

# ECONOMIC PROSPERITY AND AFFORDABILITY

**GOAL: EXPAND ECONOMIC OPPORTUNITIES TO SUPPORT A SOCIALLY AND ECONOMICALLY DIVERSE POPULATION BY PRIORITIZING BUSINESS GROWTH, A ROBUST AND RESILIENT REGIONAL ECONOMY, AND BROADLY ACCESSIBLE HOUSEHOLD PROSPERITY.**

This will be achieved by focusing on actions and policies that:

- **Foster regional traded sector business and job growth.** Traded sector businesses have a central role in driving and expanding the region's and Portland's economy across the board. Staying competitive in the changing global marketplace is essential to business survival and growth.
- **Support public and private urban innovation.** Portland has expertise and businesses that have capitalized on research, technology and sustainability practices developed and used in Portland. In particular, green technology businesses are growing and this sector can thrive as an export industry.
- **Support Portland's advantages as a trade and freight hub.** Portland's industrial freight districts, like the port and airport, continue to be a core part of the city's living-wage job base. Strategic investments are warranted to maintain and grow our competitive position.
- **Elevate the growth and vitality of the city's employment districts.** The Central City, industrial districts, harbor, hospitals and universities, and other commercial centers are the places where business and job growth happen. Policies, programs and investments will continue to be needed to maintain and grow Portland's share of regional job growth and ensure these districts prosper.
- **Support the vitality of Portland's neighborhood based businesses.** Neighborhood-serving business districts are predominantly comprised of small businesses and can be a source of job growth, minority entrepreneurship and neighborhood health. While many neighborhoods are thriving, prosperity is uneven across the city.
- **Meet Portland's needs for quality, affordable homes for current and future residents.** Housing development will play a significant role in the future of the city. It is key to meeting the economic and social needs of households, shaping neighborhoods and meeting Portland Plan equity objectives.
- **Ensure access to education and job skills needed by Portlanders and industry.** The economy has become more skill-dependent. Portland's systems for education and workforce training and development must be high-quality and effective to help meet household economic needs, reduce disparities and maintain a competitive local economy.
- **Provide for the economic security of low-income households.** Portland cannot succeed as a prosperous, sustainable and resilient city without pathways for upward mobility for the working poor and unemployed, and a safety net for basic needs.

These actions are mutually reinforcing — each has a role in expanding both economic opportunity and economic equity. At its core, this inclusive economic growth strategy aims toward a city where every Portlander who wants a stable, well-paying job has one and can afford to meet their basic needs.



## PORTLAND TODAY

**Trade and growth opportunities:** In 2008, Portland ranked 12th among U.S. metropolitan areas for total exports, which is a high ranking for Portland's size and relatively small regional consumer base. Among the export and other traded sector industries, Portland's four "target business clusters" provided 52,000 jobs in the city in 2008.

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**Urban innovation to grow local firms:** Portland's land use, transportation and green development innovations and the local businesses that design, manufacture and implement them have attracted national recognition. Portland is consistently recognized as an innovative urban laboratory. This has strategically positioned the city for key growth opportunities in the expanding green economy and technology industries.

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**Trade hub and freight mobility:** Portland is the West Coast's fourth largest freight gateway for international trade, and regional freight tonnage is forecast to double between 2005 and 2035 at an average annual growth rate of 2.2 percent.

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**Lagging job growth:** Regional and local job growth has not been fast enough to bring down Multnomah County unemployment rates, which significantly exceeded the national average over much of the last decade. In 2008, Portland had 38 percent of the Portland-Vancouver region's jobs, but much of the new job growth was outside the city. The city created only 5 percent of regional job growth between 2000–2008.

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**Lack of education and job training:** Over 50 percent of unemployed people in the region lack basic skills in reading and/or math — a major barrier to obtaining living-wage employment. Jobs requiring some advanced training and less than a four-year degree will likely account for the largest unmet need for education and training.

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**Lack of neighborhood business vitality:** In recent years, many of Portland's 23 neighborhood market areas lost jobs. Commercial vitality is widely uneven among neighborhood business districts as shown by retail sales capture rates, which range from 220 to 12 percent of neighborhood market potential. Many neighborhood business districts have the potential to capture more local sales.

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**Increased cost of living:** Average earnings in Multnomah County have not kept up with the rising costs of housing and living over the last decade. This shrinking value of paychecks is particularly burdening low- and middle-income workers.

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**Cost-burdened households:** Nearly a quarter of renter households in Portland are cost burdened, spending 50 percent or more of their income on housing and transportation expenses. There are also many cost burdened homeowners. Metro 2030 forecasts predict a steep increase in the number of cost burdened households (renters and owners) for the region.

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**Household economic insecurity:** Only 77 percent of Multnomah County households were estimated to be economically self-sufficient in 2005–07 (before the recent recession). The other 23 percent were not earning enough to cover costs for basic needs at local prices.

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**Energy and resource resilience:** Climate change, rising and uncertain gasoline prices and supplies, earthquakes and other environmental and future risks affect the costs of living and doing business. Recent examples of rising costs due to mitigating environmental and other risks include the Big Pipe stormwater project, water system risks, energy infrastructure vulnerabilities, and the Portland Harbor Superfund Site.




## 2035 OBJECTIVES

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- 11** **Grow exports:** The metropolitan area rises into the top ten nationally in export income, and jobs in the city's target clusters grow at rates that exceed the national average.
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- 12** **Public and private urban innovation:** Portland grows as a national leader in sustainable business and new technologies that foster innovation and adaptation to change, spur invention, and attract and develop talent. Portland produces the "next generation" high-performance urban places and systems that foster creativity and invention.
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- 13** **Trade and freight hub:** Portland retains its competitive market access as a West Coast trade gateway, as reflected by growth in the value of international trade.
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- 14** **Grow number of jobs:** Portland has 27 percent of the region's new jobs, more of which provide a living wage, and continues to serve as the largest job center in Oregon. Portland is home to more than 515,000 jobs, providing a robust job base for Portlanders.
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- 15** **Neighborhood business vitality:** At least 80 percent of Portland's neighborhood market areas are economically healthy. They promote the economic self-sufficiency of resident households through the strength and performance of local retail markets, job and business growth, and access to transit and nearby services that lower household costs.
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- 16** **Affordable community:** No more than 30 percent of city households (owners and renters) are cost burdened, which is defined as spending 50 percent or more of their household income on housing and transportation costs.
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- 17** **Access to affordable housing:** Preserve and add to the supply of affordable housing so that no less than 15 percent of the total housing stock is affordable to low-income households, including seniors on fixed income and persons with disabilities.
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- 18** **Job training:** Align training and education to meet workforce and industry skill needs at all levels. At least 95 percent of job seekers who need it receive training for job readiness, skill enhancement and/or job search placement services.
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- 19** **Household economic security:** Expand upward mobility pathways so that at least 90 percent of households are economically self-sufficient.
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- 20** **Energy and infrastructure resilience:** Portland has strategically upgraded energy, infrastructure, and emergency-response and recovery systems to reduce long-term vulnerabilities and liability costs to Portland households and businesses.



