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MEMO

DATE: September 4, 2020

TO: Planning and Sustainability Commission (PSC) and Urban Forestry Commission (UFC)

FROM: Steve Kountz, Tom Armstrong

CC: Andrea Durbin, Joe Zehnder

SUBJECT: Title 11 Tree code amendments IH zone exemptions and middle-wage job impacts

Industrial land supply impacts of the Title 11 exemptions in the IH (Heavy Industrial) zone came up in recent UFC and PSC briefings. In addition to complying with Statewide Planning Goal 9, the policy rationale for adequate industrial land supply in Portland has focused the equity benefits of industrial jobs as a source of middle-wage jobs that moderate the region's growing income inequality and racial income disparities. The purpose of this memo is to summarize BPS research on middle-wage jobs and the racial equity impacts.

Context

Statewide Planning Goal 9 (Economy) and the administrative rules require cities to maintain an adequate supply of buildable land to accommodate 20 years of employment growth. These rules (and LUBA decisions) have a more restrictive structure that require cities to demonstrate that regulatory or map changes are done in a way that maintains that adequate supply.

There was a question about how Goal 9 can be balanced against other Statewide Planning Goals, such as Goal 5 (natural resources), Goal 6 (Air, Water and Land Resources Quality) or Goal 11 (Public Facilities). That balancing, or resolving conflicts is done in context of the EOA, in terms of agreement on Portland's goals and assumptions about the type of economy and jobs that is planned for in the city and the subsequent policies, investments and other actions needed to reach those goals.

This policy context leads to another question about taking an exception to Goal 9 and/or EOA amendment – that is changing the policy context for the city's future economy. Unfortunately, providing the analysis and evidence to support the justification and implication of that type of change is beyond the scope and timeline of this project (the next 2-3 months) and best addressed through the update to the EOA that will take place over the next 18 months.

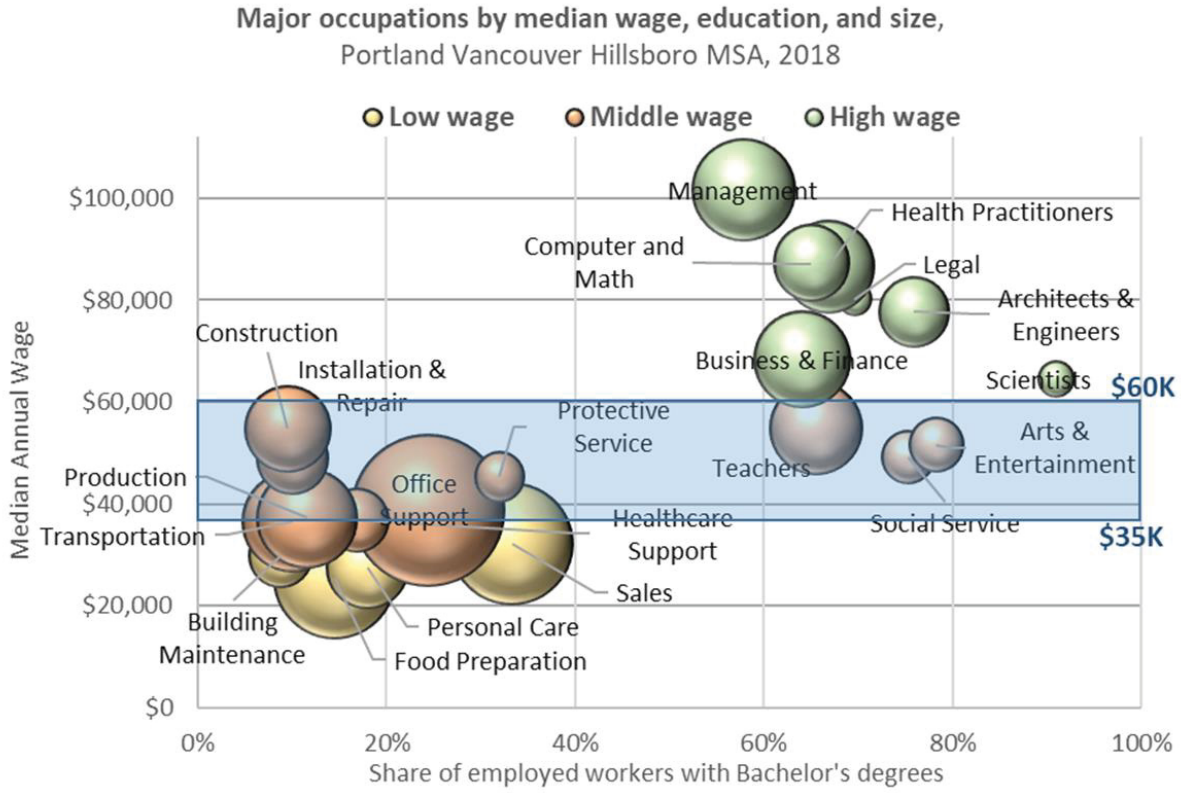
Industry is region's largest source of middle-wage, non-college jobs

