which national or international competition exists." This means that traded sector businesses bring money from outside the region into Portland by selling goods and services to people in other markets, which helps support other local businesses and the overall regional economy.

ORS 285B.280

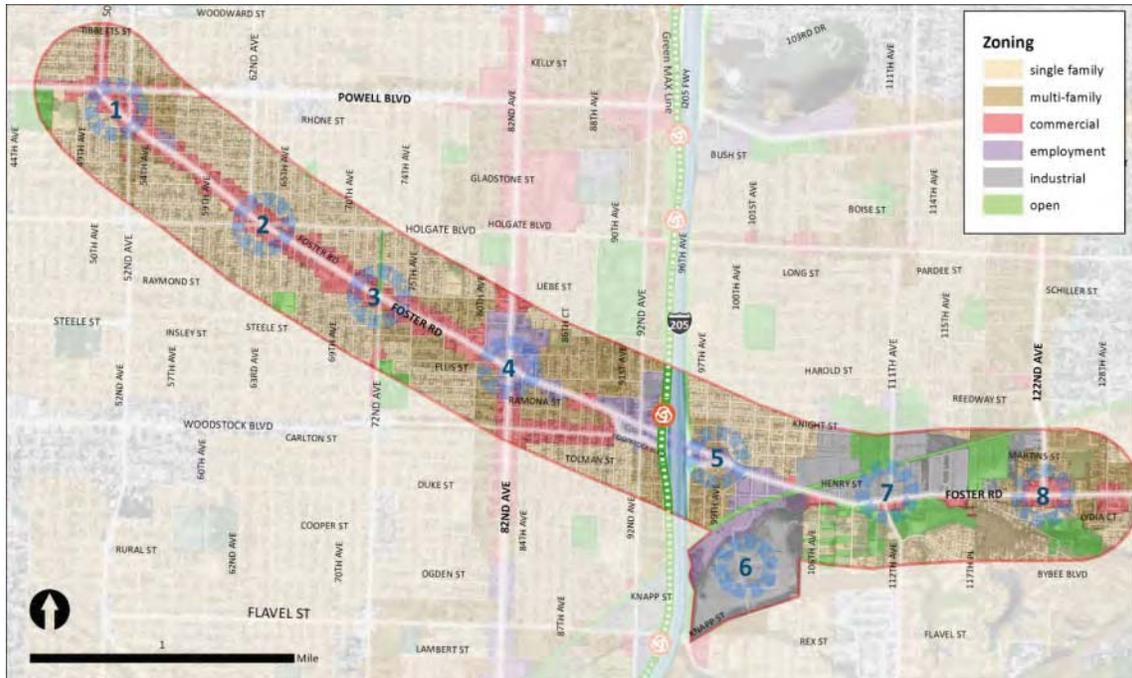
¹³Martin, Sheila, et al. *Eco-Industrial Parks: A Case Study and Analysis of Economic, Environmental, Technical, and Regulatory Issues*. Office of Policy, Planning and Evaluation U.S. Environmental Protection Agency. October, 1996.

Potential Priority Nodes

The neighborhood economic development opportunity analysis includes the following potential priority nodes. These priority nodes are summarized in a series of “fact sheets.” Each fact sheet includes a brief description of the existing conditions of the node, its particular potential contribution to the corridor and its catalytic impact on the corridor; as well as a potential new building square footage that could be added to the node based on the analysis of redevelopment potential (drawing from the analysis of vacant and underutilized property and using general rules of thumb and assumptions about density)¹⁴. Each node is in a different stage of development and would employ different redevelopment strategies over the short term, which is also briefly discussed on each fact sheet. Task 5 identified priority nodes from this list (bolded in the list below) to be considered in greater detail in this revision of the report, and form the basis of the implementation and funding strategies in Task 7. The non-priority node fact sheets have been moved to the appendix of this report. Overall statistics and a comparison of each node are discussed below.

Foster Corridor West	Foster Corridor East
1. Foster and 52 nd – The Gateway District	5. Foster and 97 th – The Triangle East
2. Foster and 63rd – The Heart of Foster	6. Foster and 101 st – The Freeway Land
3. Foster and 72nd – The Green Link	7. Foster and 111th – The Auto Lots
4. Foster and 82 nd – The Crossroads District	8. Foster and 122 nd – Gateway to East Portland

Figure 14. Preliminary Priority Nodes



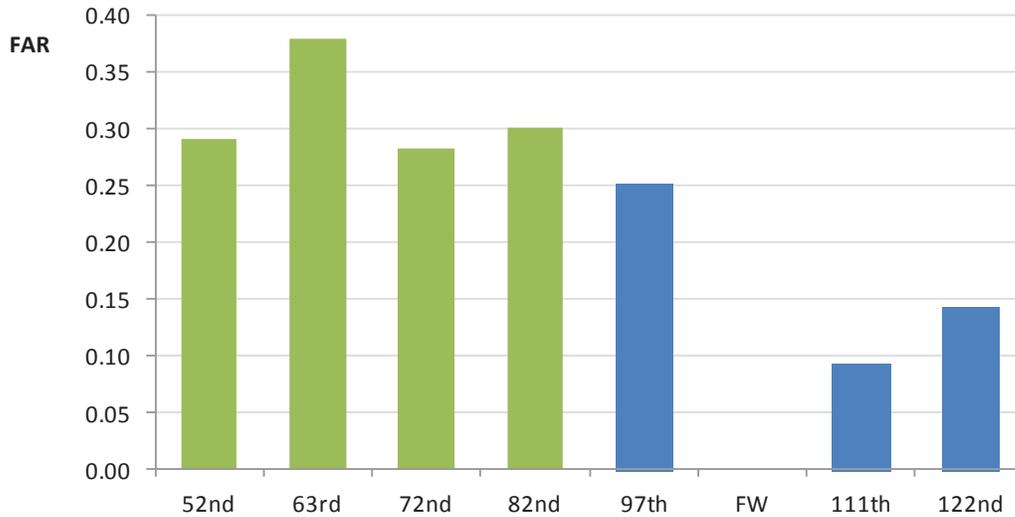
Source: Leland Consulting Group

Figure 15 shows the relative density at each node, clearly showing how the nodes at the west corridor have a higher density than those nodes east of I-205. Similarly, Figure 16 shows the relative quantity

¹⁴ The redevelopment analysis is based on properties that have an improvement to land value ratio of 10 percent or less, which would include vacant properties, redeveloping at an average FAR of 1.5 west of I-205 and an FAR of 0.3 for the industrial areas east of I-205.

