



THE BUREAU OF
**PLANNING &
SUSTAINABILITY**

To: City Council
From: Tom Armstrong, Supervising Planner
Date: November 25, 2024
Re: Montgomery Park Area Plan (MPAP) – Middle-Wage Job Analysis

Introduction

The purpose of this memo is to address the November 12, 2024, testimony letter from the Working Waterfront Coalition, the Northwest Industrial Business Association, the Columbia Corridor Association and the Swan Island Business Association (the WWC letter), which raises a number of concerns about the potential negative effects of the Montgomery Park Area Plan (MPAP) changes, especially with respect to equitable employment opportunities.

1. PBOT's 2019 Preliminary Racial Equity Analysis

The WWC letter first claim is the only change to the plan made in response to the 2019 Equity Analysis was to reduce the plan area. The 2019 Preliminary Racial Equity Analysis was considered by the Planning Commission. In response, BPS drafted a July 8, 2024, memo that addressed how the MPAP responded to the 2019 Preliminary Racial Equity Analysis.

The 2019 Preliminary Racial Equity Analysis identified and prioritized a set of desired equitable outcomes. The specific approaches in MPAP were informed by years of subsequent outreach and analysis. The July 8 memo identified how the plan addresses the outcomes identified in the 2019 Preliminary Racial Equity Analysis. The July 8 memo found that public benefits agreement and provisions in the Zoning Code provide benefits centered on affordable housing; middle-wage jobs; public open space and public infrastructure that are expected to equal or exceed the level of private economic benefits associated with the land use changes.



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2. Future Employment Growth

The WWC letter second claim is the majority of the jobs in the Public Benefits Agreement will not be new jobs, but will be jobs that shift from the Central City. They say that this claim is based on BPS data, but there is no citation to a specific analysis. Subsequent oral testimony before Council implies that their concerns are based on the EOA analysis that shows a surplus capacity for office space in the Central City and the assumption that new non-residential space will be in competition with Central City space.

There is no BPS analysis, either as part of the EOA or the MPAP, that shows that future jobs in the MPAP will be relocated from the Central City. Where future jobs come from – either through growing existing businesses or relocation from inside Portland, elsewhere in the region, or from outside the region – is not part of the EOA analysis. The EOA is an employment forecast and development capacity analysis. It forecasts employment growth by sector/type/geography, but does not analyze where these jobs are coming from.

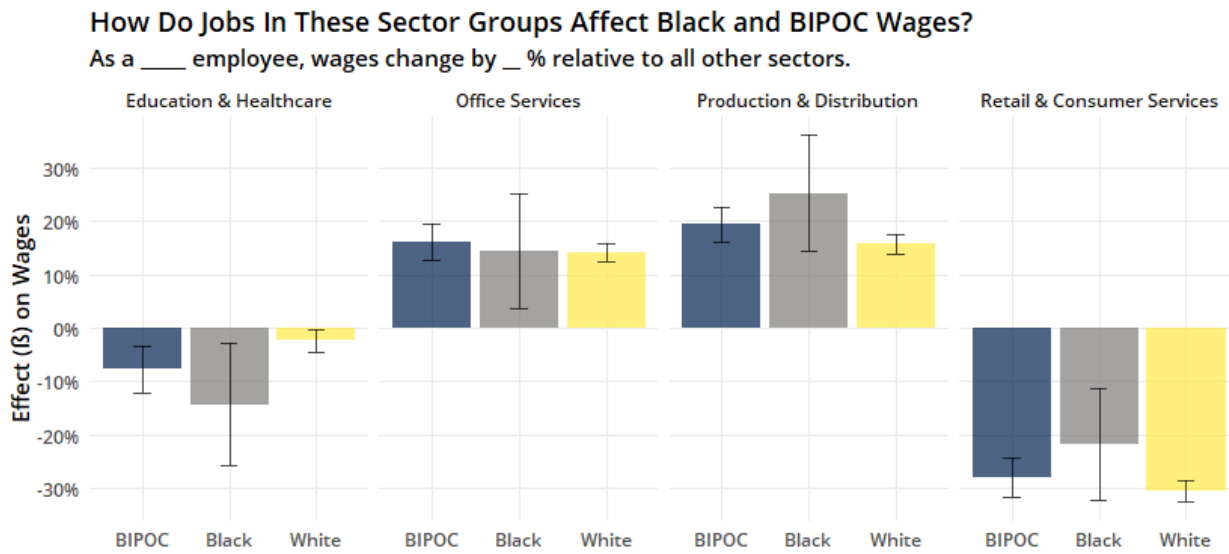
Further, future development in the MPAP represents a different opportunity from the Central City. The new space will be a different scale, configuration and location that could attract a different kind of business that might not want to locate in the Central City. These differences and how they may or may not compete with employment space in the Central City is not part of the MPAP or the EOA analysis.

