

CHAPTER 7

OFFSITE AND DOWNSTREAM

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INTRODUCTION

This chapter considers the potential implications of displacement on industry resulting from transit infrastructure. In the case of industrial and business displacement in urban spaces, two general types seem prevalent:

- · Intentional or planned displacement, wherein developers or governments reconfigure the zoning structure of an area to preclude certain business activities; and
- · Market displacement, wherein cost and other economic pressures reduce competitive advantages for established firms and make the location untenable and financially unfeasible.

Both types of displacement are prominent fixtures with regards to industry and manufacturing in Transit Oriented Development projects. Both also come associated with potential outcomes and trickle-out effects. However, they are not equally likely scenarios. In order to model potential outcomes of constructing transit infrastructure in East Tacoma and Tacoma Dome District, it is important to know how each form of displacement manifests and what factors are included.

For the purposes of this chapter, we assume that at least by one form or another the industrial uses prominent in the East Tacoma neighborhood, as identified throughout this document, will experience one form of displacement or another. We outline what those forms of displacement entail, how they are implemented, and what their common effects are. We also proffer tools which may be successful at ameliorating some identified impacts. Finally, we consider the offsite and downstream effects of the development in the Tacoma Dome District, or how the development of the site will impact manufacturing and other factors in the rest of the city.

RESEARCH OVERVIEW

Initial research into this subject focused on defining transit-oriented development (TOD), its intent, and its impacts on business and industry. The primary focus was to create a basis for understanding TOD and what has been historically understood. In addition to archival research to gather existing scholarship on the topic, two primary interviews were conducted: 1) Stephen Atkinson, a senior planner with the City of Tacoma, and 2) Deirdre Wilson, a senior planning manager with the Northwest Port Seaport Alliance, an agency which

plans and coordinates between the ports of Tacoma and Seattle and municipal and state agencies. These interviews supplemented research findings and added great detail of context to the issues facing industry in the South Puget Sound.

Finally, we performed area surveys to provide a basis for modeling of features of competitive advantage and industrial access resources regionally. This helped in clarifying potential impacts of development on traffic and property access in the City of Tacoma and regionally.

FINDINGS

TOD AND DISPLACEMENT, AND THE CONDITIONS OF INDUSTRY IN TACOMA

TOD can be defined as "compact neighborhoods centered around transit with efficient land use, diversity, density, street connectivity, and walkability that encourages residents, workers, and customers to ride mass transit more than driving their cars" (Zandiatashbar, 2019, 430). The efforts of TOD seek to provide transit for those with the least access but can often gentrify a neighborhood (Bullard, 2007). An analysis of TOD conducted by Jamme, Rodriguez, Bahl, and Banerjee found the most recurring of references throughout literature was "density, diversity, design, destination accessibility, distance to transit, and demand management" (2019, 415). The themes and framework give the definitions for TOD to then look into the effects and potential implications of TOD. The positive benefits of TOD have been claimed since the term was coined in 1993: TOD is intended to foster mixed income communities, promote racial diversity, increase density, and encourage transit ridership (Chappel, 2019). However, recent research has also identified a number of concerns with TOD projects, including the gentrification and displacement of residents and a decrease in small, minority owned business (Zandiatashbar, 2019). This displacement is not specific to residential but also commercial

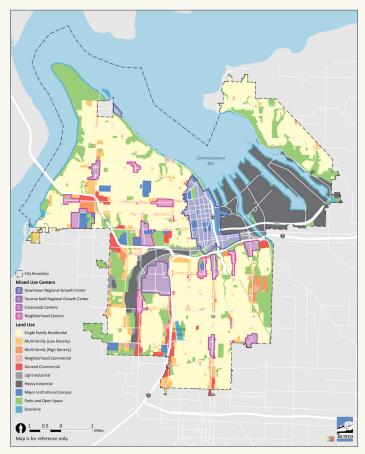


Figure 1: Future Land Use Zoning. Note the East Tacoma Neighborhood zoning remains "light industrial". (Source: City of Tacoma, 2019)



and industrial uses. Increasing rents, changing demographics, and heightened competition can lead to commercial displacement (Chappel, 2019). This type of industrial and commercial displacement often goes unnoticed by communities and impacts transit node neighborhoods and those adjacent (Chappel, 2019).

