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Regional Centers: Do They Work?

by John Provo

Lennertz, Coyle & Associates, LLC redevelopment concept designed with property owners for the Gateway regional center area.
Next year the Metro Council faces a decision about expansion of the urban growth boundary (UGB). State law requires the region to maintain enough land inside the UGB to accommodate growth over the next 20 years. However, the recent economic downturn has led to uncertainty and predictions of short-term population decline. At the same time, some ambivalence in public opinion is apparent. While pleased with the region's overall quality of life, majorities in one recent survey, by KGW and the Portland Tribune, indicated that while they felt that the region was growing too fast, growth in their own cities and neighborhoods was proceeding at a reasonable pace.

Regional Centers built around mixed use designs are a cornerstone of managing density in Metro's 2040 Growth Concept, directing new housing and employment into seven Regional Centers and 30 Town Centers, Rail Station Communities, and Main Streets. Five years after planning began, some agreement exists that the Centers and other designated places are not developing as quickly or densely as anticipated. Regional planning notwithstanding, local context and local implementation matter in how these policies are received, both in how the market responds, and how the public perceives density.

Negotiating the conflicts between long-term regional vision, short-term economic fluctuations, and unique local concerns is at the heart of Metro's "Let's Talk" series. More than 1,000 citizens at 55 meetings to date (50 more are currently scheduled) have been engaged in discussions about the trade-offs between density and open space that are wrapped up in the decision about the UGB. The series, which Metro planners refer to internally as "2040 re-engagement," will culminate in a regional conference this spring involving citizens, planners, and decision-makers.

Focusing on Regional Centers and other places designated in 2040, this article is the first in a two-part series discussing some of the key concepts of density and open space, inseparably intertwined with our understanding of the region's quality of life. The local implementation of these regional plans will be explored through discussions with local planners, developers, and neighborhood activists. Looking back five years to the visions expressed by the citizens of Clackamas, Multnomah, and Washington Counties in Metro's 2040 plans, how have Metro and local jurisdictions planned for density and open space? How has the market responded? How do today's citizens respond to the vision of 2040? And what does this discussion mean for the rest of the Metroscape?

2040 Places/Metro Design Types
Metro's 2040 Growth Concept, adopted in 1995, provides a plan for long term management of the region, giving definition to the form of future growth and development. The Concept plan was designed for a Metropolitan region of 1.8 million residents. (The region reached 1.5 million in the 2000 census, up from 1.2 million in 1990). The plan included general ideas about future expansions of the UGB, identification of areas that should be preserved as open space, and a description of what types of urban development might accommodate projected growth. The plan calls for higher density centers of employment and housing with access to transit and for retail, cultural, and recreational activities all in a walkable environment, creating vital, attractive neighborhoods and communities. The ideas about open space and density rely heavily on each other, with access to open space an important amenity for the higher density urban development needed to accommodate growth, the success of which affects decisions about the UGB.

Portland's downtown serves as the region's employment and cultural hub. Regional centers are large market areas like Hillsboro or Gresham, outside the central city but connected to it by high-capacity transit and highways. Connected to each regional center by road and transit are smaller town centers like Tannasbourne to the west and Rockwood to the east of Portland, with shopping and employment opportunities within a local market area. The plan also describes other places: transit station communities like Orenco near Hillsboro, transit serviced corridors like McLoughlin Boulevard in Clackamas, and smaller commercial main streets like the one in Cornelius. Each serves a unique market niche envisioned in the long-term vision of 2040, which under the framework created by Metro's decisions over the UGB has encouraged localities to implement zoning appropriate for these "Metro" design types.

While the zoning is generally in place, planning implementation for transportation and amenities to support higher density development has unfolded at an uneven pace across the region. For example, Gresham completed a visioning process in the early 1990s which initiated plans that included mixed use zoning for its Downtown and adjacent Civic Neighborhood that were both well in the works...
when those areas were designated as a regional center under the 2040 Concept. While zoning is in place for Washington Square, implementation plans for transportation and other improvements are just moving toward adoption today. A recent study by Tigard suggested that even without Regional Center designation the planned improvements would have been required to address growth that would have occurred anyway. However, these contrasts should not be taken as a suggestion of deficiencies. They simply highlight differences in how localities across the region are situated in terms of need and capacity for planning for growth at the start of the 2040 process.

This discussion pre-dates recent speculation both by Metro's Chief Economist Dennis Yee and Portland State's Population Research Center, suggesting that the region may experience actual net population losses over the next several years. Such fluctuation challenges the long-range planning required by 2040, testing the region's patience and understanding of the cyclical nature of the process.