3. BIPOC Employment Opportunities

The WWC letter claims that the MPAP will create fewer upper-mobility jobs for BIPOC employees without college degrees than if the current industrial designations were maintained. They say that this claim is based on BPS data, but there is no citation to a specific analysis.

The WWC letter states that the region's industrial jobs sector raises BIPOC wages on average 20% higher than the rest of the regional economy and Black income 25% higher than the rest of the regional economy. This statement is based on unpublished BPS research for the upcoming EOA Update that shows industrial and office jobs increase BIPOC and Black incomes relative to other job sectors (Figure 1). The WWC claim fails to recognize that office sector jobs also raise BIPOC and Black incomes.

Figure 1. Industrial and Office Jobs Raise BIPOC Incomes



Source: University of Minnesota, IPUMS-USA; 2018 ACS 5-year estimates; Prepared by Portland Bureau of Planning & Sustainability.

Middle Wage Jobs

High-wage jobs typically require bachelor’s degrees or higher, but only 44% of regional workers and 36% of BIPOC workers have bachelor’s degrees or higher. Middle-wage jobs support inclusive prosperity by extending mid-level wages to workers who don’t have bachelor’s degrees.

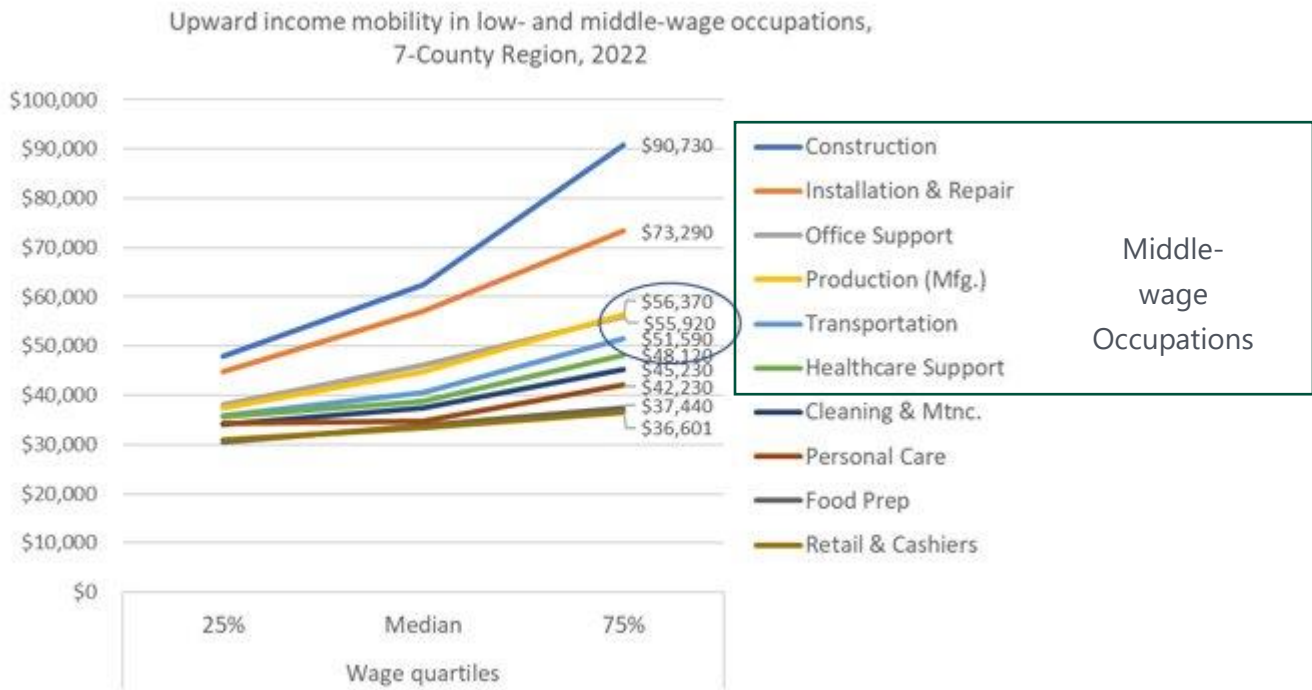
Some middle wage jobs (education and social services) require a 4-year college degree. The focus of this analysis is on middle-wage jobs with a low education barrier (MWLB) that do not require a four-year college degree but may require additional training or a community college certificate – which will be referred to as middle-wage jobs. Industrial and office support occupations make up most of these middle-wage jobs that require little or no college education. Industrial occupations include transportation, production (primarily manufacturing), construction, and installation.

