

Portland Planning Commission

July 25, 2023

Commissioners Present

Michael Alexander, Wade Lange, Mary-Rain O’Meara, Nikesh Patel, Michael Pouncil, Steph Routh, Eli Spevak, Erica Thompson

City Staff

Patricia Diefenderfer, Sandra Wood, Tom Armstrong, Sam Brookham

[Documents and Presentations for today’s meeting](#)

Chair O’Meara called the meeting to order at 5:00 p.m. and provided an overview of the agenda.

Items of Interest from Commissioners

Commissioner Thompson shared that the Inclusionary Housing work was presented at the Housing Production Work Session at Council this morning. I can share more information about the work group’s recommendations at the next Planning Commission meeting.

Commissioner Spevak provided an update from his liaison work on DRAC (Development Review). This group is sometimes a focus group, sometimes a subgroup work, sometimes advising. Something we see from that lens, Title 33 is just one piece of their work. Here is an overview of what their work entails. These [documents](#) include examples of work that DRAC reviews and shares in discussions.

Director’s Report

Patricia Diefenderfer

- This morning Council had a work session on housing-related issues, as *Commissioner Thompson* noted. Setting the foundation of our housing needs in the city; what the City can do to influence housing development; economic issues; recent work the City has done and what’s underway, as well as future actions the City might do moving forward. Here is [information](#) (including the video of the session) from this morning.
- The National Park Service accepted two BPS-sponsored nominations to the National Register of Historic Places: the Jim Pepper House in the Parkrose neighborhood and Dr John Marshall Building on N Williams Avenue. The Jim Pepper House is now the first contemporary Indigenous place in Oregon to be recognized in the Register and the Dr Marshal Building the first Black Panther site in the country to be recognized in the Register. The nominations were prepared by our Historic Resources Program at the request of the property owners and with the active federal support of Congressman Blumenauer’s office. Now that the properties are listed as

National Register Landmarks they are subject to the demolition review protections codified in the historic resources overlay zone.

Consent Agenda

- Consideration of minutes from the June 27, 2023 Planning Commission meeting.

Commissioner Routh moved to adopt the Consent Agenda. *Commissioner Pouncil* seconded.

Y8 (Alexander, Lange, O'Meara, Patel, Pouncil, Routh, Spevak, Thompson)

The Consent Agenda was adopted.

Training: Economic Planning

Briefing: Tom Armstrong, Sam Brookham

Presentation

Tom introduced himself and Sam Brookham, a member of his team. Steve Kountz is also a member of this team, who will come to the Planning Commission as we bring housing and economic work to the Commission.

Today we have an overview of the Comp Plan Chapter 6 (Economic Development); economic and employment trends; and an overview of the Economic Opportunities Analysis (EOA).

The EOA is a supporting document to the Comp Plan. It builds off information in the Buildable Lands Inventory (BLI), and those analyses support the goals and policies in the Comp Plan.

Key Takeaways are noted on slide 4.

Commissioner Lange: You talk about industrial expansion and middle-income job creation. Is there data that shows what level of employment is happening through industrial jobs?

- Tom: It's been interesting that we have basically been maintaining over time. Manufacturing job density has been going down (due to automation), but over the last business cycle, warehouse and distribution job density has increased as the industry has changed. The just-in-time inventory has increased higher employment density.

Commissioner Alexander: I'm interested in what the note about "BIPOC workers have higher incomes in the industrial and office sectors" means.

- Tom: We have information about this later in the presentation. Steve is the real expert for this work, but we do have a background report we can share as well.

Generally, we have 3 broad economic development goals in the Comp Plan (slide 5): prosperity is about the workers; development speaks to creating an attractive environment for investment through an adequate land supply... a fair and predictable development review system and high quality public facilities; and business district vitality speaks to supporting the different types of business districts to support growth, convenient access to goods and services, and to leverage the advantages of our location.

Policies are bundled in related groups, and the first group addresses the larger City economy. They address the State requirements to provide adequate land or development capacity for a wide range of employment sectors.

Policies 6.1 and 6.2 address expanding economic opportunity and improving economic equity through sustained business growth for a diverse economy. 6.3 sets a goal to capture at least 25 percent of the regional employment growth. Before the pandemic, Portland was capturing 30-35% of the region. Portland suffered disproportionate losses in 2020 and 2021. Preliminary numbers for 2022 started to show increases in employment. The 2019, Metro distributed forecast has Portland accommodating about 38% of the future employment growth. Metro is working on a new regional forecast that will be available later in 2024.

