

# **Economic Development Policy Expert Group (EDPEG): Preliminary Policy Concepts, June 12, 2012**

The purpose of this handout is to provide a summary introduction on preliminary policy concepts for economic development in Portland, to begin discussions in the Economic Development Policy Expert Group (EDPEG). Background information is summarized in a few essential topic areas. A preliminary framework and draft policy concepts are suggested as a starting point for discussion, reflecting established and recently developed policy directions. And a few prompting questions are suggested to begin considering the range of appropriate policy options for the next 25 years.

## **Background**

### **Existing Comprehensive Plan policies on economic development**

The economic development chapter (Goal 5) in Portland's Comprehensive Plan was primarily developed in 1980 and partially updated in 1994 (Prosperous Portland). It includes policies on urban development, business development, community-based (neighborhood) economic development, transportation, infrastructure, and land use direction in business districts.

### **Major economic changes since 1980**

- Economic globalization trends since 1990 have put increasing pressure on regions to remain competitive for traded sector growth in order to remain prosperous. Recent state, regional, and city economic development strategies have focused on traded sector growth.
- Reflecting the expanding "creative class" economy, Portland's share of residents employed in management, professional, technical, and creative occupations has risen from 24% in 1970 to 42% in 2000. Portland's urban innovation and livability advantages have been emphasized to support this growth.
- Income distribution is shifting, and nearly all of the economy's inflation-adjusted income growth since 1979 was received by the top-earning 20% of Oregon households. Also, disproportionate upward mobility barriers persist for communities of color, residents with disabilities, female-headed households, and other groups.
- Real average earnings have been declining in Multnomah County since 2000, as local costs of living have outpaced average wage gains. In 2005-07, before the recent recession, only 76% of countywide households had adequate income to meet basic needs at local prices, measured by the Self-sufficiency Index.
- Unemployment in Multnomah County has generally exceeded national and regional averages since 2000, as population growth has outpaced relatively flat job growth.

### **Statewide Planning Goal 9 requirements:**

Oregon's Statewide Planning Goal 9 for economic development is, "To provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens." The Goal 9 Administrative Rule sets out a framework of requirements for economic development policies in comprehensive plans, including (1) overall objectives for economic development, (2) provision of adequate 20-year supply of serviceable

employment land for desired uses based on an Economic Opportunities Analysis, and (3) land use direction for the city's various types of employment land. The Goal 9 Rule also requires comprehensive plan policies for prime industrial land, management of incompatible uses in employment areas, brownfield redevelopment, and short-term land supply.

### **Portland Economic Opportunities Analysis (EOA)**

Portland's Draft EOA analyzes the city's employment land growth capacity to 2035. It has 4 parts, including analysis of growth trends and opportunities, forecast job growth and land needs to 2035 for 10 employment land types (geographies), inventory of existing buildable land capacity to meet forecast demand, and a menu of options to overcome capacity shortfalls and support demand. Portland's location advantages as an economic center, long-term growth trends, and business outlook indicate relatively strong demand for employment land development. The draft EOA forecasts 147,000 new jobs in Portland by 2035, consistent with Metro's forecast for the city.

However, an expanding share of the city's growth capacity is on constrained vacant land and redevelopment sites, and Portland is substantially landlocked by surrounding cities of the metro area. Given existing supply conditions, the draft EOA found current capacity to meet only 57% of forecast demand by 2035 in Columbia Harbor, 21% on Harbor Access Lands, 80% in Dispersed Industrial Areas, 40% in Central City Incubator Districts, and 81% in Campus Institutions.

### **Portland Plan**

The Portland Plan was adopted in April 2012 as a 25-year, intergovernmental strategic plan for the city. It elevates "prosperity" as 1 of 4 core priorities for the next 25 years. It lays out the Economic Prosperity and Affordability to implement it, focusing on traded sector competitiveness, a diverse and growing city economy, and broadly accessible household prosperity. It sets guiding policy directions in response to many of the issues raised in the EOA for the Comprehensive Plan Update, including a job growth target consistent with the EOA, adequate industrial and institutional land capacity, new land use and investment approaches for campus institutions, and new approaches to expand brownfield redevelopment.

## **Preliminary policy concepts and discussion questions**

Policy development in Comprehensive Plan Update is not starting from scratch. The preliminary draft concepts below reflect existing Comprehensive Plan policies and new directions set in the Portland Plan in response to the EOA and other background reports for the plan update. Some prompting questions are suggested as a starting point for EDPEG policy discussions.

#### *Discussion questions:*

- *Do you generally agree or disagree with the overall approach of these policy concepts?*
- *What concerns do you have about specific draft policies?*
- *What other priority directions for economic development should be advanced in these draft policies?*
- *On issues of disagreement, what are key public-interest viewpoints to consider?*

## **A. Overall objectives for economic development**

The draft goal below is the Economic Prosperity and Affordability Strategy goal in the Portland Plan. The goal calls for inclusive economic growth that combines business success and broad household prosperity. It aims to reverse local trends over the last decade of declining average real incomes, flat job growth, and declining prosperity among households at lower income levels. Preliminary policy concepts 1-3 below correspond to the three sections of the Economic Prosperity and Affordability Strategy.

***Economic development 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.*

**1. Traded sector business growth** – *Preliminary draft policy concept: Foster a competitive business environment for traded sector industries and export growth.*

Potential objectives to meet this policy, drawing from the Portland Plan, could emphasize growing industry clusters, urban innovation, and growth as a West Coast trade gateway.

**2. Broad household prosperity and affordability** – *Preliminary draft policy concept: Expand economic opportunities to support an economically and socially diverse population.*

Potential objectives to meet this policy, drawing from the Portland Plan, could emphasize workforce development, middle-income and career-ladder job growth to broaden economic self sufficiency, and disparity reduction.

**3. Diverse, expanding city economy** – *Preliminary draft policy concept: Foster Portland's comparative location advantages, growth and diversity as Oregon's largest job center, creating 27% of the 7-county region's net new jobs.*

Potential objectives to meet this policy, drawing from the Portland Plan, could emphasize adequate land supply, infrastructure investments, city business climate, and neighborhood business vitality.

## **B. Land, transportation and public facilities**

Goal 9 requires Comprehensive Plan policies that commit to adequate 20-year growth capacity and short-term land supply for desired uses, served by adequate public facilities and transportation. Keeping Portland's employment land supply competitive in regional markets will require new tools and market interventions. Comprehensive Plan map amendments will also be needed to fully meet forecast demand. This situation is comparable to Portland's stagnant housing development trend in the 1970s and the responsive policies and incentives that followed to support multi-family housing development and enhance urban livability.

**4. Urban land development** – *Preliminary draft policy concept: Provide adequate, competitive supplies of developable land to support the economic health and targeted job growth of Portland's diverse employment areas.*

Potential objectives to meet this policy could emphasize overcoming brownfield redevelopment impediments, investments that encourage land intensification, new development tools and incentives, manage cumulative rezoning to provide and maintain adequate capacity, and more frequent capacity analysis of short-term land supply.

**5. