

# Economic Prosperity & Affordability



**DRAFT**  
**FOR PUBLIC REVIEW**

Portland Plan Phase III:  
Economic Prosperity and  
Affordability Strategy

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## What is the goal of this strategy?

Expand economic opportunities to support a socially and economically diverse population by prioritizing business growth, a robust regional economy and individual prosperity. It also expands opportunities for households that are currently unable to cover costs for basic needs.

This strategy draws on a broad range of implementation tools and partners in business development, urban innovation, land development, transportation, housing, education and training, and social supports, which collectively broaden local opportunity and prosperity. Various Portland Plan agency partners will be accountable for each of the following eight parts of the strategy and their measurable results.

### A. Business Success and Living-Wage Job Growth

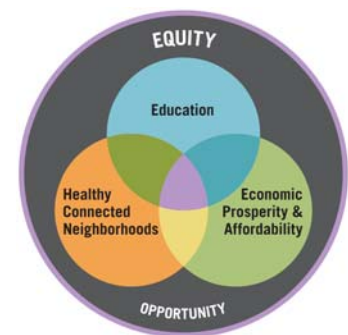
1. Traded sector job growth
2. Urban innovation
3. Trade gateways and freight mobility
4. Growing employment districts

### B. Household Prosperity and Affordability

5. Access to housing
6. Education and job training
7. Neighborhood business vitality
8. Household economic security

The Portland Plan is a strategic plan for the city's future, ensuring that Portland is a thriving and sustainable city, with health and opportunity for all. It is built on a foundation of equity and includes:

1. Equity Initiative - draft
2. Education Strategy - draft
3. Economic Prosperity and Affordability Strategy - draft
4. Healthy Connected Neighborhoods Strategy - draft



### What's inside this document?

- A set of goals to reach by 2035
- Why is this strategy needed?
- What will this strategy accomplish?
- Key policies
- Quick starts: 5-year actions to get started

**Why is this strategy needed?**

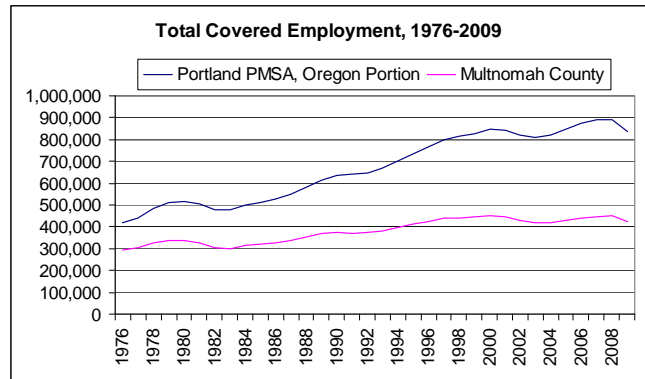
Portlanders want a robust economy in the coming decades. More than 5,000 respondents to a Portland Plan survey in 2010 ranked “more living-wage jobs” as the #1 priority among 22 options for new long-term policy directions. A variety of economic trends suggest why this is the case:

**Average wages (and salaries) in Multnomah County have not kept up with the rising costs of living over the last decade.** This shrinking value of paychecks is particularly affecting middle- and low-income workers. In the metropolitan region, average wages have also fallen below the national average during the last decade.

**Regional job growth has not been fast enough to bring down Multnomah County unemployment rates,** which significantly exceeded the national average over most of the last decade. In Multnomah County, job growth was generally flat during the 2000-2008 business cycle and trended downward between 2008-10.

**Many Portlanders struggle to make ends meet.** The “working poor” made up 23% of Multnomah County households in 2005-07 (before the recent recession), and were not able to cover local costs for basic needs.

Median household income among black and Native American residents is only 47% and 48% of the citywide median (2008). The poverty rate for female-householder families in Multnomah County averaged 30% from 2005 to 2009, compared to 11% for all family types.



## What will this strategy accomplish? By 2035 ...

### Business Success and Living-wage Job Growth

1. **Traded sector job growth** – The city's total output, export income, foreign direct investment, and traded sector jobs grow at rates that exceed the national average.
2. **Urban innovation** – Portland continues to be a national leader in sustainable services and products by striving to produce a “next generation” urban setting that fosters creativity and invention.
3. **Trade gateway and freight mobility** – Invest in transportation systems to retain our competitive market access as a West Coast trade gateway. Freight movement is prioritized over single-occupancy vehicle travel and investments are made to improve truck, rail, and airport and harbor facilities.
4. **Growing employment districts** – Portland has created 30% of the region's new jobs and continues to serve as the largest job center in Oregon. Provide land supply to meet job growth targets by overcoming barriers to jobs-related land development.