FACTORS OF PLANNED DISPLACEMENT

With planned, or intentional, displacement, governing agencies either rezone land use-changing use policies or regulations—or implement major construction projects and purchase land for such purposes. For the East Tacoma and Tacoma Dome District neighborhoods, several governing agencies have strong influences over the fate of land use. The City of Tacoma has regulatory authority to zone and place environmental regulations on property use. The Port of Tacoma is the prominent large leasing agent for industrial lands in and around East Tacoma and the Tacoma Dome District with the authority to manage tenants (Port of Tacoma, N.D.).

The property surrounding the East Tacoma Light Rail Station is currently zoned as a mix of "light industry" and "general commercial use". Most of the light industrial zoned land sits on the northern side of Interstate-5, with the general commercial use zoned land just south of the highway. The general commercial use land is occupied by the Puyallup Tribe of Indians and houses the Emerald Queen Casino south of the highway, with the War Pony Smoke Shop just north of the highway. At the present, there are no plans to rezone land in East Tacoma to exclude light industry in the foreseeable future (City of Tacoma, 2019).

The Port of Tacoma and City of Tacoma have both expressed interest in maintaining the economic vitality of the port properties. Rezoning land within port boundaries has been generally off the table, and light industrial buffer zones around the port have maintained separation of utility. The East Tacoma neighborhood falls within a space between the port and Interstate 5, seen as a vital freight link (Wilson, 2020). For these reasons, it is unlikely that intentional displacement will be a significant factor in removal of industrial space in East Tacoma.

While it is not the focus of this chapter, redevelopment plans for the neighboring Tacoma Dome District, which will be the next stop on the subject light rail line, include a transit-oriented entertainment and mixed-use center. This center will include residential and commercial spaces, as well as planned maintenance of some industrial space (City of Tacoma, 2019).

Though planned displacement via rezoning or reconfiguration of the East Tacoma neighborhood is not a significant threat, regulations regarding what constitutes "industrial use" have historically been open to interpretation. In an interview, City of Tacoma Principle Planner Stephen Atkinson stated that industrial spaces have often incorporated a wide variety of uses, many of which might not include what we traditionally think of as functioning as industrial productivity. "Not all industrial uses are Methanol plants" Atkinson said. Some industrial uses are more compatible with both residential and commercial land uses and can easily and safely be constructed in close proximity (Atkinson, 2020).

Without clear regulations and guidelines concerning what is appropriate use for "industrial" zoned land, uses which may fall outside traditionally considered industrial use can be incorporated and potentially push out other uses. This was the case in the subarea plan in Kent, where the City of Kent outlined a process to create an industrial subarea and a Manufacturing and Industrial Center (MIC) with support of Puget Sound Regional Council (City of Kent, N.D.). However, as Deidre Wilson of the Northwest Seaport Alliance stated in an interview, many of the new firms which entered the subarea were warehouses and research and design offices with production labs (Wilson, 2020). Likewise, Atkinson pointed to an historically born trend of cities placing "anything they don't want near residential areas" in industrial areas, which has sometimes

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included medical facilities as well as fabrication and design centers with lots of office space (Atkinson, 2020).

In the case of unclear zoning regulations and use guidelines, even protective zoning patterns can lead to some measure of market displacement. Office spaces, warehouses, and other higher value added and broadly defined "industrial" uses can effectively displace important, though lower value added more traditionally defined "industrial" uses. For this reason, regulations in industrial spaces near transit facilities and TOD should be made clear so as to protect and encourage the appropriate industrial use.

FACTORS OF MARKET DISPLACEMENT

Market displacement is more often referred to colloquially as "gentrification", wherein certain economic factors make current land use unfeasible. This often occurs in business and industrial focused centers when consumption patterns change, or nearby land use shifts (Curran, 2007; Dong). With regards to transportation-oriented development in its impacts on industrial spaces, there are several factors that could lead to market displacement/gentrification. Most often industrial gentrification results from lower value or lower revenue firms losing economic vitality and either ceasing operations or relocating to less expensive properties (Dong, 2017; Chappel, 2019; Curran, 2007).