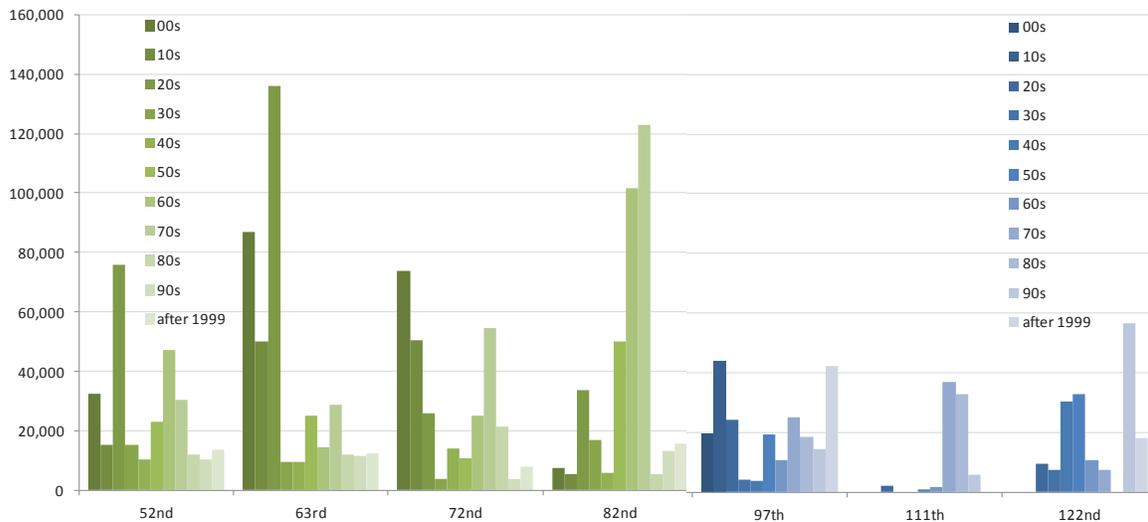
and age of buildings at each node. Reflecting Portland's historic west to east development pattern, nodes in the west corridor have generally older buildings, with the east corridor having many more that were built in the past 30 to 40 years.

Figure 15. Comparison of Existing Density at Each Node



Source: City of Portland, Leland Consulting Group

Figure 16. Existing Buildings (square foot) by Decade Built



Source: City of Portland, Leland Consulting Group

Conclusion

The priority nodes identified here have been integrated with the findings from other analyses in order to determine the most feasible projects and prioritize investments. This revised report will be used for the funding and implementation strategies in Task 7. The following pages describe the strategies and future character for each of the priority nodes.

Priority Nodes

2 & 3. Foster and 63rd to 72nd – The Heart of Foster/Green Link

One of the main conclusions from the Task 6 integrated framework was the need to combine the Heart of Foster with the Green Link to form one priority area extending from 63rd Avenue to 72nd Avenue. The rationale being the amount of energy already underway in this area combined with the greatest amount of underutilized space creating the greatest potential for transformation and leverage of resources. This section of Foster benefits from wide sidewalks, a concentration of buildings that abut the sidewalk, and a recent pedestrian crossing safety enhancement.

Heart of Foster

The area at the intersection of Holgate and Foster Road, extending from about 63rd to 65th is known as the Heart of Foster. Laurelwood Park sits on the northeast side of the intersection and is the only park west of I-205 that directly abuts Foster Road (excluding the median/boulevard at 72nd). The Wikman building, currently owned by Multnomah County is being pursued by Rose CDC as a community center.¹⁵

Green Link

The node at Foster and 72nd, known as the Green Link, is the location of a previous used car lot on the southeast corner which includes a 5,000 square foot building now owned by PDC. Hacienda CDC, through an agreement with PDC, has plans to develop the site for the Portland Mercado, pending a successful capital campaign. “The Portland Mercado will combine elements of indoor public markets and farmers’ markets in the U.S., Canada and Europe with the bustle and feel of many Latin American open-air markets. The Mercado entrepreneurs will offer a mix of goods and services, including culturally specific prepared and fresh foods and fresh produce.”¹⁶ Fundraising for construction of the project continues to gain momentum and the Mercado expects to open in the summer of 2014.

The southwest corner, which contains a vacant parking lot that used to serve as part of the used car lot is also owned by the PDC and represents another opportunity for redevelopment. Another key feature is the park-like median in the middle of 72nd on the north side of Foster. While not officially a park, this does have a green, tree lined, park-like quality that is an amenity for pedestrians. 72nd has the potential to provide a greenway connection perpendicular to the corridor as it runs directly in front of Mt. Scott Park to the south, which has an indoor pool and community center, and a few blocks from Essex Park (the only park in inner southeast with a splash pad).