Regional Centers: Economic Analysis
Analysis by Metro supported by anecdotal reports from planners and developers provide evidence that centers are not achieving the levels of density anticipated under 2040. The consulting firm ECONorthwest recently asked why that has been the case. Their report for Metro noted a range of site specific issues: environmental and infrastructure constraints, the need for redevelopment, and the small parcel size typical of the older sites in many centers. However, they identified financial feasibility as the primary reason for under-building, noting the cost of structured parking and higher density construction types, as well as the complexity and limited return available in the infill and redevelopment projects that would be needed to achieve higher densities. These issues are further complicated by the sub-regional competition between some centers for certain goods and services.

While these findings might suggest that zoning is ahead of the market, the report cautions that this is not a reason to abandon the policy of regional centers. In fact, realizing lower densities initially should be expected as part of a long-range planning process. Neither market conditions nor public policy have made land scarce enough, or made amenities and transportation superior to increase demand for land in centers that would support higher density development.

To reach that end, the report recommends a range of policies that would effectively achieve higher densities. On the regulatory side, for example, zoning should stay ahead of the market but should not get too far ahead. Some localities already use shadow plating, a site plan showing how property could be developed over time to allow further subdivision into smaller parcels in the future. This planning would allow current development at lower densities in a way that would not preclude higher densities at a later date.

Placement of public buildings in centers may also stimulate greater densities. The report also discusses financial incentives for dense development through land assembly, targeted tax abatement, and tax-increment financing available to some jurisdictions through urban renewal.

With that background, staff has provided Metro's Policy Advisory Committee and Metro Council Committees a series of policy questions to consider on Regional Centers.

"Should the region more aggressively pursue growth targeted to centers? Are there employment sectors that the region should be pursuing to locate in centers? Should regional efforts focus on an identified group of prioritized centers? What techniques should be employed to facilitate centers? What is the connection between the region's goals and strategies for development versus expansion of the Urban Growth Boundary?"

These questions begin to "unpack" the regional dialogue on density, highlighting the local reality of centers without losing site of the need for a regional vision created by the UGB.

Choosing Your Level of Analysis
Local concerns are at the heart of what Metro is encountering in its current public outreach efforts. Participants in the recent round of "coffee talks" are experiencing a different kind of Metro presentation--no plans, no maps, no slides, just questions for them about the tradeoffs involved in managing growth. Not surprisingly, congestion and loss of open space amenities are among public concerns often related to increased densities. With local implementation at the heart of these issues, Gresham planner Richard Ross would refocus the regional agenda. Says Ross, "There's too much fix-
ation on the line [UGB] and not enough attention on building quality urban environments in the region."

**Shaping Forces**

At a distance from the development process, parking may appear a prosaic issue. However, as highlighted in the data from the ECONorthwest Report and stated by a number of local planners, achieving land values that can support structured parking remains a central issue for developing the dense urban centers envisioned in 2040. Under the vision of centers under 2040, light rail and good transit connections should serve to suppress parking ratios as low as possible, perhaps 1.6 to 2.2 parking space per dwelling unit. Instead, projects are being built in transit centers at a 1 to 1 ratio.

Outside of downtown Portland, currently almost no place offers land values that can cover the cost of structured parking. With suburban land values running typically from $6-$15 per foot, surface parking represents the only cost effective alternative, with denser options running from some $9,000 per space for above-ground structures to $25,000 for subterranean structures.

Construction types other than the most expensive multistoried concrete or steel podium common to the central city can be seen in other centers. Central Point in Downtown Gresham provides an example of "tuck-under" parking, essentially asphalt surfaces at ground level with direct street access placed under a building. An alternative is steel frame wood deck construction supported by an adjoining building, such as Burnside Commons at 172 and East Burnside at 1.5 spaces per unit. However, where these do not have some special feature, like a focus on seniors permitting higher ratios, support from the public sector typically has been required, according to ECONorthwest.

Public financing tools to underwrite these and other costs exist. State and Metro grants for Transit Oriented development have been utilized in several localities. Such funds have supported parking at places like Burnside Commons. A less universally available tool is urban renewal financing, which provides access to Tax Increment Financing, or the ability to float bonds based on the increased value that will accelerate future tax collections on properties in an improved district.

Portland Development Commission staff described redevelopment plans for mixed uses in the Gateway District Regional Center as "going nowhere" until Portland's City Council adopted an urban renewal district for the area, providing funding that may make possible a range of improvements. Clackamas Town Center also has urban renewal, with most of the funding going into transportation improvements for the heavily commercial and office area. In contrast, Beaverton is placed at a competitive disadvantage in developing its regional centers, with a city charter requirement that requires super-majorities in public votes before the adoption of urban renewal.