Statewide Planning Goal 9 requires cities to provide an adequate land supply to accommodate 20 years of employment growth, which is demonstrated through the EOA. Policy 6.13 encompasses that requirement. In terms of Policy 6.14, as a land-locked city, Portland has to look to greater efficiency and utilization of our existing land base. With a tight industrial land supply, cleanup and redevelopment of brownfields is an opportunity to re-create or re-use land – but one that we have not been successful at so far. And in addition to land, there is policy direction (6.16) to improve the development review process to support employment growth.

Traded Sector Competitiveness drives regional prosperity. Focusing on strategic traded sectors are businesses of all sizes that export goods and services to markets outside of the region, which brings in income and jobs into the region.

There are also policies about equitable household prosperity – income self-sufficiency:

- 6.27 Income self-sufficiency
- 6.28 East Portland job growth
- 6.30 Disparity reduction

Income self-sufficiency is a relatively new standard, about 15 years ago (slide 9). This metric tracks county level prices of basic needs, such as housing and childcare, by family size. It is a measure of income adequacy that is based on the costs of basic needs for working families: housing, childcare, food, health care, transportation, and miscellaneous items, as well as the cost of taxes and the impact of tax credits.

The standard varies by household type; that is, by how many adults and children are in a household and the age of each child.

The Portland Plan set a goal that 90% of Portlanders were income self-sufficient. In 2008, we were at 77%. In 2017, it declined to 66% of households were income self-sufficient.

The chart on slide 10 shows that the declining buying power of a low-wage and middle-wage job at the median toward meeting basic needs at Multnomah County prices, measured by the Income Self-sufficiency Standard. What drives this trend is that rising local prices are outpacing working-class wages. The main takeaway here is that Multnomah County's share of households in with inadequate income to meet basic needs increased from 23% in 2008 to 34% in 2017.

A second takeaway is that Portland's declining affordability, which is typically explained by housing market trends, has as much to do with wage trends and the types of jobs being grown here. Our concentrated local growth of high-wage jobs and high-income households has a market impact of bidding up local prices.

Commissioner Routh: What are the criteria differences between self-sufficiency and the other terms we've used?

- Tom: We have really settled on this term, and Work Systems, Inc works with us to keep the data fresh. They all speak to the idea of being able to cover the cost of living here. The other challenge we have with this data is that it gets reported at the county level, not down to the city level... but Portland is about 85% of Multnomah County, so it's a pretty good proxy.

We are trying to balance data with what we know happened early/mid-pandemic with new data now coming in from 2022. We've seen wages increase, some more than inflation, so there may be progress being made. We'll just have to see how it plays out as it is a murky picture right now. These are always incremental, so we don't see large swings regardless.

A second burdens-and-benefits trend of the region's wage-polarized job growth is our persistent racial income disparities. Slide 11 compares the region's median household income disparities by race in 2021. In 2021 the regional median household income was \$83,000. The Portland median income was \$78,000. The region's median income in Black households was about \$51k and in Portland it was \$44k – about half of the median income in white households.

Commissioner Alexander: The comparison between Portland and the metro area, what geography are we looking at?

- Tom: This is the 7-county area, the larger metro region. But the 3-county region makes up about 80% of this area.

Slide 12 relays is the income distribution of new households from 2010-2021 (last data available). About half of the new households in Portland made more than \$150,000 annually along with modest losses of lower-income households.

Commissioner Routh: I have lots of questions. Where are these data sets? Point-in-time counts are variable. We can look at income, but how does that relate to wealth year-over-year, and how does it relate to housing (in)security as well?

- Tom: We can provide the background trends report for the EOA that you can begin to dig into. You will also see some of this data in the Housing Needs Analysis that you'll see in September, which is more focused on Portland households and less about the economy.

Portland is meeting its prosperity goals that we mentioned for diverse job growth and traded sector growth, but we're backsliding on economic equity goals, particularly in 3 areas: increasing income inequality, persistent racial income disparities, and a growing share of poorer households.