Between Heart of Foster and Green Link

In between the two signalized intersections of 67th and 72nd, lies Mt. Scott Fuel, the owners of which have expressed an interest in redeveloping the site. Adjacent to Mt. Scott Fuel is a vacant Save-A-Lot store. Across the street on the northwest corner of Foster and 67th Avenue is the Phoenix Pharmacy building, a historical iconic building, the subject of a PDC funded Development Opportunity Services (DOS) grant, and a beloved neighborhood treasure begging to be restored. Combined with the opportunities to the east at 72nd and west at 63rd, this central area contributes to the larger Heart of Foster/Green Link priority node.

This entire combined node has a lot of catalytic potential. Laurelwood Park offers an opportunity to host community events and could help this node live up to its name as the Heart of Foster. Both Save-A-Lot, which is currently vacant, and Mt. Scott Fuel, which is underutilized, hold the greatest potential for new development currently found on the west corridor, and are the only sites large enough to fit a full service grocery store. The two lots in public ownership at 72nd and Foster pose an immediate opportunity for redevelopment. The scale of new development that could be achieved within this section of Foster, a

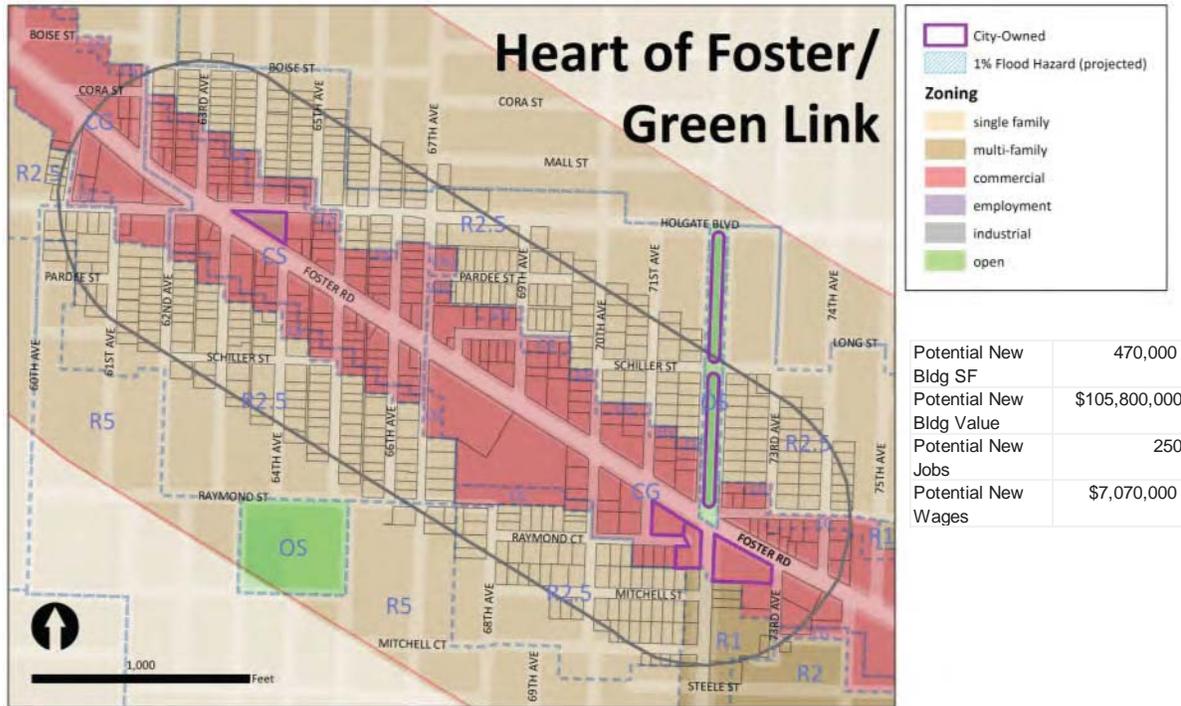
¹⁵ As Multnomah County weighs its options for the Wikman Building, one group hopes to create a community hub, The Oregonian, November 10, 2011

¹⁶ <http://portlandmercado.com/about-the-portland-mercado/>

Mercado, grocery, and/or mixed-used development, could create a destination and be highly transformative for the entire Corridor. Implementation to activate this potential could take place as described in the following bullets.

- **Potential New Business Types:** Neighborhood-serving retail such as restaurants, personal services (salons, spas, insurance), small creative industries (arts, small manufacturing), mixed-use housing. Range of two to six story buildings. A grocery, Mercado, and other small vendors may occupy retail spaces in this area. The community has voiced a desire for more grocery options in the neighborhood, and this is one of the only sites large enough to accommodate such a use.
- **Potential New Building Types:** Range of two to six story buildings with ground-floor retail and housing upstairs. Ground-floor spaces should ideally be no more than 60 feet deep, with spaces generally small (target range 500-1,500 square feet), with some larger spaces for restaurants. Housing targeted to small rentals that would appeal to one or two-person households, approximately 500-1,000 square feet. Storefront retail, Mercado, and mixed-use buildings with housing above.
- **Catalytic Capital Improvements:** Specialized streetscape improvements to distinguish this area. Improve Laurelwood Park; enhance crosswalks to create a safe pedestrian environment. Redevelopment of Mt. Scott Fuel and redevelopment or retenanting of Save-A-Lot. Redevelopment of Phoenix Pharmacy. Older building stock can be renovated and tenanted.
- **Other Implementation Actions:** Events in the park, banners, special tree lighting. Coordinate with business association and other organizations such as SE Works, Rose CDC to help market the area, attract tenants and support small business development. Better maintenance and enhancement of the 72nd parkway north of Foster. Continued support and advocacy from Foster Green.

Figure 17. Heart of Foster / Green Link



Source: City of Portland, Leland Consulting Group¹⁷

Gateway Treatments

Although the other nodes are no longer considered a priority for investments, there is still a need for some kind of gateway signage or treatment at 50th Avenue and 82nd Avenue, which should be considered priority projects even though the nodes in which they are located are not considered priorities themselves.