Of the factors which lead to industrial gentrification displacement, especially related to TOD, Deirdre Wilson of the Northwest Seaport Alliance highlighted the concept of "traffic crowding out". As stated earlier, transportation-oriented development intentionally increases population and utility density in target neighborhoods. The density of utility, be it office space, retail commerce, or residential, invariably brings more traffic: more density of use brings more density of traffic. Wilson stated that one of the concerns of the Northwest Seaport Alliance is that this low-or-single

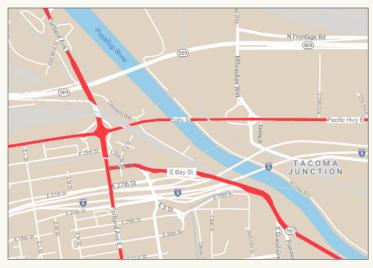


Figure 2: Freight heavy surface streets in the East Tacoma industrial area, highlighted in Red (Source: Google Maps, 2020)

occupancy-vehicle traffic would interfere with and crowd out freight traffic (Wilson, 2020).

As nearby neighborhoods, such as McKinley Hill and Tacoma Dome District, densify as a result of TOD, the increased population and use density may cause increased traffic in and around the East Tacoma neighborhood, even without active development in that area. This would be most concerning on the identified freight paths of Portland Avenue, which connects the Port of Tacoma with Highway 509 and Interstate 5; East Bay Street, which connects East Tacoma with Interstate 5; and Puyallup Avenue - Elles Street, which connects to Pacific Highway and Interstate 5 through Fife and the Tideflats.

A second displacement concern is land value and pricing out. As TOD spurs higher density land use, areas around transit stations and planned TOD districts experience increased property speculation and development demand (Curran, 2007; Dong, 2017). While zoning regulations can stave off some aspects of this effect by limiting potential uses, the lack of clarity and specificity of what can and cannot be incorporated into industrial, and especially light industrial zoned spaces, can effectively price out lower revenue firms.





Figure 3: South Tacoma unoccupied industrially zoned land. (Source: Google Maps, 2020)

As Stephen Atkinson further noted, industrial spaces have historically been insulated from this effect. However, over the past several years' speculation and development have increased the value of industrially zoned land in the greater Puget Sound (Atkinson, 2020). With increased demand for warehouses and petroleum based heavy and light industrial facilities, industrial realtors have stated that industrially zoned land in the Puget Sound has seen significant increases in land values (Atkinson, 2020).

As some amount of gentrification led industrial displacement will occur, the most likely firms to experience displacement will be those with lower incomes which cannot bear the increased costs associated with either increased land values or freight efficiency decreases through crowding out. Though the City of Tacoma and many other governing agencies in the Puget Sound region aspire to a "no net loss" of industrial zoned land practice, as lower revenue generating industries are priced out or pressured out of certain areas

through a loss of competitive advantage, there is a possibility that even with adequate access to other suitable properties these firms may simply shut down, which would lead to a loss of equity as well as significant job losses (Atkinson, 2020; Curran, 2007; Dong, 2017; Zandiatashbar, 2019)

Even with the concerns about property value and market displacement, the City of Tacoma has identified and protected through zoning regulations many spaces within the City limits for industrial use — both manufacturing and light industrial. These spaces include portions of the Port of Tacoma and Nalley Valley, both of which are zoned for heavy manufacturing as well as light industrial (City of Tacoma, 2020).

Though there are areas in the City with adequate space zoned for industry that are underutilized, much of this property is owned by larger industrial leasing agencies, specifically the Port of Tacoma and Burlington Northern Santa Fe Rail. According to Stephen Atkinson, these agencies prefer industrial uses that will yield the "highest and best value" for their property. This means that they prefer tenants that will utilize their infrastructure — i.e.: the port prefers industries that will use and pay for the utility of port facilities, and BNSF will prefer the same for rail (Atkinson, 2020). Not all industrial spaces utilize these facilities and may therefore not be good fits, even if the land is available and within financial feasibility.

Displacement of these firms would likely mean that the City of Tacoma would lose these jobs. And this brings the greatest concern with regards to industrial displacement: the loss of moderate income and low barrier jobs. Industrial jobs are seen as "working class" and often described as "blue collar" as shorthand for the trend that most industrial jobs require lower barriers to employment entry, but offer moderate to living wages (Chappel, 2019; Gallager, 2020). The industrial firms in the East Tacoma and Tacoma Dome District neighborhoods generally provide such moderate-income opportunities (Atkinson, 2020).