Middle-wage jobs have an important equity role in the regional labor market, by expanding prosperity for workers without college degrees (most workers). Figure 1 highlights the middle-wage occupations in the 7-county region (MSA), which had median wages roughly between $35,000 and $60,000 annually in 2018. Middle-wage occupations made up 48% of regional jobs in 2018, while low- and high-wage occupations each made up 26%.

High-wage occupations typically require bachelor's degrees or higher, as shown in Figure 1. But only 26% of all jobs nationally (BLS) required a bachelor's degree or higher in 2018. For non-college workers, middle-wage jobs are a higher-paying alternative to low-wage jobs.

Most middle-wage, non-college jobs are 'industrial,' which includes the transportation, production, construction, and installation occupations. Among the region's middle-wage jobs held by people without bachelor's degrees, 53% were in industrial occupations in 2018 (219,900 jobs); office support made up 31%; healthcare support 6%; and the rest were in other fields. Industrial occupations also employed 65% of the middle-wage workers with high school degrees or less (121,900 jobs in 2018).

Figure 1. Occupations by wage and education



Source: BPS from OES and ACS data. Circles scaled to number of employees.

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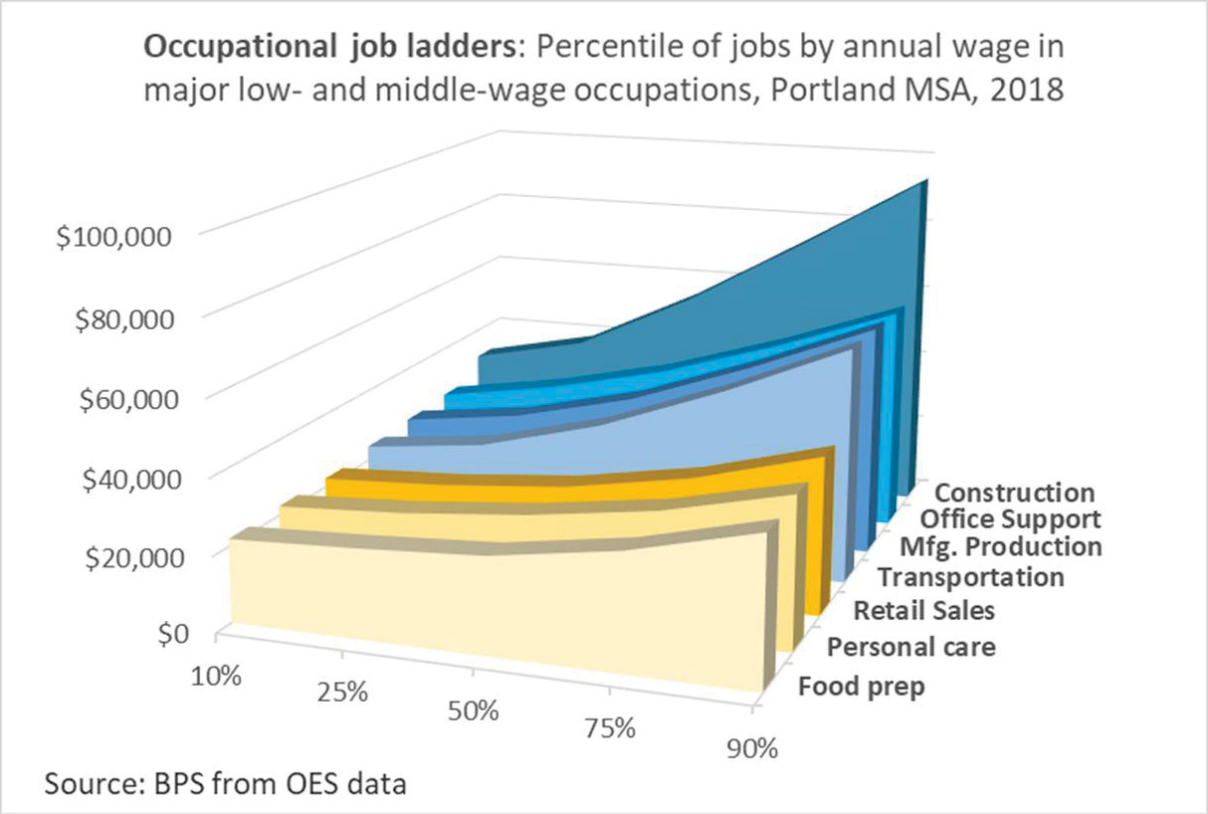
Upward mobility in middle-wage jobs

The combination of higher pay, more benefits, and upward mobility in middle-wage occupations can transform working class households. Figure 2 compares the region's largest middle-wage and low-wage occupation types and shows the higher opportunity or wage range available in these occupations.