¹⁷ The potential new building square footage is based on an average FAR of 1.5 applied to the commercial property within this node that has an improvement to land ratio of 10 percent or less. The potential new building value is based on this new building square footage multiplied by a construction cost of \$225 per square foot. This analysis assumes that these new buildings will be mixed-use, containing upper story housing. Therefore, the new employment is based on an average of 470 square foot per employee, conservatively assuming that commercial uses will occupy 25 percent of the potential new building square footage. This analysis assumes that the potential new wages remain the same as the current average for this section of the corridor, which mostly consists of retail and service jobs, averaging just over \$28,000 per year.

7. Foster and 111th – Auto Recycling Yards

Between 103rd and just past 111th is a cluster of auto recycling yards and related services. Foster also intersects the Springwater Corridor at this point. Auto parts sales and recycling is one of the Foster corridor's most significant industry clusters in terms of overall employment and annual wages. The industry also shows strong future growth potential. The City owns most of the land south of Foster in this area, which is a natural park dedicated to flood control. BES is considering a new phase of floodplain mitigation work that would raise Foster Road in this section above the 100-year floodplain. Businesses and residences in this area would also be removed from the 100-year floodplain, although additional flood storage capacity would have to be added north of Foster Road to accomplish this. Increased industrial capacity, through intensification of existing sites, could be added to this area; especially considering that Foster Road would no longer experience frequent flooding, which would improve transportation accessibility and reliability. PPR has identified a need for greater active recreation uses in this area, which would create an amenity for the businesses and surrounding neighborhoods and could also be accommodated on some of the property north of Foster Road.

If floodplain mitigation strategies are pursued, they would take place north of Foster at this node and could be very catalytic for the east Foster corridor. Employment properties in this area that are removed from the 100-year floodplain would have greater redevelopment potential and could experience an intensification of job density over time. If redeveloped, the large sites under single ownership could be attractive sites for industrial and manufacturing businesses in Portland's target clusters or traded sector businesses. Proximity to the natural areas and the Springwater Corridor could be particularly attractive for Eco-Industrial or other "green" businesses. Implementation to activate this potential could take place as described in the following bullets.

- **Potential New Business Types:** Any of Portland's target clusters or traded sector businesses, a corporate office park or headquarters, or expansions of existing businesses.
- **Potential New Building Types:** High-ceiling tilt-up flex buildings that could accommodate both manufacturing and office spaces, multi-story office buildings.
- **Catalytic Capital Improvements:** A solution to the floodplain issue would be needed before significant new investments were to occur. Additional employee services and amenities would be needed in the area to support a greater intensity of employment in the area.
- **Other Implementation Actions:** Marketing and support for traded sector businesses, ongoing coordination with BES regarding the floodplain improvements. Engage the auto recycling industry and potentially the Oregon Manufacturing Extension Partnership (OMEP) to conduct greater research regarding new innovative methods of marketing and areas of diversification, and intensification for the auto recycling industry, and create a workforce training program focused on this industry. Continue to research Eco-Industrial trends and seek partners interested in implementing Eco-Industrial businesses, perhaps matching investors and Eco-Industrial experts with current property owners.

- **Protection of city assets and infrastructure.** Flood mitigation would protect City infrastructure investments and allow for greater utilization of an area that is already served by utilities and infrastructure in the City, including I-205, the Springwater Corridor, and the MAX Green Line.

The Alternate scenarios for floodplain mitigation being considered are summarized below:

Alternative 1A

Alternative 1A reduces a majority of the floodplain (with the exception of the new storage areas) with minimal land converted to flood storage. This scenario maximizes the employment redevelopment potential and minimizes the overall acquisition costs, but does not remove all of the residential areas from the floodplain. The West Holgate area will still be in the 100-year floodplain.

- This scenario has the lowest insurance cost avoidance because the West Holgate area remains in the 100-year floodplain.
- This scenario has the same impact on employment as Alternate 1B, because the industrial land removed for flood storage and the industrial land that would redevelop is the same under both scenarios. The difference in the two scenarios impacts residential areas, not industrial areas.
- This scenario has the lowest net acquisition costs, as it requires the least amount of flood storage and the least amount of land to be purchased for fill and redevelopment in order to balance regional cut and fill.
- This scenario has only slightly lower potential property tax value to the city and increment to the urban renewal district than Alternate 1B.

Alternative 1B

Alternative 1B eliminates the 100-year floodplain north of Foster (with the exception of the new storage areas) while maximizing industrial redevelopment.

- This scenario has the highest flood insurance cost avoidance, as it removes the same residential properties from the floodplain in the West Holgate area as Alternate 2, while maintaining the same industrial properties as Alternate 1A.
- This scenario has the same \$24.9 million in estimated net new annual wages, as Alternate 1A, because the employment redevelopment is the same for both scenarios.
- The net acquisition costs of \$27 million are much higher than the \$15.2 million in Alternative 1A, but significantly lower than the \$38.7 million in Alternate 2. Each scenario has different acquisition requirements for flood storage and fill areas.
- The redevelopment and property value increases would result in \$739,000 annually in potential new property taxes for the city.

Alternate 2

Alternate 2 eliminates the 100-year floodplain north of Foster (with the exception of the new storage areas) while maximizing the wetland and ecosystem connection between areas south and north of Foster Road.

- This scenario has the highest acquisition costs due to the additional land purchased for flood storage and open space. Of all the scenarios it has the lowest benefit in terms of redevelopment for employment, because it necessitates the use of employment land for flood storage and open space. It provides the least net new employment property value and net new wages. However, this analysis does not provide an economic accounting of the additional ecological benefits proved by the additional flood storage and open space. Such an analysis is beyond the scope of this project.