In the case of industrial gentrification, wherein old

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industrial jobs are displaced through gentrification and replaced with new "industrial" jobs, one of the biggest concerns is an inequitable replacement ratio. New industry jobs, as Atkinson and Wilson both indicate, may provide higher pay, but also higher barriers to entry (Atkinson, 2020; Wilson, 2020). These jobs, such as those seen in the Kent MIC, might take the form of office or warehouse jobs. Currently, the assumption is that the jobs facilitated by industrial firms in East Tacoma provide the moderate income, low barrier jobs typically seen in traditional industrial settings (Atkinson, 2020).

Even when new industrial jobs move into gentrified neighborhoods, the mix typically does not match that of the old industry. Often the new jobs are either higher pay and higher barrier, or, as is often the case when commercial and entertainment or hospitality establishments enter the space, they are similar pay low barrier jobs that are far less

stable (Atkinson, 2020; Curran, 2007). This latter is likely to be the case in the Tacoma Dome District, where mixed-use development has been planned.

Job losses from industry tend to cause a job loss multiplier effect, where vendors who either sell to the industry or purchase from the industry see revenue drops and contract as a result. Businesses that serve industrial workers either in the industrial neighborhood or in the residential neighborhoods that house workers also see job losses. Even if jobs relocate and are not lost, the dynamics may shift and move economic activity from one area to another. Most of the potential job losses, including the trickle-out losses, experienced by such displacement are exactly those which support economically marginalized communities (Gallager, 2020).



CONCLUSION

Not all aspects of how TOD interplays with industrial space are threats. In fact, Deidre Wilson of the Northwest Seaport alliance believes that density, transit, and housing near but not in industrial spaces are positive when well managed because such developments provide housing and resources for industrial district employees, and support mass transit use, which in turn reduces traffic and reduces regional freight crowding out effects. Wilson also mentions that it is important to consider what features are included in the transit facility, the alignment, and how traffic to and from transit facilities is managed, also in order to manage nonindustrial traffic interference with freight.

Implementing transit and TOD near industrial sites does not have to impede, and can effectively enhance, industry when executed cautiously. However, to ameliorate negative economic impacts, metrics for what employment opportunities develop along with the redevelopment must also be incorporated. To prevent or adequately adjust for displacement of industry, the City of Tacoma, Port of Tacoma, and Puget Sound Regional Council can protect freight paths in and around industrial sites that are close to planned transit hubs.

Ultimately, the primary concern of displacement should be to protect against inequitable opportunity outcomes. New industry, nontraditional industry, warehouse jobs, and entertainment or mixed-use retail district jobs provide different opportunities, different income levels, and different employment barriers. These represent a departure from the perceived and experienced stability of traditional industrial jobs. The displacement of these traditional industrial jobs may represent growing economic inequity.

Though it is unlikely that East Tacoma will see any planned or intentional displacement, market displacements and industrial gentrification may displace some blue-collar industrial jobs. While the new jobs within the neighborhood and neighboring Tacoma Dome District may be either industry or similarly positioned moderate-income and low barrier employment, the mix will be different.

Protecting against displacement requires concerted effort, especially in the consideration of industrial displacement. Market pressures and intentional design through zoning practices are more likely to remove industrial space than residential or commercial spaces.

As discussed earlier, these jobs are often less stable, more seasonal, and provide fewer benefits.

Wilson also noted that beyond the concerns over TOD and the potential incursion of non-industrial uses into port spaces, market shifts have impacted the vitality of those spaces. She noted E-Commerce as a potentially bigger threat to productive industrial space. As the e-commerce industry grows, it fuels the demand for warehouse facilities, which in turn drives up property values for industrially zoned spaces. E-commerce also increases traffic with firstand-last mile freight traffic, which has the potential to drive out some long-haul traffic (Wilson, 2020).

Protecting against displacement requires concerted effort, especially in the consideration of industrial displacement. Market pressures and intentional design through zoning practices are more likely to remove industrial space than residential or commercial spaces. Government agencies in the Puget Sound have voiced a desire to support industrial use as well as transit and TOD, and have strong policies to prevent or ameliorate the impacts of displacement and gentrification. However, these do not include any direct reference to prevention of industrial displacement (Sound Transit, 2019). Unfortunately, industry is a blind spot in this process. Incorporating the needs of industry in planning future developments will aide in preservation of productive capacity, and equitable employment opportunities.