Physical geography creates different competitive advantages and disadvantages that shape the pacing of center densities. For example, Beaverton's Regional Center also suffers competition for retail
and office development from proximity to Hillsboro and Washington Square. Similarly, Gateway may suffer in the pace of any office development from proximity to the new Cascades Station complex. At the same time, planners are optimistic that housing development in Gateway will benefit from the employment base created by the critical mass of new job at Cascades Station and nearby development on Airport Way.

Gresham has experienced a more complicated interaction due to its proximity to east Portland. The Rockwood Town Center is located in west Tanasbourne area at the Sunset Highway and 185th in 1997.

Martin points to infrastructure, particularly in transportation, straining under the growth in the 1990s, and predicts a cost that when borne by current residents at some point in the future will be a source of great anger. This cost in turn may accelerate the cost of housing in Gresham, which may lose its historical market niche for inexpensive "starter" homes.

Hillsboro's regional center, its downtown, is surrounded by environmentally sensitive land on three sides and coexists in close proximity to the well-established and dramatically successful mixed use communities of Orenco and Tanasbourne. This arrangement slows demand for retail and housing downtown. Additionally, general office-flex space in great quantities on surrounding industrial land inhibits demand in that sector as well. In response, the city has enjoyed some success in what Planning Director Wink Brooks describes as "creating a buzz" downtown by nurturing a new creative arts center, city hall, and other civic facilities.

Other areas are challenged more by political geography. Washington Square presents a unique multi-jurisdictional challenge, with the designated center located mostly in Tigard, but also in Beaverton and unincorporated Washington County as well. Jurisdictional priorities have been challenging, particularly with regard to funding major transportation issues to improve local connections when Highway 217 bisects the center. Placement of a stop for the new Washington County Commuter Rail, either within or nearby the center, remains undetermined.

Clackamas Town Center, actually a Regional Center named for the mall, faces a similar challenge to Washington Square. However, instead of coordinating multiple stakeholders, they must address a governance vacuum. Existing largely on unincorporated Clackamas County land, the Center occasionally faces issues stemming from the supply of urban services and the delegation of responsibility for issues like maintenance. County planners also report that the transient nature of the population, particularly limited local ownership of retail, weakens public participation, and hence ownership of center planning. In contrast, the Gateway District may benefit in part from a similar vacuum, with

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major development slated for areas adjacent to freeways. Introduction of the District's largely older existing residents to what planners termed "strange and different" development types may occur in space that no one clearly owns.

**Neighbors**

In Clark County, acting under Washington's 1990 Growth Management Act, the City of Vancouver has also designated centers for dense development as part of its comprehensive plan. While at present Metro does not directly coordinate its efforts with Clark County, the existence of parallel structures makes such coordination a real possibility in future. This cooperation is an important objective in the Metro's 2040 planning. Metro's 2040 Growth Concept also identified several neighbor cities within the three counties that would be encouraged to grow while maintaining an individual sense of place and clear rural zone separating them from the Metro UGB. North Plains, a city of 1,600 in western Washington, is one such neighbor. It has its own UGB, which plays a similar role in shaping development decisions. Paralleling the "place-making" implied by Metro's 2040 Design types, North Plains was one of several jurisdictions in western Washington and Columbia Counties to participate in a downtown development consortium. This consortium shares consulting resources that aid cities in establishing their own identities outside the long shadow of Portland.

**In the End . . .**

If the region can take one lesson from five years of 2040 planning, it simply may be that the devil is in the details, and the details are implemented at the local level. Learning from this lesson may require different forms of patience. Trammell Crow Real Estate Attorney Robert Hinnen noted that while true mixed use developments remain popular in the public dialogue, on a financial level even the award-winning Orenco Station is outperformed by Trammell Crow's Tannesbourne, which presents its mix of uses with a more traditional degree of separation. And while every jurisdiction may desire development that rivals the "sex appeal" of the Pearl District, Hinnen argues that achieving optimum densities while accommodating public intervention and restructuring costs will take time.

A cue as to our next steps is offered by Metro's outreach, focusing on the local experience. Similarly, jurisdictions such as Hillsboro in its recent Vision 2020 Plan have sought to address the social side of growth and to connect with the concerns of their growing new populations. The challenge then rests in balancing diverse concerns over density and growth management at the local level without diluting the long-term patience required to implement the regional vision captured in the 2040 plans.

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