- This scenario provides a greater benefit than Alternate 1A in terms of insurance cost avoidance and increased residential property value, because the additional flood storage eliminates the 100-year floodplain for residences in the West Holgate area.

Table 2. Costs and Benefits of the Floodplain Mitigation Alternatives

Summary of Costs and Benefits	Alternate 1A	Alternate 1B	Alternate 2
Total annual insurance cost avoidance	\$1,028,000	\$1,396,000	\$1,341,000
Net new annual wages	\$24,897,000	\$24,897,000	\$10,047,000
Net Annual Benefit	\$25,925,000	\$26,293,000	\$11,388,000
Acquisition Costs	(\$22,011,000)	(\$33,786,000)	(\$43,521,000)
20% relocation allowance	(\$4,402,000)	(\$6,757,000)	(\$8,704,000)
Total Acquisition Costs	(\$26,413,000)	(\$40,543,000)	(\$52,225,000)
Potential Land Resale Value for Redevelopment	\$11,233,000	\$13,534,000	\$13,534,000
Net Acquisition Costs	(\$15,180,000)	(\$27,009,000)	(\$38,691,000)
Net new employment property value	\$102,633,000	\$102,633,000	\$56,625,000
Increase in total residential property value	\$3,600,000	\$5,166,000	\$5,166,000
Net Property Value Benefit	\$106,233,000	\$107,799,000	\$61,791,000
Net new employment and residential property value	\$106,233,000	\$107,799,000	\$61,791,000
Annual Net New Property Tax Potential	\$728,000	\$739,000	\$423,000

Net annual property tax based on the City of Portland's limited rate of \$6.8522 per \$1,000 per the Multnomah County Table of Consolidated Tax Rates for Levy Code Areas, 2012-2013

Source: City of Portland, Leland Consulting Group¹⁸

¹⁸ This summary table originated from a cost-benefit analysis provided in a separate technical memo, which includes the full methodology and additional tables. The assumptions and figures used to calculate the estimates provided in this summary table follow. Property acquisition and redevelopment excludes properties currently in public ownership. Property value for acquisition includes land and building. Potential land resale value only includes current land value increased by a flood mitigation factor of 6.6%. Property values based on assessor's data from September, 2012. Existing wages and employment based on 2010 QCEW data. Average annual wage of \$45,000 based on a survey of industrial/manufacturing jobs in the Multnomah and Washington County region (Region 2), such as machinists, according to OLMIS, April 2013. FAR of 0.3 based on the average for industrial properties, according to Employment Demand Factors and Trends, Metro, ED Hovee, March 2009. 800 square feet per employee average used to estimate the number of new employees, based on the above FAR. Employment per square foot for dispersed industrial areas in Portland ranges from 350 sf per employee for office uses to just over 1,200 for warehouse uses according to the City of Portland, Economic Opportunities Analysis, Metro, ED Hovee, March 2012. This analysis assumes that the existing zoning remains the same under the redevelopment scenario.

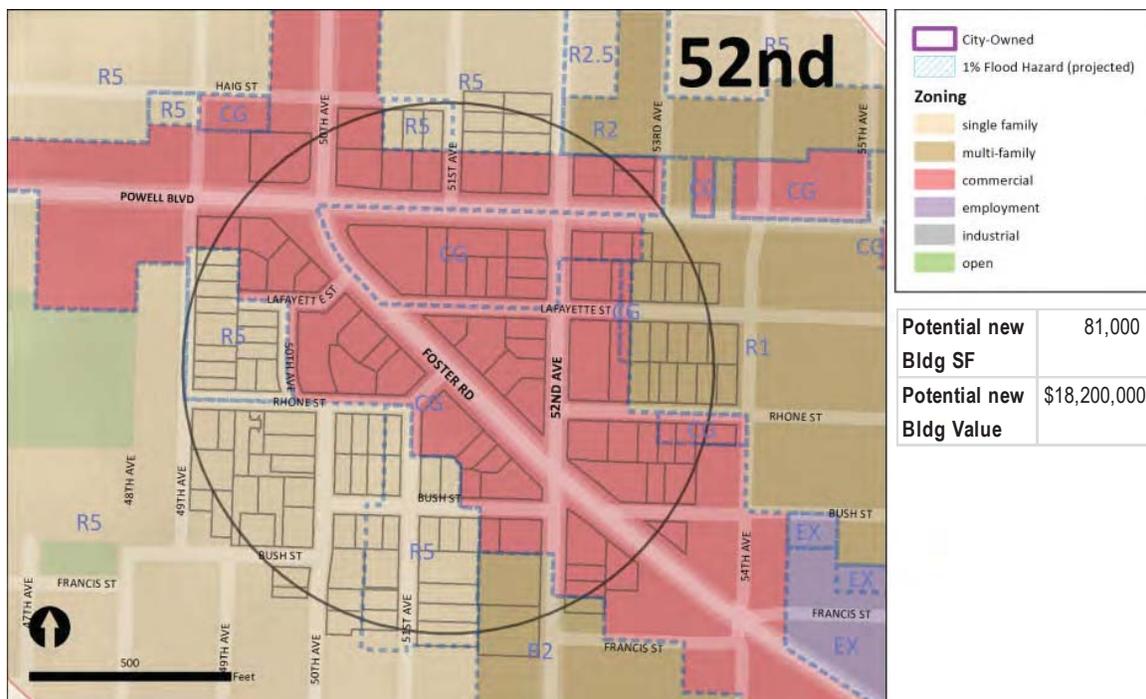
Appendix: Non-Priority Nodes

1. Foster and 52nd – The Gateway District

The intersection with 52nd is challenged by its proximity to the angled intersection of Foster and Powell just two blocks to the west. Both are fast moving arterials which essentially create barriers for pedestrians accessing this node from extensive residential neighborhoods both to the north and south. However, this traffic also means that this node is highly visible and easily accessible for vehicular traffic from both Foster and Powell. One parcel in particular has changed hands several times over the past few years, from a used car lot to an animal boarding facility, and is currently a bar and host to a food cart pod. 52nd Avenue passes by Franklin High School north of Powell Blvd, and is close enough to attract students during their lunch break.