## TRADED SECTOR JOB GROWTH

  
**\$1 BILLION EXPORTS = 5,400 JOBS**  


COMPUTER & ELECTRONIC PRODUCT MANUFACTURING



ROYALTIES



BUSINESS, PROFESSIONAL & TECHNICAL SERVICES

OTHER



PRIMARY METAL MANF.



MACHINERY MANUF.

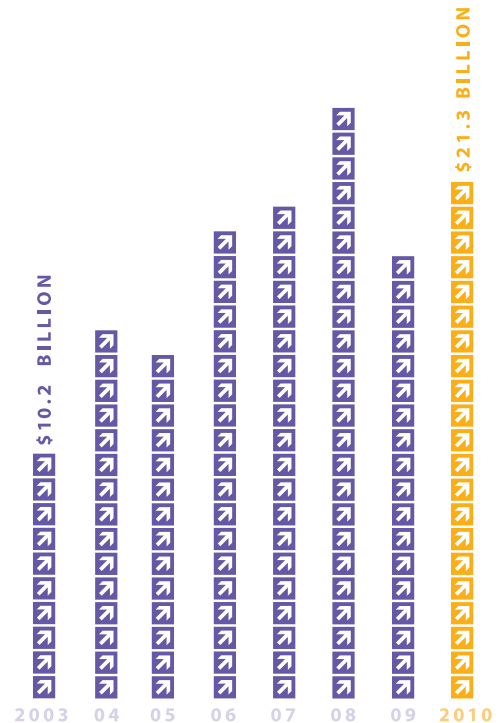
## EXPORT INDUSTRIES

**T**raded sector businesses are companies that sell many of their products and services to people and businesses outside the Portland region, nationally and globally. Examples include most manufacturing and many professional and business service companies as well as smaller craft businesses with local and global customers. Traded sector businesses may be locally owned and can be small, medium or large in size.

### How do traded sector businesses improve the local economy?

- **They bring more money into the region.** By selling to people and businesses outside Portland, locally-based traded sector businesses bring new money into the local economy.
- **They help keep local money at home.** Through import substitution, which is when Portland residents and businesses purchase locally produced products instead of importing goods and services, they help keep the money Portlanders earn in the local economy.
- **They help improve economic equity.** Their productivity and market size tends to lead them to offer higher wage levels. Jobs at traded sector companies help anchor the city's middle class employment base by providing stable, living wage jobs for residents.

For these reasons, Portland's traded sector businesses have the power to drive and expand Portland's economy.



**GROWTH IN EXPORTS DOUBLED**  
2003-2010

**How strong is Portland’s traded sector job base?**

- In 2008, the Portland region’s traded sector businesses brought \$22 billion of export income into the regional economy, which was 21 percent of total regional output.
- Portland ranked second among U.S. metropolitan areas in export growth over five years (2008).
- The 118,700 jobs in Portland’s industrial districts accounted for 30 percent of the city’s employment, including 30,400 manufacturing jobs and 44,000 wholesale and transportation jobs (2008).
- Transportation and wholesale trade are among Portland’s strengths. Unlike many other metropolitan areas, Portland has done a good job keeping manufacturing employment within city limits.

Even so, the traded sector job base can be and must be stronger. A more competitive and supportive environment for traded sector businesses is needed to help strengthen the overall economy and to ensure that more Portlanders have the opportunity to secure stable living wage jobs.

**What about other local businesses?**

Working to strengthen Portland’s traded sector businesses will increase the durability of our local economy and will make Portland more fertile ground for non-traded sector local businesses by raising wages and bringing more money into the region.

Local businesses that are outside the traded sector, such as restaurants, shops and other neighborhood commercial businesses, also play an important role in import substitution. They help define community character, can reduce the need to travel for goods and services, and contribute extensively to Portland’s overall attractiveness and resilience.





## HOUSEHOLD PROSPERITY AND AFFORDABILITY

**M**any Portlanders struggle to make ends meet. The working poor made up 23 percent of Multnomah County households in 2005–07 (before the recent recession) and were not able to cover local costs for basic needs. It has become increasingly clear that we cannot assume that a rising tide lifts all boats. Disproportionate upward mobility barriers persist for communities of color, residents with disabilities, female-headed households and other groups.

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

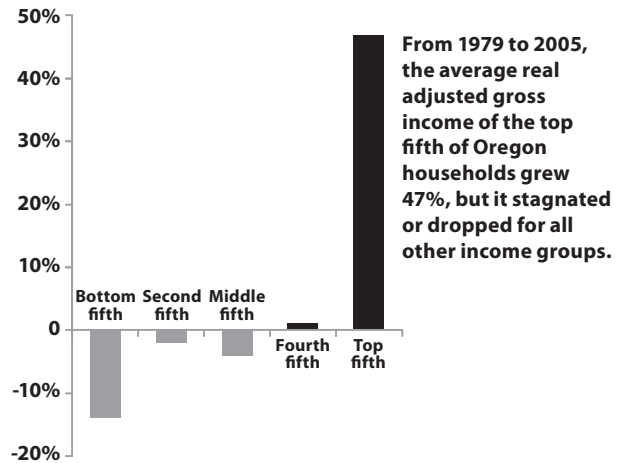
Regional job growth has not been fast enough to bring down Multnomah County unemployment rates, which significantly exceeded the national average over most of the last decade. In Multnomah County, job growth was generally flat during the 2000–2008 business cycle and trended downward between 2008 and 2010.

Declining affordability in the housing market and steadily increasing transportation costs make the economic challenges facing Portland households even worse. As stated in the Portland Housing Bureau’s strategic plan, “too many Portlanders cannot find an affordable home for their family. They cannot afford to rent or buy a home near their work, school or transit. Others live in substandard housing and pay more than they can afford for housing, putting them at risk of eviction or foreclosure while depriving them of the basic necessities. Thousands of Portlanders sleep on the streets or in crowded shelters.”

To address the growing mismatch between stagnant wages and increasing household costs, this section of the strategy proposes actions related to housing, education and training. The desired result is to expand upward-mobility pathways for the working poor, thereby empowering individuals and households to better meet their own needs.

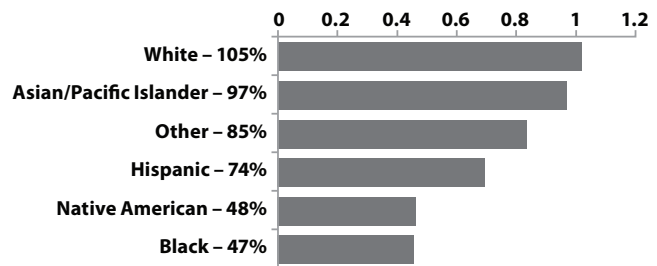
This section of the strategy includes policies and actions that will make opportunities for prosperity and affordability more broadly accessible.