Slide 14: the regional labor market is bifurcated in its wage distribution, meaning it acts like two labor markets (shown by the 2 circles), in that high-wage occupations typically require bachelor's degrees. But most jobs don't require bachelor's degrees, only 44% of the region's workers and 36% of BIPOC workers have them. Another note here is that middle-wage jobs are the economy's biggest source of inclusive prosperity that increase working class incomes, providing a higher paying alternative to low-wage occupations for workers without bachelor's degrees. The region had about 395,000 middle-wage jobs in the lower circle held by people without bachelor's degrees in 2019. Of these 395,000 jobs, 61% were in industrial occupations; 27% in office support; and 9% in health support.

Employment data is in broad categories, and we see a lot of variation in it. Lots of it is self-reported as well. So this should be taken with a grain of salt... but mostly you do need a college degree to be in those professions.

Building off that, we also asked, what types of job growth increase BIPOC incomes, and thus reduce the region's wide racial income disparities? Slide 15 highlights how income varied depending on what broad sector people work in. In the middle (true of white workers as well), office and production & distribution offered higher wages than retail & consumer services as well as healthcare & education. Portland's faster job growth in consumer services are reducing Black and BIPOC incomes relative to job growth in the rest of the economy.

Commissioner Alexander: The metric here in slide 15 is not about the amount of wages as more about the change between sectors.

- Tom: In some ways, this is internal. The grey box says Black workers in production & distribution make about 25% more than in other sectors. But it is agnostic to the disparity between Black and white workers.

We approach the city in four district realms:

- Central City
- Industrial and Employment Districts
- Campus Institutions (hospitals and colleges)
- Neighborhood Business Districts

We have a pretty balanced economy here looking at these large sectors, which gives us a strong economic foundation to build from.

Goal 9 and the EOA look at the economy and growth opportunities by business district types. Thus, we analyzed job growth trends in the EOA mainly by 4 land-use sector groups that correspond to the 4 general types of business districts shown on slide 18. Portland's office sector jobs are concentrated in the Central City shown here in blue; the industrial sectors of manufacturing and distribution locate primarily in the industrial districts shown in gray. Retail and consumer service sectors concentrate mostly neighborhood commercial areas shown in red. And 15 large college and hospital campuses shown in purple make up much of the City's education and healthcare jobs. The growing economy has diverse land needs. These 4 sector types each account for about a fourth of regional and city jobs.

Something we have seen is that in our residential areas we've seen more employment growth (home-based businesses and people working from home). So how do we nurture and support these businesses in a way that's appropriate in residential areas but also grow that part of the economy? This can be an equity strategy as we've seen in other areas.

Commissioner Thompson: Thinking to the EOA and the way this data factors into our land use planning, what do we make from the work-from-home trends that have come about from the pandemic? From a big-picture standpoint, what should we make of some of these trends as well as what it means for office space and planning?

- Tom: Central City is a challenge in terms of from where we count jobs (e.g. if we work ½ time from home and ½ time from an office). We count generally from where the office is located.

Industrial and employment districts (slide 20).

Since 1980, Portland has been at the forefront preserving industrial land. This started with Industrial Sanctuary policy – which limited conflicting uses such as retail, office and residential. As part of the 2035 Comp Plan update, we adopted additional restrictions consistent with Metro's Title 4 requirements. One of those measures was creating a Prime Industrial Overlay zone. The direction is to provide industrial land that encourages business retention/growth and traded sector competitiveness as a West Coast freight hub and diverse manufacturing center.

Commissioner Thompson: Do any policies address concepts of ecological value or human health within industrial zones? Does it have to be an either/or?

The chart on slide 21 chart shows where we grow impacts income opportunity. It highlights the distribution of jobs in two types of business districts by regional wage quartiles. As shown on the right, higher-density, mixed-use districts have a wage-polarized distribution of jobs – high-paying jobs and low-paying jobs. The industrial and back-office districts on the left provide mostly middle-wage jobs.

In Portland, the industrial districts have less room to grow in Portland. The takeaway here is that we face a challenge in creating middle-wage jobs to support equitable prosperity.

Commissioner Spevak: I didn't read the last EOA. What kind of document is it? Does it contain an assessment and recommendations? What were the recommendations, and what will this update relate to / update?

- Tom: Yes, and this one will too (include an assessment and review). We changed zoning for example on Broadmoor Golf Course and have both industrial and open space on that land now. The Brownfield tax abatement program is still outstanding so likely will be on this to-do list, similar to the superfund work.