### Household Prosperity and Affordability

5. **Access to housing** – Preserve and add to the supply of affordable housing to make no less than 15% of the total housing stock affordable, at any given time, to seniors on fixed-income, persons with disabilities, and other low-income households. At least 70% of all households (owners & renters) in the City spend no more than 50% of their household income on housing and transportation costs.
6. **Education and job training** – Align career and technical training and higher education to meet and expand access to the economy's largest need.
7. **Neighborhood business vitality** – At least 90% of Portland's neighborhood commercial districts meet metrics for economic health (such as average vacancy) and provide most basic goods and services to meet neighborhood needs.
8. **Household economic security** – Expand upward mobility pathways so that at least 90% of households are economically self-sufficient, earning enough income to cover local costs of basic needs.

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## Important Terms

**Traded sector specializations or cluster industries** – Specializations of our economic base that bring income into the region, identified by business sectors concentrated here that serve markets outside the region

**Freight mobility** – The transportation system's ability to meet the demand for moving freight and goods, measured by factors such as efficiency reliability, and delay

**Cost-burdened households** – A new measure of housing affordability, identifying households that spend more than 50% of household income on housing and transportation costs

**Economic self-sufficiency** – A new measure of household economic need, more inclusive than federal poverty statistics, identifying the “working poor” as households with insufficient income to cover local costs of basic needs, such as housing, health care, childcare, and transportation (Self-Sufficiency Standard:  
<http://www.worksystems.org/portals/1/pdfs/ProsperityPlanner/Executivesummary.pdf>)

## Key 25-Year Policies and Quick Start Actions

- These policies and actions will help Portland accomplish the goals and objectives of this strategy.
- The 25-year key policies provide direction for the City's Comprehensive Plan and for partner agencies. They also serve as a guide to help the City and partners make critical investment and budget decisions over the long term.
- The Quick Starts lay out some of the first steps the City of Portland and partners will take to set this strategy in motion, including specific tasks to be completed during the Comprehensive Plan update.

### A1. Traded Sector Job Growth

In 2008, Portland ranked second among the largest U.S. metro areas in 5-year export growth and export share of total output, bringing \$19.5 billion of export income into the regional economy.

Each of our traded sector specializations, or cluster industries, thrive because of different but equally unique economic attributes of the Portland region. In particular, Portland's unique competitive position as a leader in sustainability is expected to translate into growth in revenues and profits across the city's range of businesses.

Business assistance efforts will give first priority to retention, then expansion, and then recruitment of businesses. Portland's cluster strategy allows for in-depth knowledge of particular sectors and fuels catalytic project, policy and programmatic initiatives that move business development efforts beyond traditional assistance. International business recruitment and marketing, higher education programs, and workforce development efforts also contribute to target cluster competitiveness. Portland's specializations will evolve as markets, industries and technologies shift, but the proactive approach to fostering competitiveness will remain consistent.

### Quick Start Actions:

- Action 1:** Focus business development resources on enhancing the competitiveness of businesses in five industry concentrations: Advanced Manufacturing, Athletic & Outdoor, Clean Tech and Software, and Research and Commercialization.
- Action 2:** Implement an international business development, trade and investment strategy that emphasizes job creation with coordinated promotion of both the region and local firms.
- Action 3:** Pursue connections between higher education and firms in the target industries, whereby universities can help solve technical challenges facing firms and help turn the innovations that occur within school walls into commercially viable and valuable products.
- Action 4:** Align workforce development efforts to match the skill needs of targeted industries.

### Key Policies

- Achieve sustained job growth by providing a competitive business environment for growing traded sector industries in which our economy has a competitive advantage.
- Integrate traded sector competitiveness into the City's planning and overall policy directions.
- Focus Portland's limited proactive/strategic business development resources on enhancing the competitiveness of businesses in its target cluster industries.
- Foster partnerships to expand sector initiatives in other growing industries that concentrate in the inner city of the metropolitan region, such as professional and business services, distribution, and diverse niche industries.

## A2. Urban Innovation

The city's distinctive urban setting and sustainable way of life have become economic assets and advantages over peer cities.

Portland enjoys the position of being one of the most fully functional urban laboratories for innovation in sustainability in the United States, as well as the livability that results from a long held commitment to sustainability.

This combination is a powerful draw for green entrepreneurs and an educated, productive, innovative workforce. Portland's urban setting also supports innovation-related competitive advantages in research, development and commercialization of new technologies by partnerships with local universities, small business startups in incubator districts, arts and creative services, and information technology systems.