### An Oregon economy for the few . . .

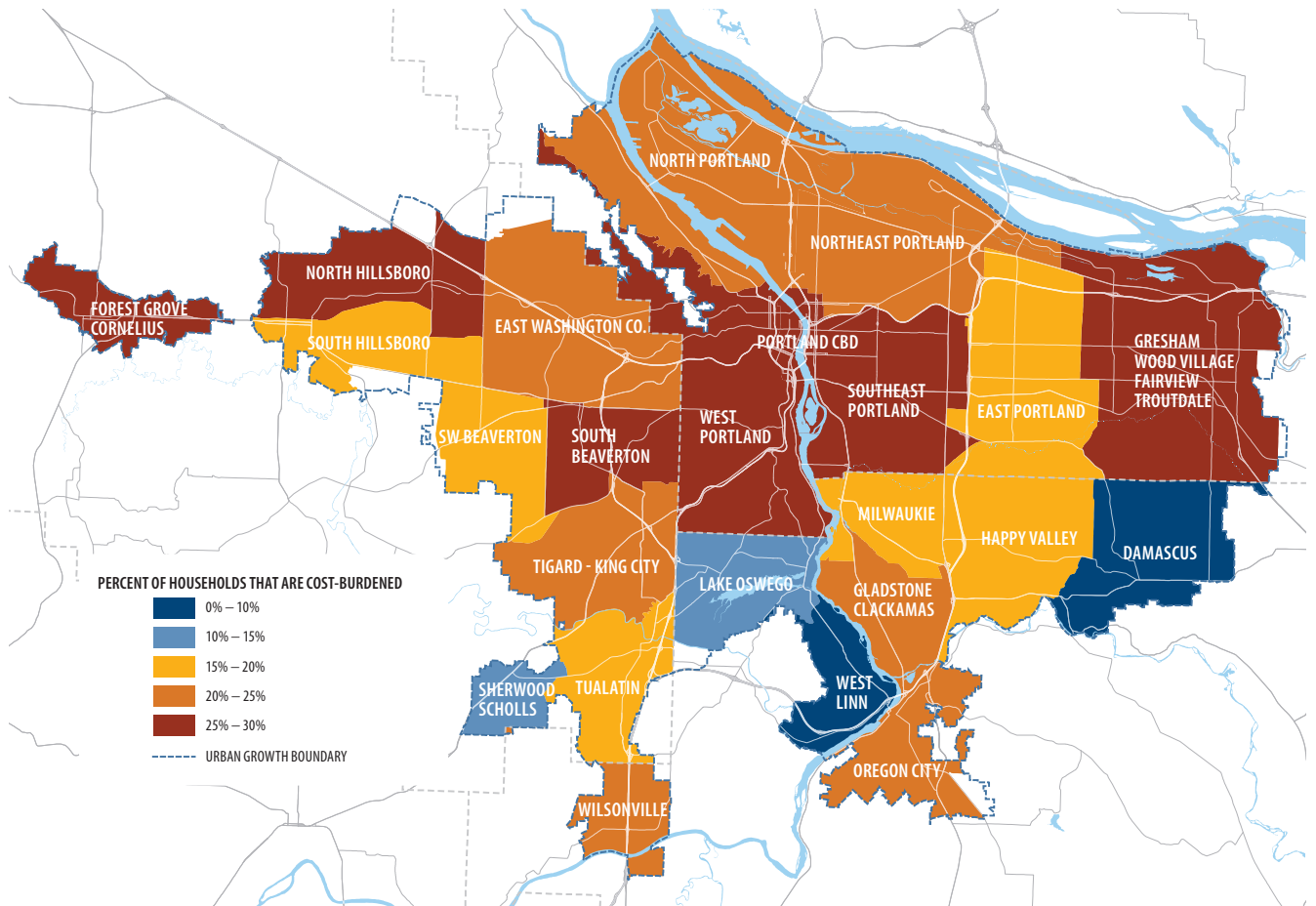


*Note: Households here refers to tax filers with positive adjusted gross incomes. Excludes negative returns for bottom fifth. Adjusted for inflation using 2005 dollars with CPI-U. Source: OCPP analysis of Oregon Department of Revenue data.*

### Household income as a percent of the citywide median in Portland, 2008



Share of households that are cost-burdened, HIGH growth scenario (2030)



Source: MetroScope scenarios 911, 2009

1 IN 4  
HOUSEHOLDS  
=  
COST BURDENED



# REGIONAL TRADED SECTOR BUSINESS GROWTH

Achieve sustained job growth by providing a competitive business environment for traded sector industries.



Traded sector companies in related industries tend to collect in regions where they have competitive advantages, a phenomenon called industry clusters. This supports greater access to specialized services and suppliers, a strong industry knowledge base, and skilled, experienced workers.

Portland has a strategy to support and expand a targeted set of business clusters — advanced manufacturing, athletic and outdoor, clean tech, software, and research and commercialization. This strategy focuses on traded sector growth. The strategy also supports developing in-depth knowledge of particular sectors and fueling catalytic projects, policies and programs. International business recruitment and marketing, higher education programs, and workforce development efforts also contribute to target cluster competitiveness.

The target industry program focuses the limited public resources for business assistance on growing the traded sector prospects with the promise of increasing overall regional prosperity. Portland’s specializations will evolve as markets, industries and technologies shift. The specific cluster may change in the future, but the focus on traded sector clusters and competitiveness will remain. The focus on target industries complements other economic development tools that support the overall business environment and growth, such as the education and training system, developable land supply, business district infrastructure, and neighborhood economic development capacity.

