Portland Streetcar Development Impacts

Review Draft

Prepared for:

Portland Streetcar Inc.

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Prepared by:

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EXECUTIVE SUMMARY

The City of Portland constructed its first streetcar track since the 1920s in 2000, a project that achieved full funding commitment three years prior. The first segment of the new Portland Streetcar spanned several neighborhoods within and adjacent to Portland’s central city. Residents are familiar with the change in landscape that accompanied this investment: notable levels of new development have clustered around the alignment, a trend observed both in neighborhoods with significant tracts of vacant land and with a largely built-out landscape.

This report provides an initial assessment to:

1) Quantify the development trends observed in Portland’s westside before and after the existing westside streetcar alignment was committed.

2) Provide an initial eastside development projection modeling a proportionally similar change in development along the MLK/Grand corridor and the Lloyd District, for which future streetcar investment is currently planned.

3) Outline an approach that could be considered for a more statistically rigorous analysis, identifying the extent to which recommended data inputs are currently available and have been compiled.

OBSERVED WESTSIDE TRENDS

Development patterns in Portland’s westside indicate that streetcar investment has coincided with a significant shift in density and location of new development. Properties located closest to the streetcar line have experienced the largest share of development – and at Floor Area Ratios (FARs) that more closely approach the properties’ zoned density potential – than properties situated further from the streetcar alignment.

The following graph illustrates that development (i.e. new construction) since 1997 has achieved a considerably higher percentage of the site’s allowable development capacity than the pattern of development that existed pre-19997. This benefit increases with proximity to the streetcar alignment. Within one block of a streetcar line, new development achieved an average of 90% of FAR/square footage potential, a percentage that steadily drops to 43% at three or more blocks from the alignment.
Land located within one block of the westside alignment also has dramatically increased its capture of development activity. Prior to 1997, these blocks captured 19% of the neighborhoods’ existing development. After 1997 the same blocks captured 55% of all new development.
In summary, the westside experience indicates that commitment to streetcar investment coincided with higher densities and more rapid development of blocks adjacent to the proposed (and later constructed) alignment than blocks farther from the alignment. These findings coincide with pertinent national research and guidance for Section 5309 New Starts Land Use Assessments of the Federal Transit Administration.

**Eastside Development Projection**

The rate and intensity of development – as a percentage of maximum zoned FAR – realized on the westside have been applied to an eastside study area to approximate the character of development that might be expected to accompany proposed eastside streetcar investment. In addition to the ‘background’ development patterned after the westside experience, projects in planning phases – with associated timelines and a reasonable level of certainty – were profiled and translated into future jobs and housing units. At this early stage of eastside streetcar planning, the bulk of development projected for the eastside is associated with background development associated with further streetcar investment.

The eastside projection ultimately describes housing units only, rather than both residential and commercial development. This is because the eastside development projection excluded the bulk of lots within the industrial sanctuary, given regulatory limitations on use and building program.

Metro’s employment projection has therefore been held constant in both projections; only the housing projection has been amended in the ‘with streetcar’ scenario. The following table compares Metro’s without-streetcar and the with-streetcar development projections.
## Estimated SF

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<thead>
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<th></th>
<th>Households</th>
<th>Jobs*</th>
<th>Housing</th>
<th>Employment</th>
<th>Total</th>
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<tr>
<td>Metro TAZ-based projection (no streetcar, 2000 - 2025)</td>
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<td>13,507</td>
<td>1,520,000</td>
<td>5,292,000</td>
<td>6,812,000</td>
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<tr>
<td>Adjusted for timeframe (72% reduction)</td>
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<td>9,725</td>
<td>1,094,000</td>
<td>3,810,000</td>
<td>4,904,000</td>
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Streetcar adjusted projection (2007-2025)

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</thead>
<tbody>
<tr>
<td>Known projects</td>
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<td></td>
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<tr>
<td>Background development</td>
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<tr>
<td>Total</td>
<td>4,015</td>
<td>13,507</td>
<td>4,417,000</td>
<td>5,292,000</td>
<td>9,709,000</td>
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Net change with streetcar projection

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<tbody>
<tr>
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<td>- 3,323,000</td>
<td>-</td>
<td>4,805,000</td>
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<td>Background development</td>
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<tr>
<td>Total</td>
<td>3,020</td>
<td></td>
<td>- 3,323,000</td>
<td>-</td>
<td>4,805,000</td>
</tr>
</tbody>
</table>

Percent change with streetcar projection

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</thead>
<tbody>
<tr>
<td>Known projects</td>
<td>304%</td>
<td></td>
<td></td>
<td>304%</td>
<td></td>
</tr>
<tr>
<td>Background development</td>
<td></td>
<td></td>
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<td></td>
<td>98%</td>
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<tr>
<td>Total</td>
<td>304%</td>
<td></td>
<td></td>
<td>304%</td>
<td>98%</td>
</tr>
</tbody>
</table>

*Note: Unchanged in streetcar adjusted projection


A comparison of new housing units, housing square footage and housing + commercial square footage in 2025 is illustrated by the following graph.
By 2025, eastside streetcar investment is estimated to produce an additional 3,020 housing units more than were projected in the absence of streetcar investment. Streetcar is associated with an increase in housing development of over 300%.

At an approximate 1,100 square feet per household, this equates to over 4.4 million square feet of new residential development, an increase of one-third over existing study area development within taxlots classified as ‘redevelopable.’ This housing premium can be considered among the many returns realized through investment in public transit.

The following chart identifies eastside properties that already are in some phase of development planning, ranging from initial discussion to construction. While ‘green light’ projects comprise a relatively small portion of anticipated development, they are included in this executive summary to indicate the extent of emerging development interest in the area – a portion of which is in response to the anticipated streetcar – despite that the streetcar has not yet achieved committed funding or a finalized alignment.
Source: RLIS, property representative interviews, E.D. Hovee & Company.
**FUTURE RESEARCH**

The basis of this analysis is a compilation of tax assessor, zoning, land use and density potential data from various public agencies. This data is reported here in a summary format. However, it can be used as inputs into a more statistically rigorous analysis. The following inputs have been identified as potential considerations for a future hedonic analysis.

| Net Development Rehab Space = f (Streetcar Proximity, FAR Headroom, Other Transit Proximity, Public-Private Partnership, Year developed) |

Many of these inputs have already been compiled and are presented in this report. Other variables based on the land use database already compiled may also be considered.

The primary steps important to complete the dataset to further test this *hedonic model* (or multiple regression analysis) are to:

- Assign existing and potential building square footage to lots not included in this analysis – primarily lots in Northwest Portland (west of I-84) and lots that have undergone changes in taxlot ID since early 2004 (e.g. through subdivision or condo development).
- Identify buildings that have undergone noteworthy rehabilitation (but would not be captured in a tally of newly developed square footage). A record of significant rehabilitation would likely need to be created from the personal knowledge of people who have worked with downtown development over the past 10 years.
- Identify development that resulted from public-private partnerships, or received public subsidy. This too would likely need to be created based on input from public and private organizations that have worked with downtown development over the past 10 years.

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1 In addition, the methodology behind Metro’s jobs projection is based upon allocating a control total, rather than derived exclusively from the land’s capacity. Reviewing this methodology is beyond the scope of this report.