75th percentile wages of high, middle, and low-wage occupations in 2019:

- High-wage: \$90K - \$145K
- Middle-wage: \$47K - \$82K
- Low-wage: \$32K - \$39K

Figure 2 shows that these middle-wage occupations start out with similar wages as low-wage occupations (25th percentile). However, these middle-wage occupations offer higher-wages or a career ladder that results in significantly higher wages at the 75th percentile. Office Support or Administration jobs have a similar income profile as Production or Manufacturing jobs.

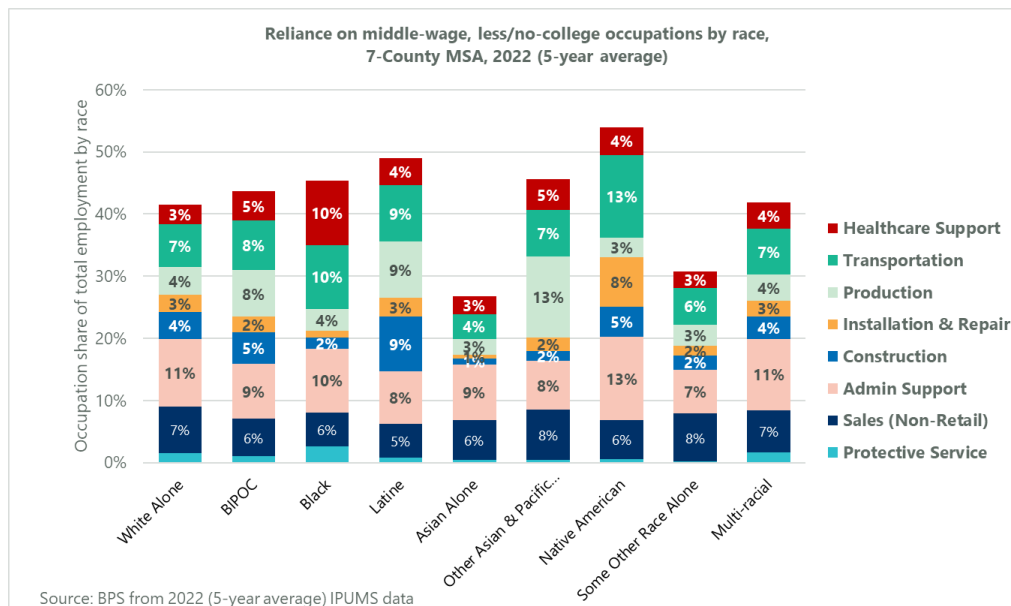
Figure 2. Wage Scales by Occupation



Occupations by Race/Ethnicity

Figure 3 shows that about 43 percent BIPOC workers have middle-wage jobs. Industrial occupations account for 28 percent of BIPOC workers with Office Administration occupations making up another 9 percent of BIPOC workers. These BIPOC occupation shares are similar to the shares for White/Non-BIPOC workers with 21 percent and 11 percent, respectively.

Figure 3. Middle-wage Occupations by Race/Ethnicity



Middle-Wage Job Shares

The MPAP map changes could result in more office jobs to the area, even though the Central Employment (EX) designation will continue to allow for a wide range of industrial uses. A shift to office employment will result in a more middle-wage job opportunities because the total net job opportunities are a function of both middle-wage job shares and employment densities.

Figure 4 shows that 71% of industrial sector jobs are middle-wage jobs. It also shows that 18% of Office sector jobs are middle-wage jobs. It also shows that industrial jobs represent 50% of all middle-wage jobs in the region, with the Office and Institutional/Healthcare sector making up about 20% each.