## GUIDING POLICIES

<p>▶</p> <p><b>P-1</b></p>	<p>Focus Portland’s limited strategic business development resources on enhancing the competitiveness of businesses in its target cluster industries.</p>
<p>▶</p> <p><b>P-2</b></p>	<p>Focus business assistance efforts first on retention, then expansion, and then recruitment of businesses.</p>
<p>▶</p> <p><b>P-3</b></p>	<p>Integrate traded sector competitiveness into the city’s planning and overall policy directions, with focus on export growth.</p>
<p>▶</p> <p><b>P-4</b></p>	<p>Foster partnerships to expand sector initiatives in other growing industries that concentrate in the inner tier of the metropolitan region, such as professional and business services, distribution and diverse niche industries.</p>
<p>▶</p> <p><b>P-5</b></p>	<p>Connect Minority, Women-owned and Emerging Small Business (MWESB) firms with target cluster opportunities.</p>



# 5-YEAR ACTION PLAN

Number	Related Action Areas	Actions	Partners
50		<b>Business development:</b> Focus business development resources on enhancing the competitiveness of businesses in five target industry clusters: advanced manufacturing; athletic and outdoor; clean tech; software; and research and commercialization.	PDC, Business Oregon, PoP
51		<b>International business:</b> Implement an international business development, export and investment strategy that emphasizes job creation with coordinated promotion of both the region and local firms, and supports the Regional Export Initiative.	PDC, Greater Portland Inc., PoP
52		<b>Coordinated regional economic development efforts:</b> Support Greater Portland Inc. as a regional economic development corporation that will be responsible for a regional brand strategy, recruitment and retention, marketing and regional strategy coordination.	Greater Portland, Inc., PDC, Port of Portland, WSI
53		<b>Growing the university role in economic development:</b> Pursue world-class research facilities and programs. Strengthen connections between higher education and firms in the target industries, whereby universities help solve technical challenges facing commercial firms and help turn research innovations into commercially viable products.	PSU, OHSU
<b>EQUITY</b> 54		<b>Worker productivity:</b> Use workforce development programs to help meet the skill needs of targeted industries. Use community workforce agreements to bring the benefits of industry growth to the whole community.	WSI, PDC,



# PUBLIC AND PRIVATE URBAN INNOVATION

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.



Portland’s focus on sustainability is an economic asset and an advantage over peer cities. To stay competitive, the volume and speed of the results in resource conservation and green innovation must increase. The export of knowledge, expertise and production related to urban economic productivity through sustainable practices, technology and greater equity must also increase.

Portland enjoys the position of being one of the most fully functional urban laboratories for innovation in sustainability. The city has valuable experience built on rethinking infrastructure investments; examples include:

1. Active transportation including our transit, streetcar and bicycle systems;
2. Green stormwater system;
3. The trail-linked open space system.

Portland universities and businesses are active in research and development and the commercialization of new technologies. Policies and programs, such as Clean Energy Works Oregon and Solarize Portland have contributed to growing the market for green building technologies and practices and have demonstrated how job creation can be part of reducing energy use and resource consumption.




















Portland has a solid record of business growth related to urban innovation, including startups and niche product development. Examples include bicycle manufacturing, green building and stormwater products and services, local food businesses, planning and design, and international tourism.

Connections to other cities, nationally and internationally, and widening recognition of Portland as a sustainability leader have contributed to making the region and city more innovative and prosperous.

## GUIDING POLICIES

▶	Enhance Portland as a national model for sustainability and as a center for business development by commercializing sustainability practices, products and services.
<b>P-6</b>	
▶	Grow the local market for energy efficiency through incentives, market-based mechanisms and other programs. Use energy efficiency improvements to increase Portland’s long-term affordability and resiliency and to reduce carbon emissions.
<b>P-7</b>	
▶	Build on the advantages of the Central City as a center for innovation, commerce, universities, sustainable development, and green technology systems (such as district energy).
<b>P-8</b>	
▶	Pursue universal, affordable and reliable access to high-speed information technology and the devices and training to use it. Support the deployment of high-bandwidth infrastructure through clustering and the co-location of users that need very large broadband capacity.
<b>P-9</b>	
▶	Continue to promote innovation in public projects related to transportation and environmental services, including the following: (1) green infrastructure approaches as part of cleaning up the Willamette River, (2) an innovative active transportation system — transit, walking, biking, car and bike sharing, etc., and (3) and urban parks and natural areas. These will enhance the livability of the city and give Portland a competitive advantage in retaining and attracting an educated, productive workforce.
<b>P-10</b>	
▶	Support and invest in Portland’s creative talent and leverage our arts and culture community to drive innovation and economic growth.
<b>P-11</b>	
▶	Connect Minority, Women-owned and Emerging Small Businesses (MWESB) with urban innovation opportunities.
<b>P-12</b>	

# 5-YEAR ACTION PLAN

Number	Related Action Areas	Actions	Partners
55	  	<b>Clean tech and green building innovation:</b> Support existing companies and recruit new firms that design, apply or manufacture high-performance products that support resource conservation and green buildings. Invest in projects that demonstrate Portland’s capacity in this sector including the Oregon Sustainability Center, district energy systems, and programs such as Solarize Portland.	City, PDC, PHB, BPS, PSU, POSI
56	  	<b>Growing green development/ecosystem expertise:</b> Capitalize on the expertise being built by PSU’s Ecosystem Services for Urbanizing Regions (ESUR) PhD program. Connect this expertise with the global marketplace.	PSU, PDC, Greater Portland, Inc.
57	 	<b>Building markets for energy efficiency:</b> Help build the commercial, industrial and residential markets for cost-saving energy efficiency improvements through incentives, technical assistance, policy and education.	ETO, BPS, PHB, PDC
58	 	<b>Arts support:</b> Expand public and private support for Portland’s arts and creative sectors.	RACC
<b>EQUITY</b> 59	  	<b>Broadband service:</b> Work with the telecommunications industry and utilities to develop recommendations for improving wireless service in Portland. Review and update the City’s comprehensive approach to wireless facilities including database mapping.	OCT
<b>EQUITY</b> 60	  	<b>Community benefits of urban innovation:</b> Use a collaborative process to bring historically underrepresented communities into the workforce through community workforce agreements as done in the Clean Energy Works program to bring the benefits of urban innovation initiatives to the whole community.	Nonprofits, OMF
<b>EQUITY</b> 61	  	<b>Broadband equity:</b> Establish a fund for broadband equity and work with nonprofits to increase access to broadband for underserved communities.	OCT

## ACTION AREAS

-  PROSPERITY AND BUSINESS SUCCESS
-  EDUCATION AND SKILL DEVELOPMENT
-  SUSTAINABILITY AND THE NATURAL ENVIRONMENT
-  HUMAN HEALTH, PUBLIC SAFETY AND FOOD
-  TRANSPORTATION, TECHNOLOGY AND ACCESS
-  EQUITY, CIVIC ENGAGEMENT AND QUALITY OF LIFE
-  DESIGN, PLANNING AND PUBLIC SPACES
-  NEIGHBORHOODS AND HOUSING
-  ARTS, CULTURE AND INNOVATION

# TRADE AND FREIGHT HUB

Invest in transportation systems and services to retain and expand our competitive market access as a West Coast trade gateway and distribution hub.



Most U.S. exports are merchandise and most export tonnage is shipped through ports. Portland is Oregon’s largest freight distribution hub (harbor, airport, rail, pipeline and highway) and the West Coast’s fourth largest freight gateway.

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

Strategic freight investments are needed to hold or grow Portland’s competitive position in the rapidly growing and changing international marketplace. Looking forward to 2035, regional freight tonnage is forecast to nearly double. However, investments in freight infrastructure are challenged by our medium-sized regional market, tightening transportation budgets and increasing urban congestion. As a result, freight gateway market leakage (i.e., market share lost to other ports like Seattle) includes 72 percent of Asia-bound export container cargo. Gaining even a portion of that market share would mean more local jobs and revenue.