## Key Policies

- Maintain a leadership position in sustainability and support innovation, research, development and commercialization of new technologies. Strive to produce a "next generation" urban setting that fosters creativity and invention.
- Provide policy and programs to reduce energy use in homes and commercial buildings and make clean energy resources, like solar and energy efficiency, easy and affordable. Focus on incentive approaches over new regulations, to improve Portland's long-term affordability and reduce carbon emissions.
- Pursue universal, affordable access to high-speed information technology, and the devices and training to use the internet effectively.
- Proactively support and invest in Portland's creative talent and leverage our arts and culture community to drive innovation and economic growth.

## Quick Start Actions

- Action 5:** Create the next generation built environment through the creation of the Oregon Sustainability Center and eco-districts. Establish at least one new or major expansion of a district energy system.
- Action 6:** Enhance the vitality and distinctiveness of the Central City to support job growth, showcase our sustainable way of life and attract highly educated talent.
- Action 7:** Complete the formation of a Regional Economic Development Corporation that will be responsible for a regional brand strategy.
- Action 8:** Support and recruit companies that design, apply or manufacture products and systems for clean energy, water efficiency, sustainable stormwater management, and high-performance building materials.
- Action 9:** Continue to promote local innovation in information technology by openly sharing data and public information digitally in ways that promote analysis and reuse.

### A3. Trade Gateway and Freight Mobility

Portland is Oregon's largest freight distribution hub (harbor, airport, rail, pipeline and highway) and the West Coast's fourth largest freight gateway.

Our freight hub industrial districts, like the port and airport, support large heavy manufacturing and distribution sectors and about 80,000 industrial jobs. They are a core part of the city's living-wage job base.

Portland's multi-modal freight system and industrial diversity also contribute to our energy efficiency and climate change goals.

Looking forward to 2035, regional freight tonnage is forecast to nearly double, but reinvesting in freight infrastructure is challenged by our medium-sized regional market, tightening transportation budgets and increasing urban congestion.

As a result, for example, freight gateway market leakage (e.g., market share lost to other ports like Seattle) includes 72% of Asia-bound export container cargo. Capturing more freight locally would mean more local jobs and revenue and fewer greenhouse gas emissions. Only 12 U.S. cities have direct air service to both Europe and Asia, and Portland is the smallest among them. The region must continue to support these direct services or risk seeing them disappear.

#### Quick Start Actions

- Action 10:** Freight Rail: Develop a regional freight rail strategy to enhance and improve access and the efficiency of rail operations with Metro, railroads, the Port of Portland other regional partners.
- Action 11:** Strategic Investments: Update and implement the first 5-year increment of the Tier 1 and 2 projects in the Freight Master Plan and Working Harbor Reinvestment Strategy in order to improve freight mobility.
- Action 12:** International Service: Implement strategic investments to maintain competitive international market access and service at Portland's marine terminals and PDX.
- Action 13:** Sustainable Freight: Implement the Sustainable Freight Strategy to support increased urban density and improve the efficiency of the freight delivery system.

#### Key Policies

- Invest in transportation systems and services to retain our competitive market access as a West Coast trade gateway.
- Provide for flexibility in the use of funding sources and partnerships to achieve system integration, including cost-sharing to leverage regional, state, port and private investment in Portland's multi-modal freight hub infrastructure.
- Build on Portland's innovative 2006 Freight Master Plan, to better integrate freight mobility into land use, neighborhood, environmental and sustainability planning.
- Apply best practices that reduce energy consumption, meet increasing consumer needs and help carriers and shippers achieve maximum efficiency.

## A4. Growing Employment Districts

Portland's high-density Central City, distribution hub industrial districts (such as the port and airport), large campus institutions (like hospitals and educational facilities), and other urban centers and commercial corridors make up a diverse urban economy that supports a diverse population.

Entrepreneurship and past long-term investment by the 25,000 businesses in the city's employment districts also provide an impetus for continuing economic growth here. However, city job growth has been generally flat since 2000 and lagging relative to the region in prior decades, a typical trend in inner cities of U.S. metropolitan areas.

New tools are needed to transform higher density redevelopment areas, brownfields and other constrained vacant land into market-ready sites. Upgraded infrastructure and sector initiatives also contribute to the specialized location advantages of Portland's employment districts.

### Quick Start Actions

- Action 14:** Brownfield Investment: Pursue legislative changes and funding activities that accelerate clean up of brownfields. Lead effort with Metro and regional partners to include brownfield redevelopment assistance in the regional investment strategy.
- Action 15:** Industrial Site Readiness: Assemble at least three new shovel-ready 25-acre or larger sites for industrial development.
- Action 16:** Growth Capacity: Plan for adequate growth capacity to meet projected employment land shortfalls in the Comprehensive Plan update, including industrial districts, multi-modal freight facilities, campus institutions and commercial corridors in underserved neighborhoods.
- Action 17:** Central City Office Development: Strategize accelerated office development, including large catalyst sites, more midrise construction and a Gateway office node.