The region's growing warehouse and distribution jobs are sometimes mistakenly characterized as low-paying jobs. Instead, Figure 2 clarifies that the wage distribution of transportation, production (manufacturing), and office support occupations is nearly the same.

Figure 2. Wage distribution of select low- and middle-wage occupations



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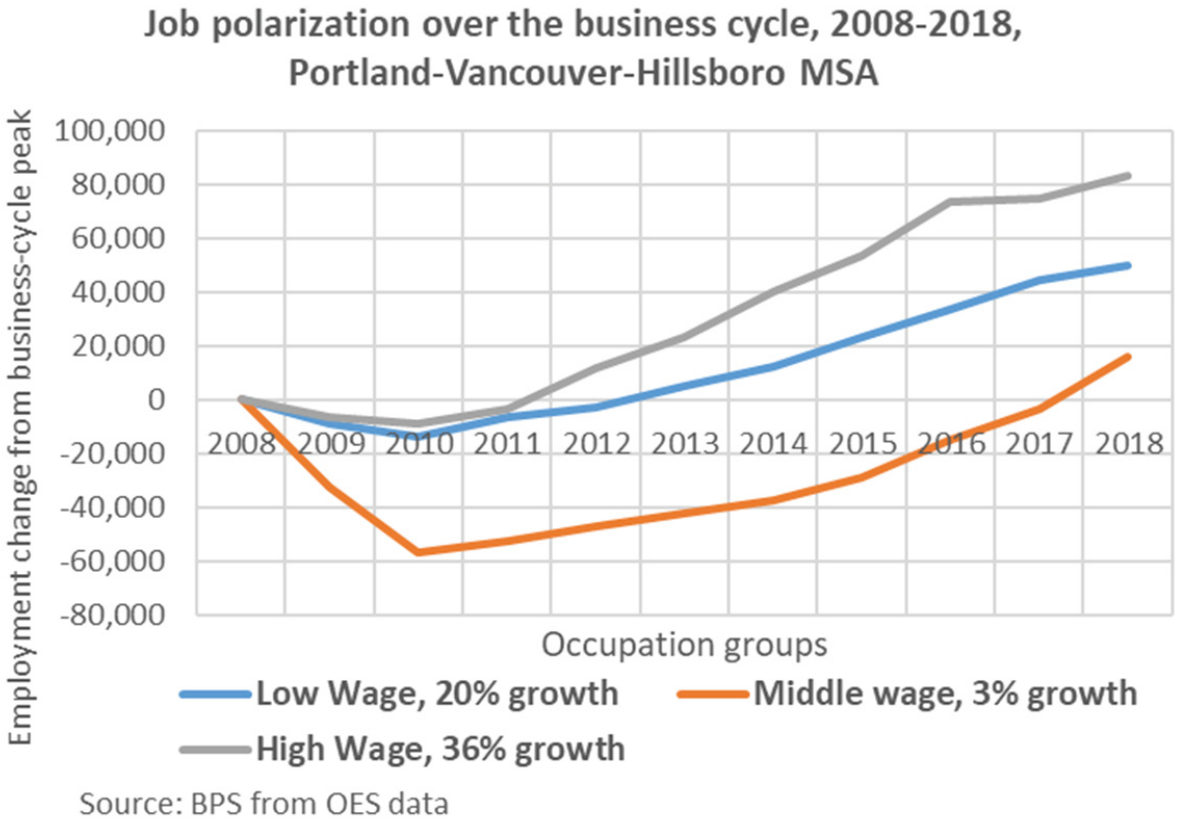
Wage-polarized job growth

The equity value of middle-wage jobs has increased in recent decades because of the economy's wage-polarized job growth. This national 'job polarization' trend is occurring faster in the Portland region. The region's share of jobs in middle-wage occupations declined from 58% in 2000 to 48% in 2018, nearly twice as much as the national change in share from 56% to 51% in this period.

Wage-inequality trends have occurred primarily during recessions. Middle-wage occupations accounted for 71% of the net jobs lost in the Portland region during the Great Recession (2008-2010). The region lost 56,900 middle-wage jobs during the 2008-2010 recession. It took until 2016 to recover the lost middle-wage jobs from the Great Recession (see Figure 3).