Given geographic and competitive challenges, Portland’s celebrated role as a leading exporter is fragile. Portland’s success could be undermined if we do not give adequate attention to strengthening our freight transportation network, which connects us to global markets. The transportation system is burdened with many obsolete, end-of-life assets (the functional condition of many roadways and bridges, for example), and maintain a cutting-edge built environment is a critical aspect of sustaining the region’s freight and trade dependent economy.






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.

Portland’s freight infrastructure is also increasingly valued as a sustainability asset. Multimodal freight hub infrastructure and freight mobility in a dense urban setting contribute to local energy efficiency and carbon reduction. Flexible street corridor design for truck access and active transportation can help increase urban density, lower transportation costs and use limited infrastructure capacity more efficiently. As cities urbanize, the transportation system focuses less on single-occupancy vehicles and more on freight, transit and active transportation.

## GUIDING POLICIES

	Prioritize freight movement over single-occupancy vehicle travel on truck routes. Increase the freight movement share of our limited transportation system capacity.
<b>P-13</b>	
	Leverage more regional, state, port and private resources to make strategic investments in Portland’s multi-modal freight hub infrastructure (truck, rail, airport and harbor facilities).
<b>P-14</b>	
	Build on Portland’s 2006 Freight Master Plan to better integrate freight mobility, including the “last mile” aspects of freight delivery, into land use, neighborhood, environmental and sustainability planning.
<b>P-15</b>	
	Apply best practices that help reduce energy consumption related to freight movement, and help carriers and shippers achieve optimal efficiency.
<b>P-16</b>	
	Connect MWESB contracting opportunities with trade gateway infrastructure projects.
<b>P-17</b>	
	Increase the use of transit, bikes, walking, carpooling and telecommuting to reduce both wear and demand on the transportation system and to free up capacity for freight mobility. In addition, prioritize investment in a modernized, complete and comprehensive freight transportation network, including replacement of obsolete end-of-life assets in the freight network (bridges, overpasses, etc.).
<b>P-18</b>	

# 5-YEAR ACTION PLAN

Number	Related Action Areas	Actions	Partners
62	 	<b>Regional freight rail strategy:</b> Develop a regional freight rail strategy focused on enhancing rail access, travel time, and the efficiency of rail operations for competitive access to markets.	Metro, PBOT, Port of Portland, ODOT, railroads
63	 	<b>Strategic freight mobility investments:</b> Begin implementation of the next five-year increment of the City's Freight Master Plan and Working Harbor Reinvestment Strategy. Update the list of the Tier 1 and Tier 2 projects. Evaluate revenue options to support accelerated implementation.	PBOT, ODOT, Metro, Port
64	 	<b>International service:</b> Implement strategic investments to maintain competitive international market access and service at Portland's marine terminals and Portland International Airport.	PoP



# GROWING EMPLOYMENT DISTRICTS

Overcome growth constraints and strengthen location advantages to remain Oregon’s largest job center.

Portland’s specialized, urban-scale business districts are a statewide economic engine, a source of local economic resilience and a job base for our diverse population. Portland’s central city, freight-oriented industrial areas (such as the harbor and airport districts), large hospital and college campuses, and other commercial centers and corridors make up a varied urban economy.

Portland’s central city is the region’s center for high-density office businesses, universities and urban industry and has outperformed the national norm. When compared to peer cities such as Denver, Austin and Charlotte, our central city excels. Nationally, central cities lost out to suburbs or to other regions. Portland’s central city, on the other hand, has benefited from an emphasis on access, especially transit, and livability for residents, workers and visitors. In particular, the River District and the Central Eastside have generated high rates of job growth and innovative, small business growth.

- Downtown Portland has 49 percent of the multi-tenant office space in the region (2010). On average, eight peer cities have a 27 percent share of the multi-tenant office space in their respective regions.
- In the 2000–08 business cycle, the Central City’s average annual job growth rate of 0.7 percent exceeded the national average of 0.5 percent.

Industry has grown in the Portland region over recent decades in contrast to national trends. Portland remains a preferred industrial location in the region, in part due to the multimodal freight infrastructure of Portland Harbor, the Columbia Corridor and industrial sanctuary zoning. However, continued industrial growth in Portland faces challenges similar to other U.S. cities.

Portland’s land supply is largely fixed. Other than West Hayden Island, Portland has virtually no opportunity to add land through annexation. Shortfalls have been identified in the 25-year development capacity to meet forecast job growth in Portland’s industrial districts and institutional campuses. The land we do have often faces development constraints. These sites, called brownfields, can be costly to redevelop due to higher cleanup costs and perceived risks compared to undeveloped suburban sites. The Portland Harbor Superfund Site is one of the city’s and region’s largest brownfield problems. The large potential cleanup liability poses a threat to harbor businesses and creates a barrier to reuse of vacant harbor sites. (Site contamination is a major constraint.) There are important tradeoffs that have to be addressed where industrial sites are located in areas that are also critical to watershed health.






We must find ways to keep urban sites competitive for redevelopment. Given the unique assets like the harbor and airport and role of Portland’s industrial lands, increasing the support for development of these sites should be a regional priority. There is promise in innovative approaches to site design that improve development potential, environmental health and neighborhood livability and increase the number of jobs realized per acre. Renovation and reuse of older buildings, especially in the Central City, also can play a role.

## GUIDING POLICIES

▶	Provide land supply and development capacity to meet job growth targets, and improve the cost competitiveness of redevelopment and brownfields.
<b>P-19</b>	
▶	Institute a means to consider economic as well as environmental and social metrics in making land use, program and investment decisions. Look for ways to improve social equity as part of economic development actions.
<b>P-20</b>	
▶	Consider the impact of regulations and fee structures on competitiveness.
<b>P-21</b>	
▶	Provide capacity for Portland’s campus institutions to grow and to remain competitive.
<b>P-22</b>	
▶	Better link freight transportation and other quality, reliable infrastructure investments with economic health and job growth opportunities in employment districts.
<b>P-23</b>	