- **Catalytic Potential:** As the gateway to the Foster corridor, this node could set the tone for the rest of the corridor.
- **Potential New Business Types:** Most likely retail services to capitalize on the proximity to both Powell and Foster. Some opportunity for mixed-use housing.
- **Potential New Building Types:** Single-story retail with surface parking, 2-3 story mixed use buildings with ground-floor retail and office or service uses upstairs, possibly housing.
- **Catalytic Capital Improvements:** Pedestrian safety improvements, gateway signage at Powell, streetscape improvements such as lighting and trees. Older building stock can be renovated and tenanted.
- **Other Implementation Actions:** Develop a graphic scheme for gateway signage. Coordinate with business association and other organizations such as SE Works, Rose CDC to help market the area, attract tenants and support small business development.

Figure 19. Foster and 52nd —The Gateway District



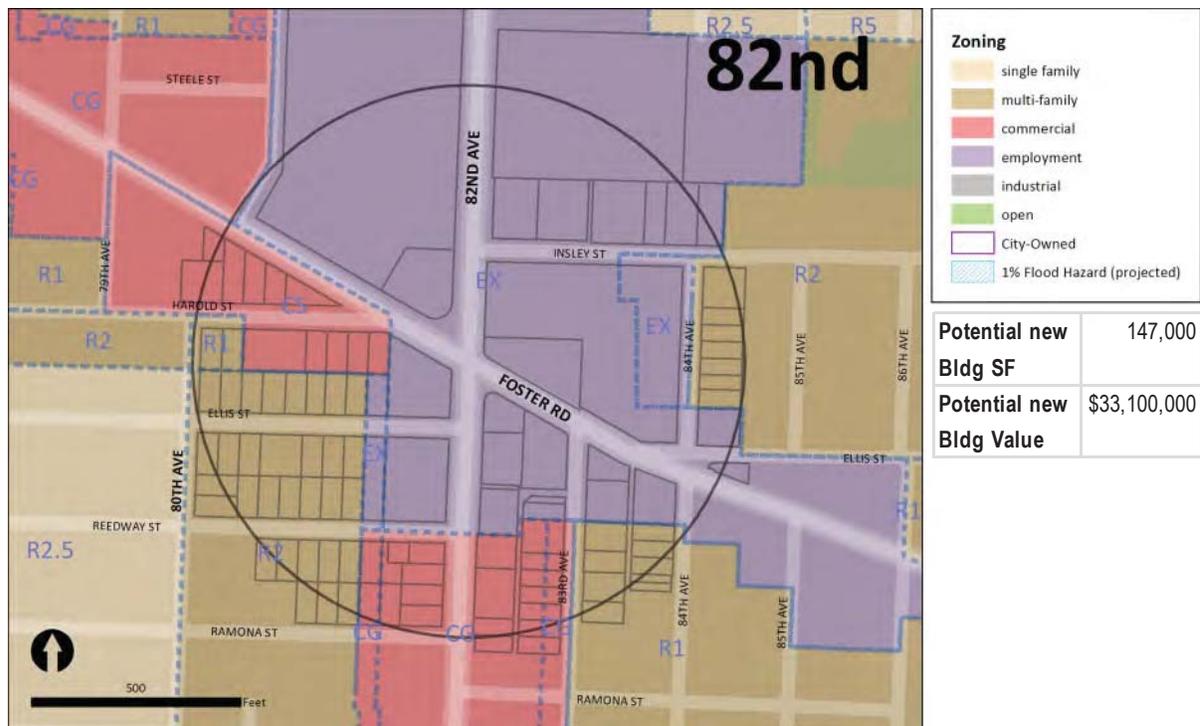
Source: City of Portland, Leland Consulting Group

4. Foster and 82nd – The Crossroads

Foster and 82nd is regionally significant node with a large cluster of employment, primarily retail. Current commercial businesses are primarily auto-oriented with large parking lots, but this does leave room for redevelopment and infill over time.

- **Catalytic Potential:** 82nd is a major gateway to Foster road and the Town Center. Development here can set the tone for what is desired to the east and west.
- **Potential New Business Types:** Additional commercial and retail services.
- **Potential New Building Types:** Mostly single-story retail buildings, but some opportunity for multi-story office buildings on underutilized sites.
- **Catalytic Capital Improvements:** Streetscape improvements to improve pedestrian and bicycle access and the visual character of the area. Older building stock can be renovated and tenanted.
- **Other Implementation Actions:** Coordination with 82nd Avenue revitalization efforts. Coordinate with business association and other organizations such as SE Works, Rose CDC to help market the area, attract tenants and support small business development.