Figure 3. Employment change by wage distribution



Source: BPS from OES data

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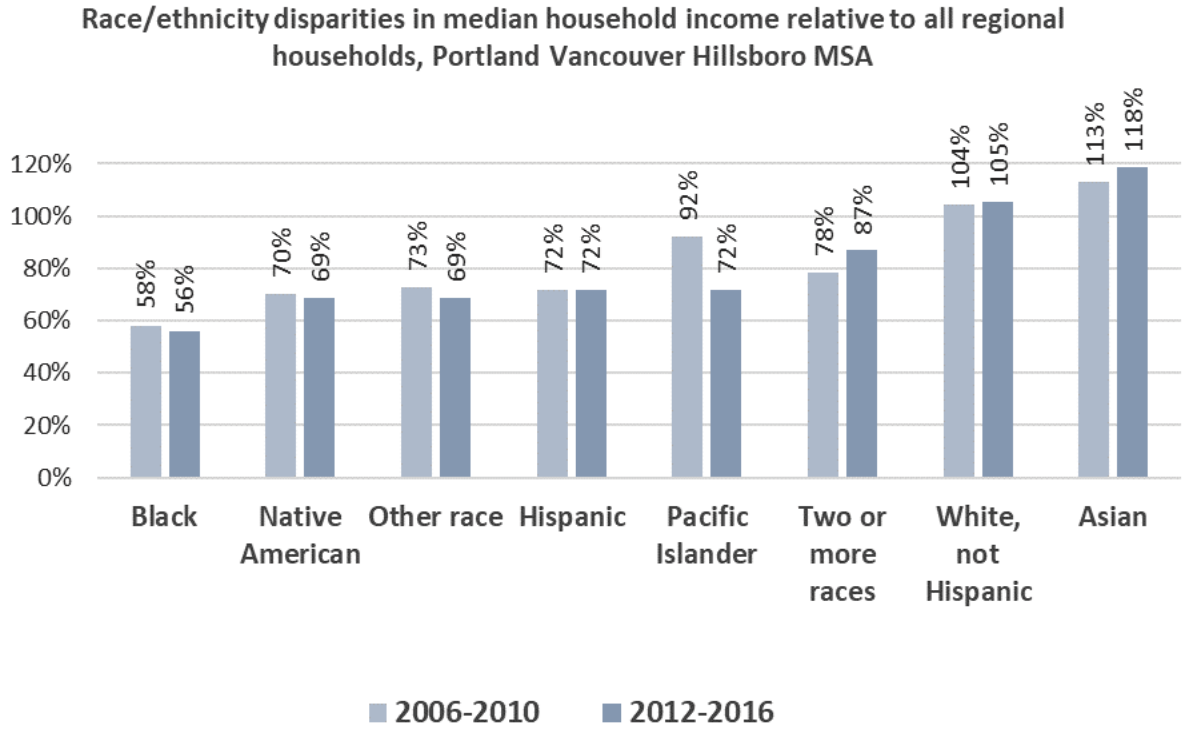
Widening racial income disparities, bolstered by job polarization

People of color bear the brunt of wage-inequality trends. The region's widest income disparity is in Black households, whose median income is only 56 percent of the overall median for all races, as shown in Figure 6. Among other disparities, median income in Native American households was 69% of the overall median, 72% in Hispanic households, and 72% in Pacific Islander households.

Figure 4 also shows that most racial income disparities increased in the region between 2010 and 2016 (5-year averages). Job polarization contributes to this trend because of the varying occupational profiles by racial group (see Figure 5). Job polarization essentially results in a higher number of workers of color in the growing low-wage occupations and more white workers in the growing high-wage occupations.