### Key Policies

- Overcome growth constraints and strengthen the location advantages in our employment districts to remain Oregon's largest job center.
- To provide land supply for continuing city job growth, improve the cost competitiveness of redevelopment and brownfields.
- Institute a job-impacts analysis tool to compare with environmental and social metrics in allocating scarce urban land.
- Provide competitive growth capacity for Portland's campus institutions.



## B1. Access to Housing

Housing costs consume a significant portion of most household budgets. If housing costs continue to rise, (a long-term West Coast trend related to population growth), households will be left with less and less disposable income for other necessities. Due to the combined effect of steep increases in housing costs and relatively stagnant income, the impact of housing cost burden is being felt not just by the homeless, low-income households, and seniors on fixed-income, but by moderate- and middle-income households as well. Affordability also depends on access to transit, neighborhood services and other household needs. Ensuring quality and affordable housing options that meet the needs of all people will require a long-term, 25-year housing strategy. Additionally, implementing this holistic framework for affordable housing will depend upon the collaborative efforts of public, nonprofit and private partners.

### Key Policies

- Maintain and build low- and moderate-income housing that meets the evolving needs of our growing, diverse population.
- Provide a healthy supply of housing units of various types and price ranges, located to reduce household transportation costs, and preferably spread all across the City.
- Remove barriers to fair housing, including discriminatory practices, and offer safety nets to keep households from falling into homelessness.
- Strategically align policies and programs and expand partnerships so that the housing needs of no-income, fixed-income, low-income, moderate-income and middle-income households can all be met efficiently and effectively.
- Align workforce training programs with subsidized housing units to help people who are in stable environments access job skills training, increase their income, reduce their time spent in affordable housing, and free up units for those on the waiting list.

### Quick Start Actions

- Action 18:** Housing Supply: Maintain affordable housing supply by completing the preservation of properties that receive federal housing subsidies.
- Action 19:** Housing Security: Remove barriers to affordable housing for low-wage workers and other low income households, through efforts such as fair housing initiatives and move-in assistance.
- Action 20:** Homelessness: Maintain commitment to the 10-Year Plan to End Homelessness.
- Action 21:** Moderate-Income workforce housing: Facilitate private investment in moderate-income housing to expand affordable housing options.



## B2. Education and Job Training

The region is faced with significant workforce challenges.

- We know that over 100,000 people in our community are working full time and not earning enough to be self-sufficient.
- We also know through assessments that well over 50% of unemployed persons lack basic skills in reading and/or math – a major barrier to obtaining living wage employment.
- Additionally, many jobs that once were attainable with just a high school diploma now require some form of post secondary education or training. The retiring baby boomer population poses a looming skills gap and industry shortages across all skill levels.

To ensure that our labor pool has the necessary skills to fill these jobs, we must expand education and training programs. In our current environment of high unemployment and steadily declining federal resources, this presents a challenge.

### Quick Start Actions

- Action 22:** Training: Focus, align and expand training programs to prepare job seekers for long-term employment at a self sufficient wage.
- Action 23:** Youth Employment: Develop a system for sustaining the City's Summer Youth Connect program.
- Action 24:** Hiring agreements: Consider the feasibility of requiring companies that receive City economic development funds to post job openings at WorkSource Portland Metro, accessible to unemployed workers, before broadening their search.
- Action 25:** Education System: Implement the Cradle to Career Initiative recommendations that focus on directing efforts toward at-risk youth.
- Action 26:** Post Secondary: Study the feasibility of a program that guarantees public school students access to two years of education or training past high school.

### Key Policies

- Align training and education to meet and expand access to industry's skill needs at all levels, foster individual competitiveness and prioritize the job-readiness needs of the working poor.
- At least 90% of youth should participate in a work experience and/or a career exploration activity before high school graduation.

### B3. Neighborhood Business Vitality

Portland's commercial districts provide entertainment, shopping and services, contribute to the city's vibrancy and praised quality of life, and are entry points to wealth creation for small business owners. Neighborhood business vitality is also highly valued by Portlanders, contributing to distinctive neighborhoods. However, performance is uneven among Portland's neighborhood commercial corridors. Continued and expanded support for neighborhood-serving businesses is needed for Portland to achieve its vision of "20-minute neighborhoods," where residents have easy access to goods and services through walking, biking or public transit.