Figure 20. Foster and 82nd —The Crossroads



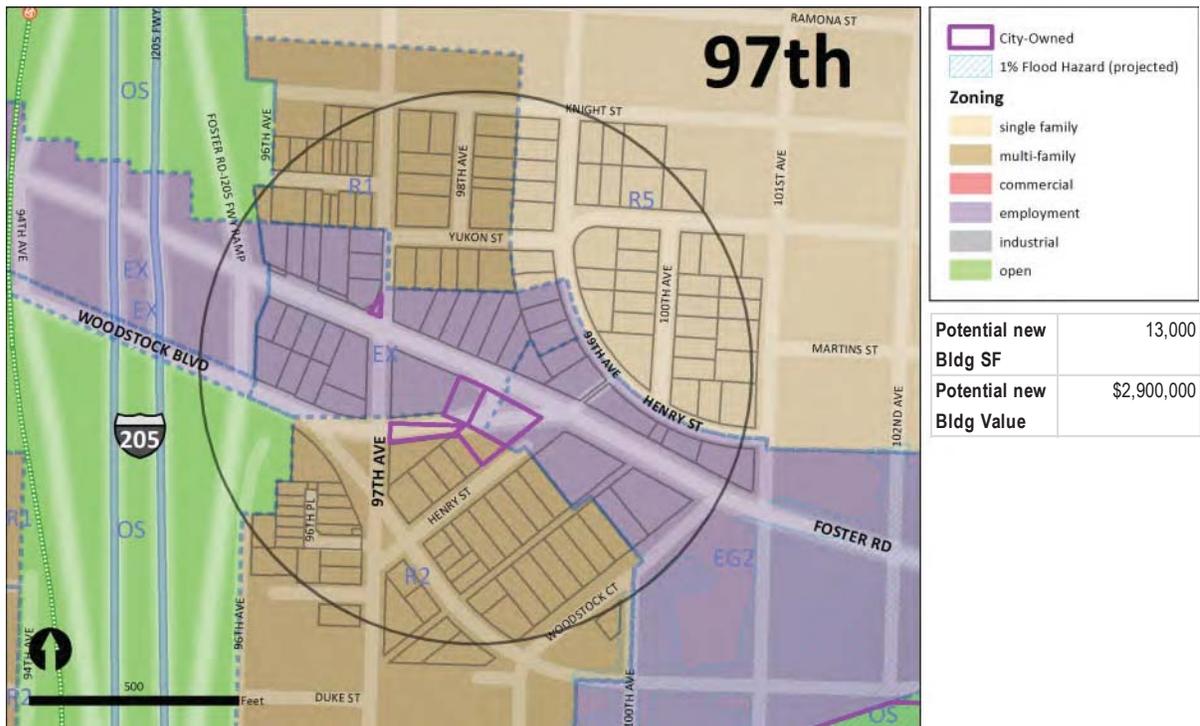
Source: City of Portland, Leland Consulting Group

5. Foster and 97th – The Triangle East

This section of Foster sits just east of I-205 and includes a mix of deteriorating single family houses, many of which have been converted to commercial uses, and some strip or stand-alone commercial buildings. It has high visibility and traffic counts with proximity to the freeway on/off ramps. PDC is creating a gateway and pedestrian crossing at the triangle at the intersection of Foster and Woodstock during the summer of 2012.

- **Catalytic Potential:** As a gateway to areas east of I-205, redevelopment here would set a new tone for development and it could become the location of key services and amenities to attract larger traded sector industries to the east.
- **Potential New Business Types:** Retail and commercial services such as banks, restaurants, coffee shops, and potentially a hotel.
- **Potential New Building Types:** Small-scale retail buildings with surface parking.
- **Catalytic Capital Improvements:** Signage and gateway treatments, streetscape improvements, storefront improvements to existing buildings.
- **Other Implementation Actions:** Coordination with Town Center revitalization activities.