Figure 4. Racial income disparities



Source: BPS from ACS data

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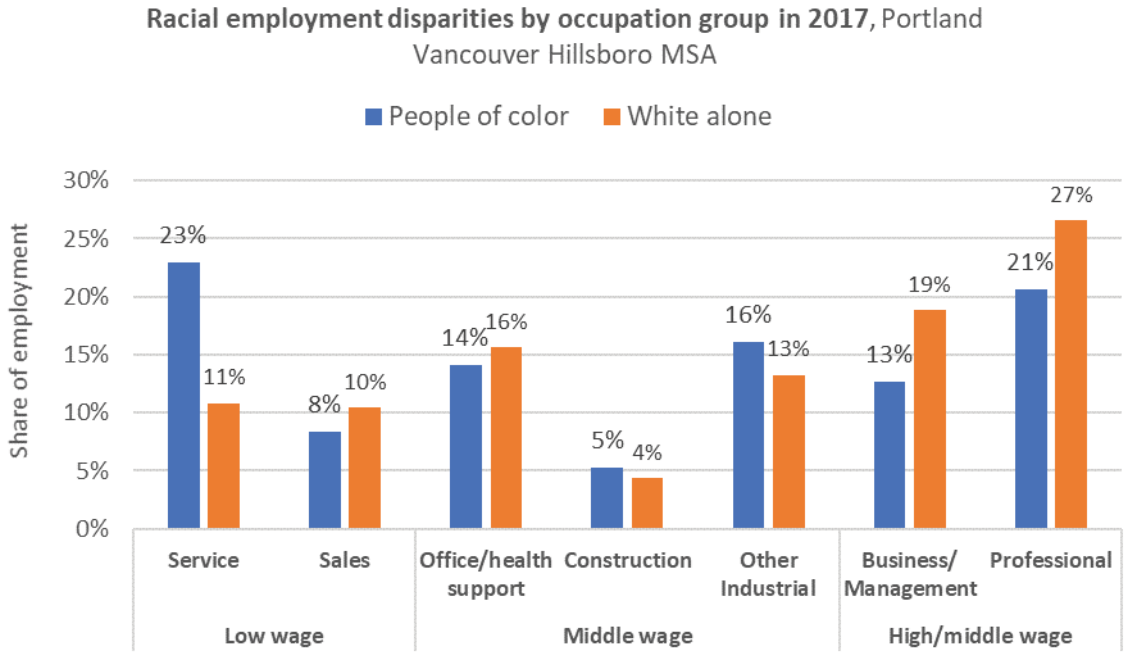
Middle-wage jobs are more racially balanced, and among them, industrial jobs particularly reduce racial income disparities. Among the region's higher-paying occupations (middle- and high-wage), only the industrial occupations employ proportionally more workers of color than white workers.

Figure 5. Occupational profiles by racial group



Source: BPS from ACS data

Where jobs grow impacts wage inequality

The wage distribution of business districts varies widely, as shown in Figure 6. The primarily office jobs in the Central City employ more high-wage workers in fields that typically require college degrees. Neighborhood commercial corridors employ primarily low-wage service workers. And the industrial and mixed-employment ('back office') areas provide primarily middle-wage jobs. Hospitals are another large source of middle-wage, non-college jobs.

Unless industrial jobs have ample room to grow, the result will be jobs that are wage polarized in the higher-density, mixed-use districts.

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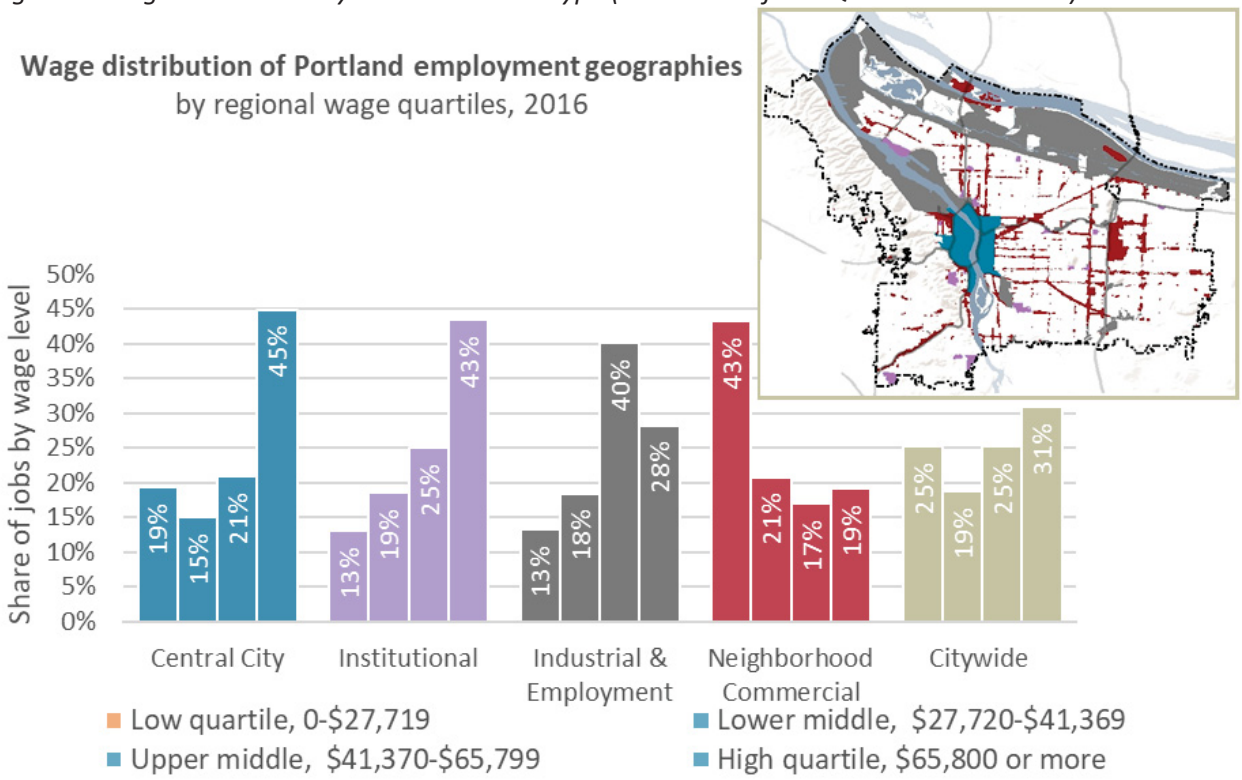
Figure 6. Wage distribution by business district type (source: BPS from QCEW and OES data)