## 5-YEAR ACTION PLAN

Number	Related Action Areas	Actions	Partners
65	 	<b>Brownfield investment:</b> Develop a strategy to address the impediments to the redevelopment of brownfields and include brownfield redevelopment assistance in the regional investment strategy. Pursue legislative changes, innovative remediation options and funding sources to accelerate clean up of brownfields to a level appropriate to the future use. Continue pollution prevention and other efforts to prevent the creation of future brownfields.	Metro, PDC, BPS, BES, Port of Portland, OHWR
66	 	<b>Harbor Superfund:</b> Take a leadership role in prompt resolution and cleanup of the Portland Harbor Superfund site.	City, Port of Portland
67	 	<b>Industrial site readiness:</b> Assemble one 25-acre or larger site that is ready for industrial development as a model project for environmentally-sensitive industrial development.	PDC, Port of Portland, OHWR
68	  	<b>Industrial growth capacity:</b> As part of the development of a new Comprehensive Plan, ensure there is adequate development capacity for forecasted job growth. Consider the specific forecasted needs for different types of employment land including industrial, harbor-access, multi-modal freight facilities, Central City office, campus institutions and commercial corridors in underserved neighborhoods.	BPS
69	  	<b>Campus institutions:</b> Develop, as part of the new Comprehensive Plan, new land use and investment approaches to support the growth and neighborhood compatibility of college and hospital campuses.	BPS
70	 	<b>Office development:</b> Develop approaches to grow Portland's share of regional office development and to maintain the Central City's role as the region's office and employment core. Reduce barriers for office development to meet the needs of businesses seeking flexible and low-cost space.	PDC, BPS, BDS, City
71	  	<b>Impact of fees on business growth:</b> Evaluate the cumulative impact of City fees, including Systems Development Charges, on location and growth decisions of businesses, especially for businesses seeking flexible and lower-cost Central City space. Develop approaches to mitigate those impacts while meeting fiscal needs of City programs.	OMF, City

# NEIGHBORHOOD BUSINESS VITALITY

Improve economic opportunity and neighborhood vitality throughout Portland through greater organizational capacity and partnerships for economic development.



Small businesses are the core of Portland’s extensive neighborhood employment districts — those areas outside the central city and harbor/ Columbia Corridor industrial districts. Neighborhood employment districts include commercial hubs and town centers, commercial corridors, home businesses, small industrial areas and large campus institutions. Collectively, they offer diverse potential to improve job growth and raise wage levels, support community self-sufficiency and import substitution, and add to the city’s economic resiliency.

The economic vitality of neighborhood employment districts varies across the city. The differences are largely related to the buying power of residents, the competitive strength of the district and its businesses and the quality of access, especially frequent transit. The districts also vary in terms of racial and ethnic diversity, poverty levels and the experience of gentrification. Work on improving the vitality of neighborhood businesses and districts has great potential to help address racial, ethnic, income and other disparities.

Portland has a solid base of business districts with supportive land use, transportation, and community organization and small business resources. Recent initiatives in the East Portland Action Plan (EPA) and City’s Neighborhood Economic Development Strategy are already focused on strengthening these districts through partnerships and community directed actions.

## GUIDING POLICIES

**P-24** Apply commercial revitalization and business development tools to drive business growth in neighborhoods and help neighborhoods, local business and residents better connect to and compete in the regional economy.

**P-25** Use a community-driven neighborhood economic development approach to build local capacity to achieve economic development outcomes, minimize involuntary displacement and spur commercial activity in underserved neighborhoods.

**P-26** Support microenterprise and entrepreneurship.

**P-27** Improve access to jobs in priority neighborhoods through frequent transit, active transportation, workforce development training and employment growth in neighborhoods.

**P-28** 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.



## 5-YEAR ACTION PLAN

	Number	Related Action Areas	Actions	Partners
EQUITY	72		<b>Neighborhood business development:</b> Strengthen business activity in neighborhood centers by implementing the City’s Neighborhood Economic Development Strategy including its main street and the Neighborhood Prosperity Initiative.	PDC, City, Nonprofits
EQUITY	73		<b>Small business development:</b> Evaluate and identify ways to increase the effectiveness, use of and access to small business development programs, especially for neighborhood-based businesses.	PDC, Venture Portland, Nonprofits.
EQUITY	74		<b>Land use support for neighborhood business districts:</b> As part of the new Comprehensive Plan, identify zoning and regulatory changes that promote new or appropriate growth of neighborhood commercial centers in underserved neighborhoods.	BPS, BDS, City
	75		<b>Sustainability at Work:</b> Expand City assistance for businesses to increase energy, water and transportation efficiency, waste and toxics reduction, telecommuting, and sustainable purchasing to reduce business costs and improve overall practices.	BPS

# ACCESS TO HOUSING

Meet Portland’s need for quality, affordable homes for its growing and socio-economically diverse population, and ensure equitable access to housing.



Housing and transportation costs consume a significant portion of most household budgets. If those costs continue to rise (a long-term West Coast trend related to population growth), households will be left with less disposable income for other necessities. Greater housing and transportation costs and less average income mean the housing cost burden is being felt not just by the homeless, low-income households and seniors on fixed-incomes, but also by moderate and middle-income households. Neither the private market nor public subsidy is sufficient alone to meet this demand. Raising income levels is also essential to improving equitable access to housing.

Increasing affordability and equitable access at the neighborhood level will require attention to meet the needs of low-income populations, communities of color, aging populations, populations with disabilities and fast-growing populations such as Hispanic residents. Neighborhood affordability also depends on access to essential services and lower-cost transportation options (walking, biking and transit). In east Portland, for example, where racial and ethnic diversity and poverty are increasing, frequent transit and some other essential services are not as uniformly available as in close-in neighborhoods.

## GUIDING POLICIES

<p>▶ <b>P-29</b></p>	<p>Provide for a supply of quality housing that meets expected growth, is diverse in terms of unit types and price, and is located to take advantage of the long-term affordability benefits of the Healthy Connected City strategy’s network of hubs and connections.</p>
<p>▶ <b>P-30</b></p>	<p>Maintain the health, safety and viability of existing housing stock.</p>
<p>▶ <b>P-31</b></p>	<p>Produce and preserve housing to meet the needs that remain unmet by the private market.</p>
<p>▶ <b>P-32</b></p>	<p>Provide for long-term housing affordability by considering the combined cost to residents of housing, utilities and transportation when making housing investment decisions.</p>
<p>▶ <b>P-33</b></p>	<p>Remove discriminatory barriers to Portlanders trying to secure housing.</p>
<p>▶ <b>P-34</b></p>	<p>Keep families in their homes by preventing avoidable, involuntary evictions and foreclosures.</p>
<p>▶ <b>P-35</b></p>	<p>Move people quickly from homelessness, into housing in a way that lasts, and maintain the safety nets that keep households from falling into homelessness and address emergency needs.</p>
<p>▶ <b>P-36</b></p>	<p>Increase the ability of low-income households to access home ownership opportunities.</p>