Figure 21. Foster and 97th —The Triangle East



Source: City of Portland, Leland Consulting Group

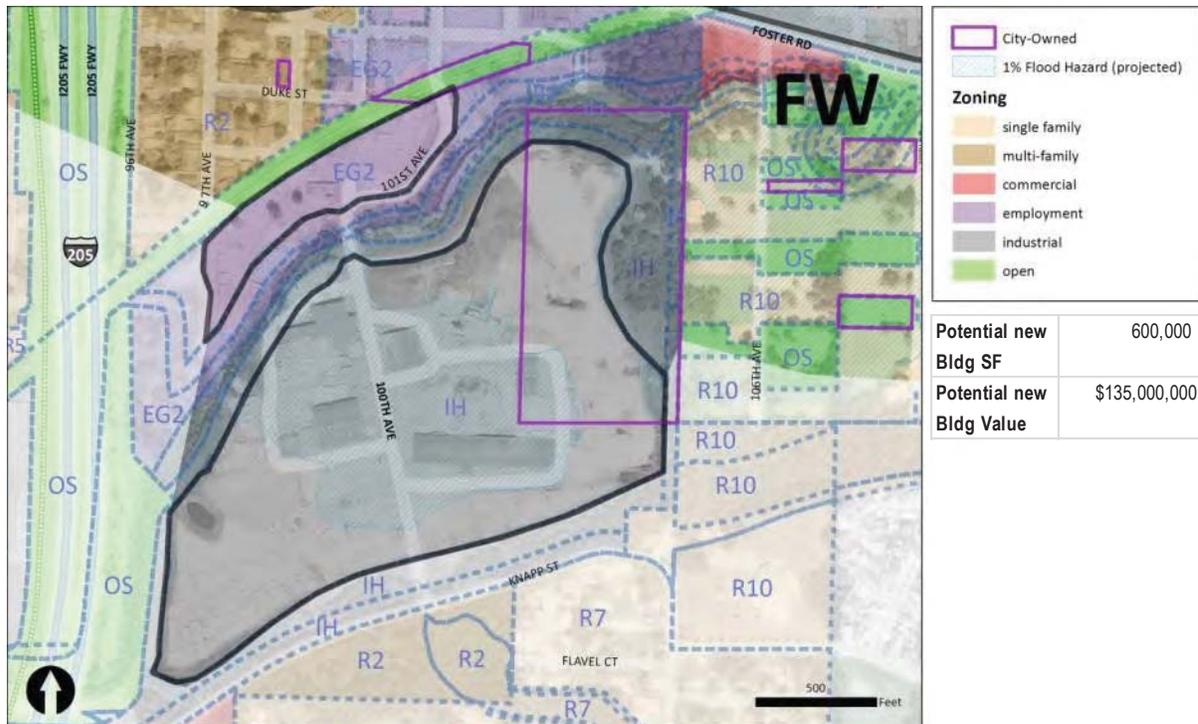
6. Foster and 101st – Freeway Lands

Foster and 101st is an important node as the gateway to the Freeway Lands, with established industrial/commercial uses on both sides of 101st south of Foster. PGE owns a substation within this node that is expected to remain into the foreseeable future. The site has access to the Flavel MAX Station by crossing under I-205 on the southwest corner, and the Springwater Corridor passes to the north. Freeway Lands has largely been removed from the floodplain by the recent work undertaken by BES, giving it greater potential to intensify the array of uses found on the site. Foster Green has expressed an interest in Eco-Industrial land use, which should be considered for this site.

This site would be highly catalytic for the east Foster corridor. Freeway Lands is a major industrial site and, if redeveloped more intensely, could accommodate up to 600,000 square feet of industrial space. Implementation to activate this potential could take place as described in the following bullets.

- **Potential New Business Types:** Any of Portland’s target clusters or traded sector businesses, a corporate office park or headquarters, or expansions of existing businesses. This site is large enough to accommodate an Eco-Industrial park.
- **Potential New Building Types:** High-ceiling tilt-up flex buildings that could accommodate both manufacturing and office spaces, multi-story office buildings.
- **Catalytic Capital Improvements:** Possible transportation investments needed to improve access, new development of commercial uses nearby would be needed to serve as amenities for employees and visitors.
- **Other Implementation Actions:** Marketing and support for traded sector businesses. Continue to research and seek a partner for an Eco-Industrial park and/or working educational facility.

Figure 22. Foster and 101st — Freeway Lands



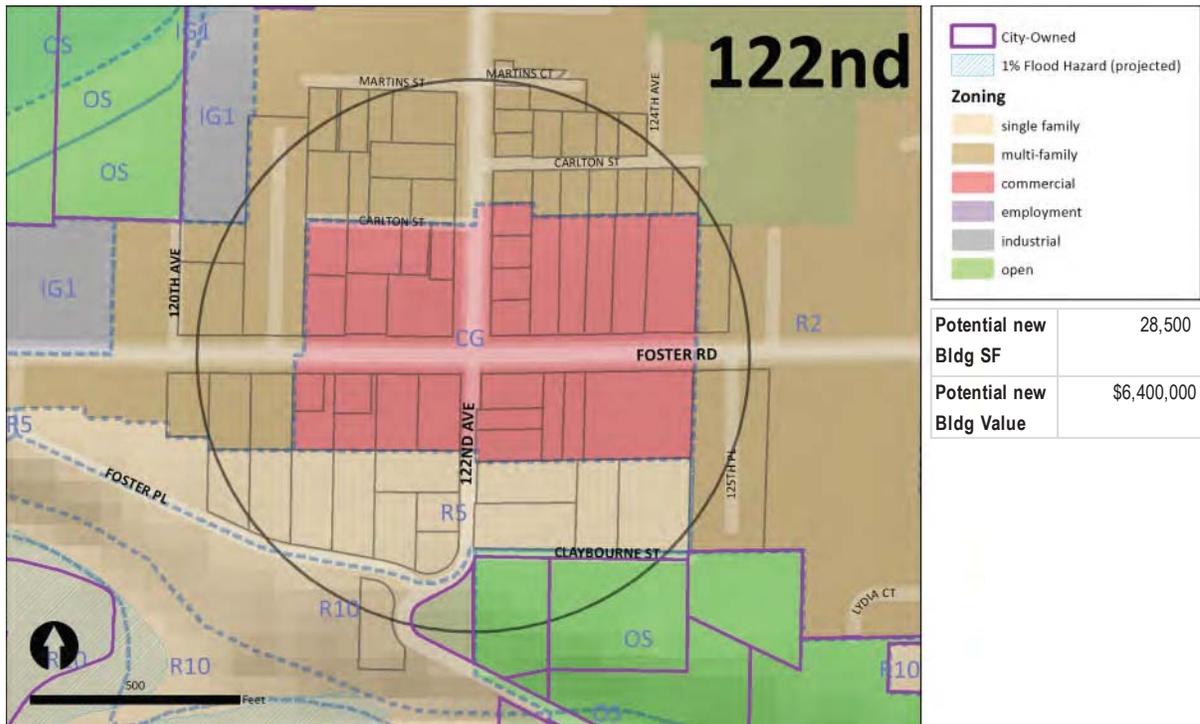
Source: City of Portland, Leland Consulting Group

8. Foster and 122nd – Gateway to East Portland

122nd Avenue, a critical north south arterial for outer southeast Portland, dead ends into Foster at this node, which has a mix of development types including a gas station, birthing center and multifamily housing. There is potential for new development with a vacant lot on the northeast corner of the intersection.

- **Catalytic Potential:** It is the eastern gateway to the Foster corridor. Services here could support nearby industrial development as well as the needs of adjacent neighborhoods.
- **Potential New Business Types:** Additional commercial and retail services.
- **Potential New Building Types:** Small-scale buildings to accommodate restaurants and small retailers. Mostly single-use with some limited opportunities for vertically mixed buildings.
- **Catalytic Capital Improvements:** Pedestrian and streetscape improvements, gateway signage.
- **Other Implementation Actions:** None.

Figure 23. Foster and 122nd —Gateway to East Portland



Source: City of Portland, Leland Consulting Group