Finally for this evening's briefing, we have an overview of the EOA (slides 23-24). The purpose of the EOA is to analyze and forecast growth in Portland's industrial and other business districts, then designate an adequate 20-year supply of developable land for businesses and jobs. The EOA Update will align 2045 growth expectations with current market trends and community choices.

The EOA Update will build on this economic vision to improve racial equity, integrate environmental health, and provide a short-term land supply to support COVID/recession recovery.

1. Market trends update – Align 2045 growth expectations with current market trends and community choices. Consider recent business-cycle trends, recession recovery, and current policy implementation.

Example: Portland added 71,000 new jobs with extensive, diverse growth in the 2008-2019 business cycle, followed by the loss of 69,000 jobs from February to April 2020.

2. Improve inclusive prosperity – Accelerate middle-wage job growth to reduce racial income disparities, stem income inequality, and increase income self-sufficiency. Consider providing growth capacity for 40% high-wage jobs, 40% middle-wage jobs, and 20% low wage jobs, consistent with Oregon's 40-40-20 goal for higher education.

Example: Median income in the region's Black households is about half of that in White households, and the sector-mix of Portland's job growth is increasing Black and BIPOC income disparities. Industrial jobs have the highest BIPOC income benefits.

3. Multi-objective industrial growth capacity – Balance economic development with environmental and other City goals to update Portland's tight industrial growth capacity. Consider integrated approaches to support economic prosperity and equity, environmental health, and other goals.

Example: The Comprehensive Plan and previous plans designated ample capacity for residential and commercial growth well beyond 2045; however, the land supply for industrial growth is tighter. Recent proposals to improve environmental health or rezone land would reduce industrial growth capacity.

The chart on slide 24 summarizes the results of our 2016 EOA, comparing land demand and supply in the 4 major business district types shown in the previous slide. The takeaway here is in the last column, that Portland has a 40-to-50-year supply of commercial growth capacity in the Central City and but Neighborhood Commercial areas but a tight supply of industrial land.

Commissioner Lange: Is there a surplus we try to maintain?

- Tom: Not really. The lack of a larger surplus has hindered us, for example, for further ezone protections on the slough – if we were to make these changes and a business group didn't like it, it would be overturned at the state. We need to account for this change in our economic vision to bring things into balance in terms of how we expect to grow.

Commissioner Spevak: If the table on slide 24 were done at the Metro level, would that work? We are just talking about the city, but we can be looking within the region. Isn't there a balancing act about goal 9 in terms of balancing out one and/versus another goal?

- Tom: This is why we haven't been able to. To make the harder decisions and have more than 111 acres of protection, we have to go back to look at the job forecast for 2025 and see what our capacity is. We are pretty full in terms of industrial lands. So at the regional level, we have to show we can make the 141k jobs region-wide, but how do we allocate that for Portland's jobs? That's when we bring in the other policy goals.

We will send out links to the 2016 EOA and the trends report, and we will highlight some of the prosperity and inequality research. Some of this will come via a collaborative working group to work through the issues before we put it in a report that comes to you about the EOA in 2024.

Commissioner Pouncil: We have a substantial industrial sanctuary here. (One of the strongest anyway in terms of industrial protections.) Is there information about cities our size that have run up against the similar problem about not being able to expand?

- Tom: We have some of this in the trends report that we can highlight. It depends on what policy you're optimizing for – if you're looking at the city or region for example. Seattle looks more like our Central City in terms of wage polarization, longer commutes to find opportunities, etc. In Austin, they can just keep expanding out into the suburbs. On the west coast, I don't think there is a city that has done this particularly well.
- Patricia: Oregon has some of the strongest protections. We have the challenge ahead of us to think about how we can grow middle-wage jobs through small business assistance and job training since we don't have more land.

Commissioner Routh: There are so many inputs and factors to these outcomes. As we are talking about heat islands, we are talking about increasing heat in industrial areas – how does this affect the workplace experience? How are we looking at climate action and dealing with fossil fuels and talk about mitigation in these areas? Competitive trade sectors. There is a lot swirling and overlapping.

- Tom: I agree – there is a lot, and it's very complex. Much in the way Proper Portland does 5-year strategies, we have a 5-7 year timeline to update the EOA (in line with a business cycle). We can make mid-course corrections between now and 2025. We can think about what's going on in terms of the early recovery phase, but we also just need to focus on some key policy decisions and move forward while we continue to monitor as the economy emerges and changes.

Adjourn

Chair O'Meara adjourned the meeting at 6:50 p.m.