Middle-wage business districts support working class neighborhoods

Like other large cities, Portland is the job center of the regional labor market. In turn, Portland's freight-hub industrial districts support labor-shed neighborhoods around the region that fit their wage distribution.

Harbor area workers where IH zones are concentrated commute from working class neighborhoods around the region, including Portland's St. Johns, East Columbia, and East Portland neighborhoods, as shown in Figure 7. In this heat map, employees who work in the purple-outlined harbor industrial areas are more likely to live in the red 'hot spots' and are unlikely to live in the blue areas; and tan areas are neutral. Varying neighborhood affordability appears to result in occupational segregation across the regional labor market.

Conversely, residents in East Portland (who live in the red outlined area of Figure 8) tend to work in industrial districts, mixed employment areas, and hospital campuses around the region. The red areas represent concentrations of middle-wage, non-college jobs that benefit racially diverse East Portland neighborhoods.

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Figure 7. Where Portland and Vancouver harbor area workers tend to live (BPS, 2017 LODES data)

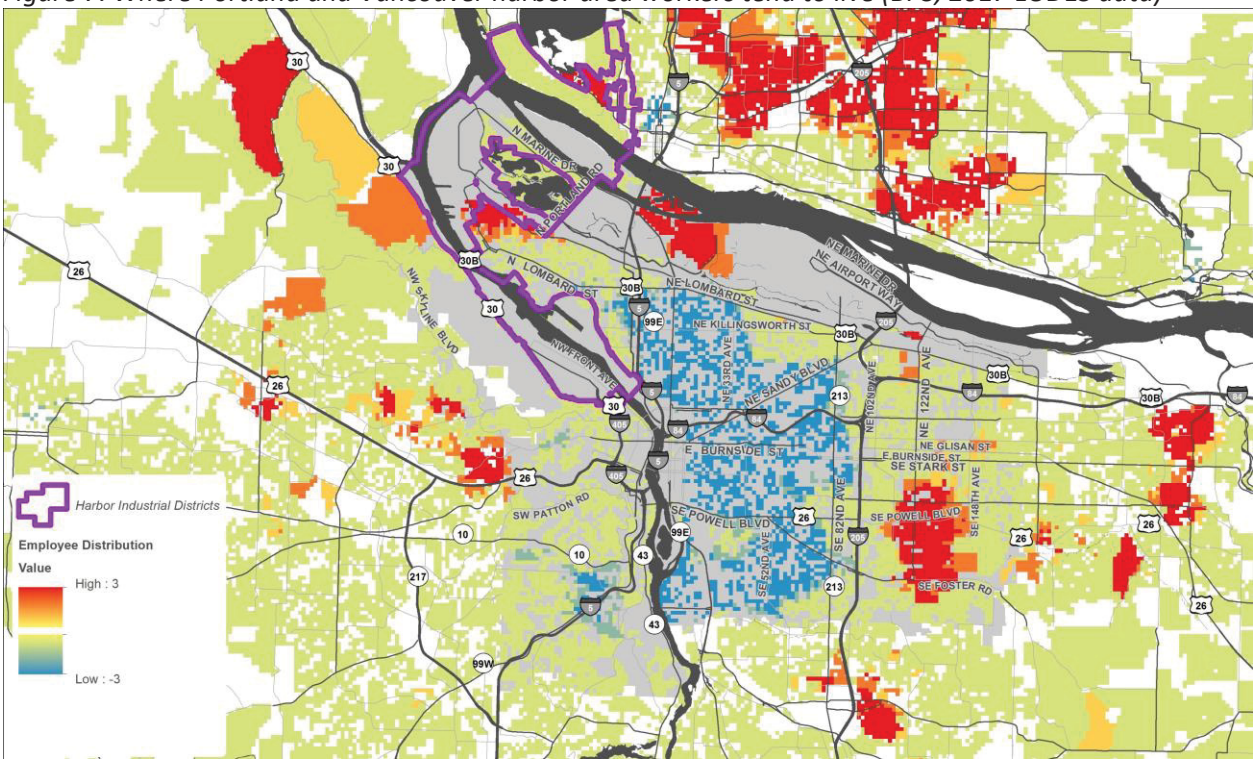
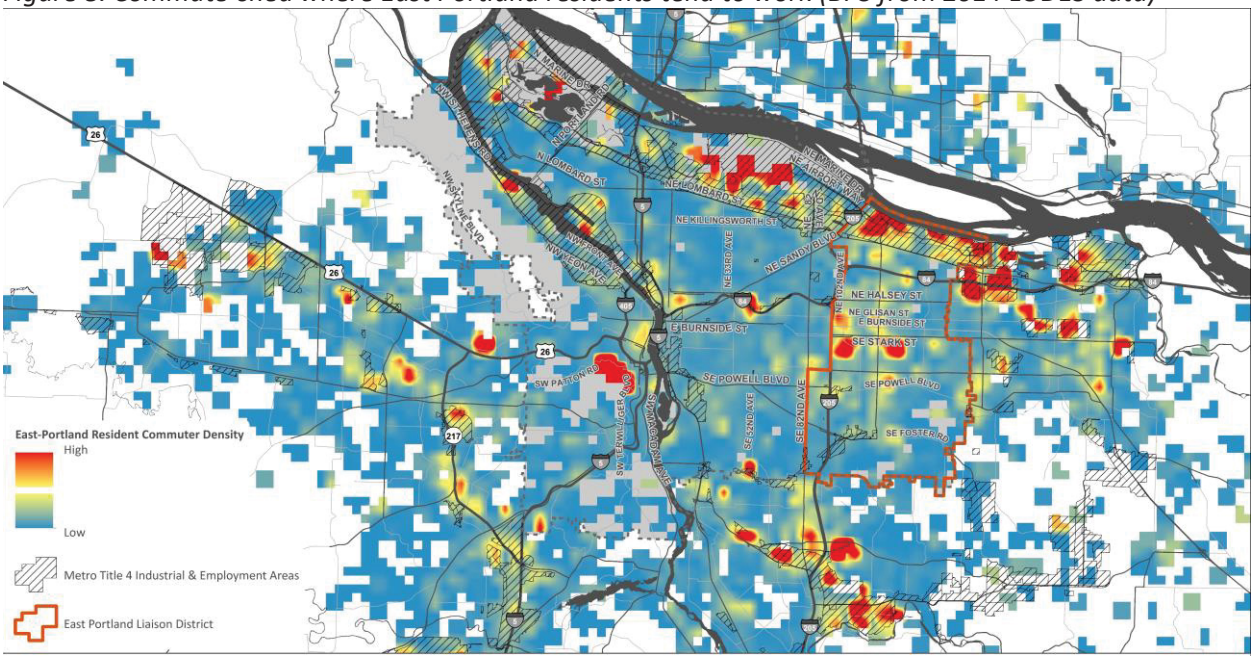


Figure 8. Commute-shed where East Portland residents tend to work (BPS from 2014 LODES data)



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Harbor-dependent industries support higher incomes in households of color

Finally, early results from an equity analysis of employment opportunities along Portland Harbor are presented in Figures 9 and 10. Again, the IH zones are located in the harbor industrial districts.

Key Findings:

- Employment opportunities in harbor-dependent sectors, like metals and machinery manufacturing or goods wholesalers, which are predominantly located in the IH zone, can have a disproportionate impact on BIPOC workers and workers without a college degree.

- BIPOC workers throughout the region are roughly proportionally represented in harbor industries.

- BIPOC workers and workers without a college degree have higher wage income than similar workers in other sectors.

Figure 9 compares incomes in harbor-dependent sectors to all other sectors by race, ethnicity, and education. The gold area to the right indicates that harbor jobs pay more than other sectors. The blue areas to the left indicate that there are more lower wage jobs in the other sectors outside of the harbor. Figure 10 is a detail for Black workers with a high school diploma or less.

This analysis is based on census data of households, rather than place of work. It is a regional analysis, not specific to Portland. Through this type of data we can explore and characterize household demographics of employees in our industrial areas.

In these harbor sectors, workers with a high school diploma or less earn a median wage of $39,000 compared to the median wage of $25,000 in other sectors. That $39,000 median wage is higher than workers with some college or an AA degree in other sectors.