Figure 4. Job Shares for Middle-wage Occupations

Portland Tri-County Area jobs in 'middle-wage occupations with competitive education less than a Bachelor's degree' (MWLB)				
	Employment Change, 2019-2030			
	Total	MWLB	MWLB %	Sector %
Land use sector groups	Jobs	Jobs	of Sector	of MWLB
			Group	Total
Total employment	101,900	33,200	33%	100%
Industrial sectors	23,600	16,700	71%	50%
Transportation & warehousing	10,900	9,700	89%	29%
Office sectors	35,100	6,400	18%	19%
Institutional sectors	25,000	6,300	25%	19%
Retail & Consumer Svcs	11,800	1,200	10%	4%
Self Employment	6,400	2,600	41%	8%

Source: BPS from Oregon Employment Department projections, 2022

Employment Density

Figure 5 presents employment densities for different employment sectors. Industrial sectors average 12 jobs per acre, whereas office sectors average 275 jobs per acre.

Figure 5. Employment Densities

Land Use Type	Average FAR	Jobs per Acre
Warehouse and Distribution	0.21	9.7
Manufacturing and Production	0.28	14.4
Industrial Service	0.29	16.2
Total Industrial	0.25	12.2
Hospitals and Colleges	0.37	13.9
Retail Sales & Service	0.52	29.4
Office	2.14	275

Source: BPS analysis of Portland permit trends, 2008-2019

Equitable Job Opportunity

Evaluating the access to middle-wage employment opportunities is a combination of the employment sector, job density and the middle-wage job share.

Office: employment density x acres x MWLB share = middle-wage job potential

Industrial: employment density x acres x MWLB share = middle-wage job potential

30 acres of industrial/employment land converted to Central City Employment (EX)

Industrial/Employment Sectors

12.2 jobs per acre x 30 acres x 70% = 256 middle-wage jobs

Office Sector

275 jobs per acre x 30 acres x .3 FAR x 18% = 445 middle-wage jobs

NOTE: the non-residential space requirement is 0.5 FAR. This analysis uses 0.3 FAR for the office space because typical mixed-use development has 0.2 FAR in ground floor commercial space.

This analysis demonstrates that the combination of the middle-wage job target and minimum non-residential space requirement has the potential to create more middle-wage jobs than could be expected from the industrial zoning.

4. Montgomery Park building

The WWC letter raises concern about including the Montgomery Park building in the middle-wage job target. The Montgomery Park building is no longer part of the Public Benefits Agreement. The middle-wage job target has been set at 400 jobs and only applies to the former ESCO site.

MPAP Changes

The map changes from Industrial Sanctuary (IS) and Mixed Employment (ME) comprehensive map designations to Central Employment (EX) are the focus of this analysis (Figure 6). These changes involve the ESCO site, and the industrial area between NW 23rd and NW 24th Avenues.

The American Can site is no longer part of the proposed map changes. The current Mixed Employment (ME) comprehensive plan map designation will remain. Therefore, the impact to the City's industrial land supply has been revised. As shown in Table 2, the MPAP map changes reduce the industrial land supply by 30 acres. This capacity represents a small fraction (0.2 percent) of the total 13,175-acre industrial land base. It represents about 3 percent of the 1,067 acres of development capacity in the Harbor and Airport Districts.

Table 6. MPAP Comprehensive Plan Map Changes

Comprehensive Plan Map Changes (current to proposed)	Net Acres
Industrial Sanctuary (IS) to Central Employment (EX)	5.7 ac
Mixed Employment (ME) to Central Employment (EX)	24.2 ac
Total	29.9 ac

Revised Land Supply Analysis

The 30-acre reduction in industrial land capacity due to the MPAP map changes, reduces the Harbor and Airport Districts surplus to six acres, which is no longer sufficient to cover the shortfall in the Harbor Access Lands (Figure 7). As some of the land demand in each of the industrial employment geographies can be accommodated in other employment geographies, this demand can ultimately be accommodated in the overall surplus of industrial land as follows: land demand in the Harbor Access Lands geography can be accommodated in the Harbor and Airport Districts geography, which in turn some of the demand in the Harbor and Airport Districts could be accommodated in the Columbia East geography, which has a 66-acre surplus. The net result of these changes is that there is an overall surplus of industrial land of 62 acres.

Figure 7. Industrial Land Supply Analysis

Employment Geography	2016 Adjusted Surplus/Deficit	MPAP Changes	Revised Surplus/Deficit
Harbor & Airport Districts	36 ac	-30 ac	6 ac
Harbor Access Lands	-25 ac		-25 ac
Columbia East	66 ac		66 ac
Dispersed Employment	15 ac		15 ac
Total Industrial	92 ac		62 ac