# 5-YEAR ACTION PLAN

	Number	Related Action Areas	Actions	Partners
EQUITY	76		<b>Housing strategy:</b> Develop and implement a Citywide Housing Strategy for all levels of housing. This should include an estimate of housing needs, strategies to create new rental and home ownership opportunities in “high opportunity” areas — those that already have infrastructure to support household success, such as quality active transportation, high-performing schools, commercial centers and recreation facilities. Address resource development, equity initiatives such as increased use of minority contractors and alignment with other community services for low- and moderate-income residents.	PHB, BPS
EQUITY	77		<b>Affordable housing supply:</b> Retain affordable housing supply by preserving properties that receive federal and state housing subsidies. Increase the supply by building new affordable housing in high opportunity areas. Improve the physical accessibility and visit-ability of the affordable units to best meet the needs of all demographics.	PHB, BPS
EQUITY	78		<b>Remove barriers to affordable housing:</b> Remove barriers to affordable housing for low-wage workers, elders and people with disabilities, and other low-income households through implementation of the Fair Housing Action Plan, housing placement services, and programs to overcome housing discrimination and bring violators to justice.	PHB, Nonprofits
EQUITY	79		<b>Equity in neighborhood change:</b> Use neighborhood planning and development programs to help minority and low-income people stay in their homes and neighborhoods. Raise community awareness of existing programs to prevent eviction and foreclosure.	PHB, Nonprofits
EQUITY	80		<b>Equity in home ownership:</b> Support programs that move people of color into home ownership and develop clear strategies and targets. Utilize and strengthen the existing capacity of nonprofit partners to provide effective home ownership assistance to households of color.	PHB, Nonprofit Developers
EQUITY	81		<b>Homelessness:</b> Update the 10-Year Plan to End Homelessness for disabled veterans, families and chronically homeless people, and continue implementation of effective, long-term solutions and integration of housing programs with other essential support services. Work with Multnomah County to maintain a safety net for emergency housing needs.	PHB, Multnomah County

# ACCESS TO HOUSING

A place to live is a basic human need. However, housing plays other roles too. Housing is an industry that provides living wage jobs: construction and maintenance, real estate, demolition and reuse of materials. Additionally, ownership opportunities in the housing market may open the doorway to economic prosperity for households.



To have equitable, quality and affordable housing options that meet the needs of all people, Portland needs a long-term housing strategy that considers current residents and neighborhood change. It requires a new approach that provides locations of new rental and home ownership housing in neighborhoods that already have good supports for the success of residents. It also requires collaboration among public, nonprofit and private partners.

## GUIDING POLICIES

- ▶
**P-37**
 Provide for the growing housing needs of the disabled and elderly through designing housing units to be more physically accessible, and locating more of this housing near neighborhood hubs and frequent transit service.
- ▶
**P-38**
 Link housing to transportation at the local level by including housing strategies as part of planning major transit investments.
- ▶
**P-39**
 Continue to expand access to affordable transportation options, including sidewalks, frequent service transit, bicycle networks, car and bike sharing, and other alternatives that allow households to function without a car or with one car. Develop corridor-specific housing strategies as a component of major transit investments.
- ▶
**P-40**
 Link workforce training programs with subsidized housing to help people who are in stable environments access job skills training, increase their income, reduce their time spent in subsidized housing and free up units for those on the waiting list.

## 5-YEAR ACTION PLAN

	Number	Related Action Areas	Actions	Partners
EQUITY	82		<b>Physically accessible housing:</b> Develop policies and programs to increase the supply of housing accessible to disabled persons. Collect the information required to understand accessible housing needs including estimates of demand and information on the supply by amount, type and location. Identify policy initiatives that can increase the private market supply. Promote design of housing units that is accessible, versatile and able to meet the change needs of people throughout their life.	PHB, BPS, PSU, Nonprofit & Private Developers
EQUITY	83		<b>Moderate-income workforce housing:</b> Identify opportunities, policies and programs that promote private development of moderate-income housing as part of the new Comprehensive Plan and future community development plans.	BPS
	84		<b>Align housing and transportation investments:</b> Promote housing development along existing and planned high-capacity transit lines and frequent transit routes. Identify housing opportunities as part of the SW Barbur Concept Plan and future transit corridor plans.	PHB, BPS, PBOT

## EDUCATION AND JOB SKILLS TRAINING

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 Portland’s working poor and chronically underemployed.



The region is faced with significant workforce challenges. While Portland has notably attracted a growing share of workers with bachelors degrees or higher (42 percent of city residents over age 25 in 2010), much of the population also lacks skills to secure living-wage employment. We know that over 100,000 people in our community are working full-time and not earning enough to be self-sufficient, and over 50 percent of unemployed persons lack basic skills in reading and/or math — a major barrier to obtaining living-wage employment.

For example, nearly 15,000 youth (ages 16–24) in Multnomah County were either among the working poor or idle poor (unemployed and not in school) in 2006–08. Many unemployed older workers have also been affected by the erosion of middle-income occupations, requiring new skills to find work at their previous income levels.







Additionally, many jobs that once were attainable with just a high school diploma now require some form of post-secondary education or training. Expanding markets and new occupations, such as those in health care and clean tech industry, are also increasing demand for skills. In addition, the retiring baby boomer population poses looming skills shortages across all skill levels.

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

## GUIDING POLICIES

- ▶
**P-41**
Expand access to training programs, including short-term skill-building programs, to build career pathways that allow individuals to secure a job or advance in a high-demand industry or occupation.
- ▶
**P-42**
Improve completion rates for post-secondary education, industry recognized certification and other career or technical credentials.
- ▶
**P-43**
Subsidize on-the-job training for new workers to develop required skills. Subsidize work experiences for youth with an emphasis on disconnected and disadvantaged youth.
- ▶
**P-44**
Move more education and training opportunities into the workplace, such as hands-on vocational training, English language proficiency classes and apprenticeships.

# 5-YEAR ACTION PLAN

	Number	Related Action Areas	Actions	Partners
<b>EQUITY</b>	85	  	<b>Coordinated training efforts:</b> Support and expand workforce training programs and higher education degree programs to prepare job seekers for long-term employment at a self-sufficient wage. Continue periodic review of programs and policies to match forecast demand for job skills and the skills of available workers. Enhance coordination between educational institutions and workforce development partners align of high school and post-secondary curricula to match the industry skill needs.	WSI, PPS, PCC, OUS
<b>EQUITY</b>	86	 	<b>Youth employment:</b> Support and expand partnerships between schools, government and businesses to provide opportunities for youth employment such as tax incentives for private businesses, programs developed as part of the Cradle to Career initiative and the City’s Summer Youth Connect program. Focus on providing services to disconnected and disadvantaged youth.	WSI, City, State, All Hands Raised
<b>EQUITY</b>	87	 	<b>Hiring agreements:</b> As part of public assistance to business, use agreements such as “first source hiring” agreements to promote hiring of qualified local residents who have completed skills training or become unemployed.	PDC, City



# HOUSEHOLD ECONOMIC SECURITY

Expand upward mobility pathways for the working poor and unemployed so that the 77 percent share of economically self-sufficient households in Multnomah County in 2005 exceeds 90 percent by 2035.