One measurable outcome of these higher wages is that Black workers in the harbor sectors have lower rates of housing cost burden households than Black workers in other sectors. Specifically, 31% of Black harbor workers are housing cost burdened, compared to 43% of Black workers in other sectors.

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Figure 10. Wage income by race, ethnicity, and education (ECONorthwest from PUMS data)

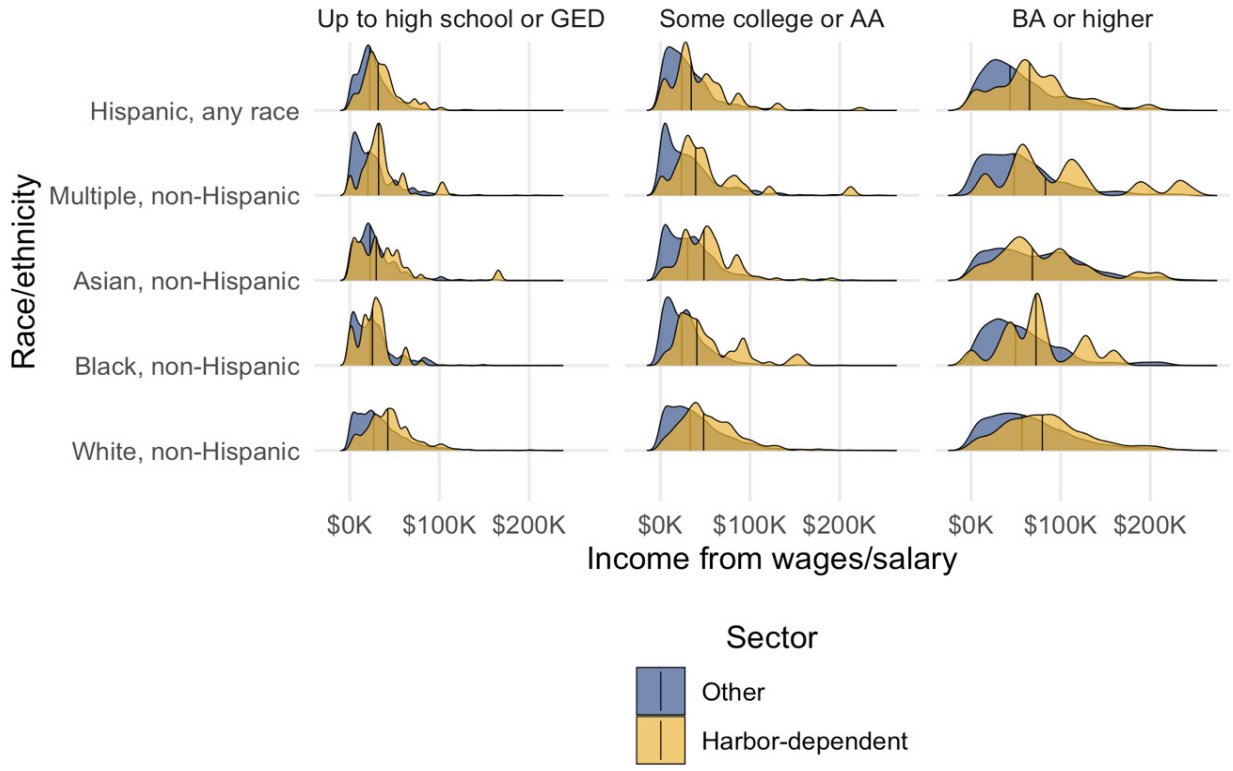
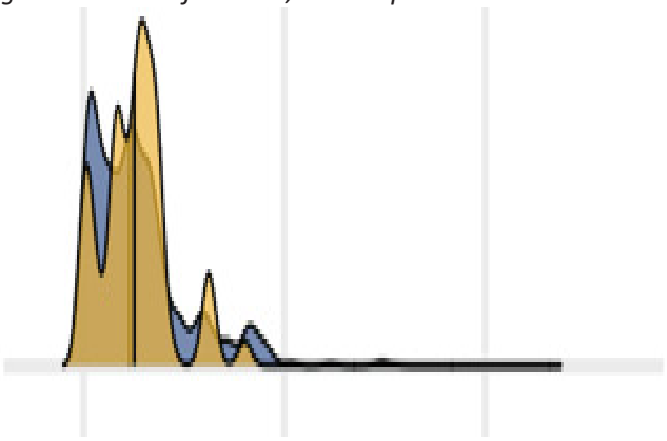


Figure 11. Detail for Black, non-Hispanic workers with a high school diploma or less



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