#### Key Policies

- Stimulate economic activity in neighborhoods throughout the city to create thriving neighborhoods and access to local opportunities and amenities.
- Improve at least one-fourth (24) of Portland's neighborhood commercial corridors through commercial revitalization efforts, small business assistance, and catalyst investments, designed to minimize involuntary displacement.
- Expand partnerships with community-based organizations, foundations, community development financial institutions, business improvement districts, and the private sector generally, to leverage more public investments in neighborhood economic development.

#### Quick Start Actions

- Action 27:** Expand the Portland Main Streets program, adding up to seven new districts, to focus on revitalization and business development in business districts.
- Action 28:** Establish a Neighborhood Economic Development Grant Program to focus on two to three economically challenged areas of the city to spur business development and revitalization that is community led and community driven.
- Action 29:** Establish regular training and networking opportunities for business district associations, neighborhood associations, community-based groups and community volunteers to expand their knowledge of best practices and effective techniques in neighborhood economic development.
- Action 30:** Focus City resources for micro-enterprise development on supporting the growth and development of neighborhood-based businesses, and provide those services at the neighborhood level.
- Action 31:** Increase knowledge of resources available for small business development (public, private and nonprofit) among community leaders, including business associations, neighborhood associations and community-based organizations.
- Action 32:** Within neighborhood-based urban renewal areas, prioritize commercial corridor and area business development activities.
- Action 33:** Consider zone changes to fill commercial gaps in underserved neighborhoods to support development of 20-minute neighborhoods.
- Action 34:** Expand assistance for commercial corridor brownfield redevelopment.

## **B4. Household Economic Security**

Despite Portland's large, diverse employment base and predominantly middle-class income distribution, much of our population continues to be left out of economic prosperity. Federal poverty statistics underestimate the share of households in need. The 10% poverty rate among Multnomah County households in 2005-07 compared to a 23% estimate of "working poor" households, measured by the Self Sufficiency Index that tracks households by family type with adequate income to cover local costs of basic needs (e.g., housing, health care, child care and transportation).

Local programs and national research reveal a range of factors that limit upward mobility out of poverty and suggest responsive best practices, including assertive engagement, tailored job-readiness assistance (including culturally specific services), affordable childcare for young single parents, rent assistance and stable housing, improving the safety net for the unemployed, and improving opportunities for children in poverty.

### **Quick Start Actions**

- Action 35:** The City adopts a self-sufficiency index as the official measure of poverty and encourages its use in policy discussions and decisions.
- Action 36:** Undertake a project that removes barriers or pilots approaches to providing affordable, accessible and quality childcare in selected underserved neighborhoods.
- Action 37:** Disadvantaged Workers: Increase employment of low-income, multi-barriered residents who need remedial education, ESL and other special assistance to overcome criminal backgrounds, mental illness, addictions, disadvantages and basic skill deficiencies.
- Action 38:** Race and Ethnicity: Increase targeted contracting, job training and culturally specific services to reduce racial and ethnic disparities.

### **Key Policies**

- Expand upward mobility pathways for the working poor and unemployed so that the 77% share of economically self-sufficient households in Multnomah County in 2005 exceeds 90% by 2035.
- Build on the successes of the Economic Opportunity Initiative, Action for Prosperity and emerging East Portland Action Plan efforts to align with major public systems responsible for housing, assertive engagement, place-based initiatives and workforce development.
- Economic self-sufficiency metrics are used, as a more inclusive alternative to federal poverty statistics, by most social service agencies and community-based organizations as a planning tool to measure and respond to household needs of the working poor.

### **Next Steps**

After the Portland Plan Fairs and follow-up outreach efforts, the draft strategies will be revised, based on input from the community, Portland Plan partners and national experts.

The revised strategies will be the core of the strategic plan, which will be available for comment and review this summer and will be presented to the Planning and Sustainability Commission this fall.

### **Portland Plan Partners**

The Portland Plan is being developed in partnership with the community and the following agencies:

City of Portland  
Multnomah County  
Metro  
TriMet  
Portland Development Commission  
Portland State University  
Mt. Hood Community College  
Portland Public Schools  
David Douglas School District  
Parkrose School District  
Reynolds School District  
Centennial School District  
Oregon Health & Science University  
Portland Community College  
Housing Authority of Portland  
Oregon Department of Land Conservation and Development  
Oregon Department of Transportation  
West Multnomah Soil and Water Conservation District  
East Multnomah Soil and Water Conservation District  
Multnomah County Drainage District  
Worksystems, Inc.  
Multnomah Education Service District  
Port of Portland

For more information, please go to [www.pdxplan.com](http://www.pdxplan.com)