Portland households have been predominantly middle-class in terms of income (2000). Nationally households in core cities typically are low- or moderate-income, while suburban households are middle and upper-income. Nationally, the type of jobs that pay middle income wages have declined from 55 percent in 1986 to 48 percent in 2006.

Despite Portland’s large, diverse employment base and large middle-class, much of our population continues to be left out of economic prosperity. An estimated 23 percent of Multnomah County households are classified as working poor as measured by the Self Sufficiency Index. This tracks households by family type with adequate income to cover local costs of basic needs (e.g., housing, health care, childcare and transportation). Among measures of economic need, the Self Sufficiency Index has been used in a few states and has advantages in considering key factors that result in wide variation in the household costs of making ends meet, including family composition, age of children and local costs of living. The Self Sufficiency Index is also addressed in Measures of Success.

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, rent assistance and stable housing, improving the safety net for the unemployed, and improving opportunities for children in poverty. These best practices also reveal opportunities for intergovernmental and private sector alignment that achieve more with existing resources.






## GUIDING POLICIES

**P-45** Work toward more effective poverty reduction through aligning major public systems responsible for housing, social services, community development and workforce development.

**P-46** Reduce racial, ethnic and disability-related disparities in economic self-sufficiency.



## 5-YEAR ACTION PLAN

	Number	Related Action Areas	Actions	Partners
<b>EQUITY</b>	88	 	<b>Self-sufficiency metrics:</b> Adopt the Self Sufficiency Index as the official measure of poverty and require its use in policy discussions and decisions.	City, Multnomah County, Metro
<b>EQUITY</b>	89	  	<b>Reduce barriers to employment:</b> Support programs to increase employability of residents who face multiple barriers to economic self-sufficiency such as English language competency, mental illness, criminal background, and chemical dependency issues.	WSI, Home Forward, DHS, Multnomah County, SUN, School Districts
<b>EQUITY</b>	90	 	<b>Race and ethnicity:</b> Support programs and policies to increase employment opportunities for low-income residents who face barriers related to race and ethnicity. These approaches include targeted contracting, community workforce agreements, job training and culturally specific services.	City, PDC, WSI, Multnomah County
<b>EQUITY</b>	91	 	<b>Coordinated approach to anti-poverty programs:</b> Join with Multnomah County to review local programs and potentially develop a joint strategy to increase economic self-sufficiency. Include consideration of issues such as the need for affordable, accessible and quality childcare; assistance to individuals facing multiple barriers to employment; and actions to reduce racial and ethnic disparities.	Multnomah County, City, PHB, PDC, Home Forward, Nonprofits

## WHAT IS GENTRIFICATION AND DISPLACEMENT?

**A**s cities grow and develop, they often experience a rise in property values and a change in demographic and economic conditions in neighborhoods. The term gentrification applies when these changes are part of a shift from lower-income to higher-income households and often when there is a change in racial and ethnic make up of a neighborhood's residents and businesses.

Gentrification can be spurred by public or private investments that increase a neighborhood's attractiveness. At the same time, improving neighborhoods is often a public goal held by current residents.

Gentrification often means that the change has resulted in involuntary displacement of residents and businesses. It can occur as the result of rising property values, redevelopment or land clearance. Most often, lower income populations, renters and the businesses that serve them are displaced and/or separated from community and social support systems.

Gentrification is often preceded by a pattern of segregation and/or disinvestment. The latter drives down property values and affects the wealth and assets of community members. It can also create disparities in livability and opportunities for prosperity and healthy living for residents and businesses. This disinvestment can be the result of public policy or past lending practices such as redlining.

The harm of gentrification is tangible and measurable. This includes loss of access to desirable locations; displacement of individuals and businesses to less desirable locations; a loss of wealth when homeowners leave without realizing the increased property values; and, more generally, the loss of the ability for current residents to enjoy the benefits of revitalization. It is difficult to calculate the real costs and benefits to current residents from gentrification, but clearly, there are losses.

### Portland's experience?

Portland's experience of gentrification and displacement has racial dimensions. In the past, in Northeast Portland, African-Americans were segregated and the neighborhood was redlined, or denied access to housing loans. Large public investments, such as the construction of the I-5 freeway and Legacy Emanuel Hospital, including demolition of housing and commercial buildings, caused displacement and physically split predominantly African-American communities.

More recently, public policies were adopted to improve inner North and Northeast Portland. As these areas became more desirable to higher income buyers and property values increased, many African-American residents and businesses were displaced. While some community institutions remain in North and Northeast Portland, many long time residents or people who grew up in the neighborhood can no longer afford to live there.

The critique of our past policies indicates that actions for neighborhood improvement were not paired with actions to address the likelihood of economic and racial displacement.

Gentrification and displacement, whether the result of large infrastructure investments or the cumulative effect of smaller investments, have disrupted communities and resulted in serious questions about the motivations behind government investments in Portland.

Today's challenge is to figure out how to provide all Portlanders with quality of life and other improvements and programs without the negative consequences of gentrification and displacement, all while improving trust and confidence in local government.

## How is gentrification addressed in the Portland Plan?

The Portland Plan strives to make government explicitly consider how projects and spending reduce disparities and improve equity. The Portland Plan takes a three-part approach to understanding and minimizing the effects of gentrification:

- 1. Housing:** Affordable housing actions are the heart of effective displacement mitigation strategies. The Portland Plan includes the following guiding policies and actions:
  - Help keep families in their homes by preventing avoidable, involuntary evictions and foreclosures.
  - Increase the ability of low-income, minority households to access home ownership opportunities.
  - Remove discriminatory barriers to Portlanders trying to access housing.
  - Develop policies and actions to address the impacts of gentrification. Existing approaches include the Neighborhood Economic Development Strategy and affordable housing set-aside and community-benefit agreements.
- 2. Business Development Tool Kit**
  - Build on the City's Neighborhood Prosperity Initiative to develop approaches to assist neighborhood businesses facing gentrification.
  - Continue support for development of minority entrepreneurs and local hiring through community workforce agreements.
- 3. Tracking and Program Evaluation**
  - Develop approaches to track neighborhood change including race, ethnicity, age, disability, ownership and other factors.
  - Develop analysis methods to help anticipate potential gentrification impacts of new policies and programs.
  - Evaluate City investments and actions using the Framework for Equity.

Over time, Portland Plan partners and the community will refine these tools and work to reduce community disparities and displacement.

## Ten actions that respond to the challenges posed by gentrification and displacement.

- Action 1:** Enforce Title VI
- Action 3:** Evaluate equity impacts
- Action 4:** Improve evaluation methods
- Action 12:** Community dialogue
- Action 34:** Housing stability
- Action 72:** Neighborhood business development
- Action 76:** Housing strategy
- Action 79:** Equity in neighborhood change
- Action 87:** Hiring agreements
- Action 97:** Mitigate negative social impacts

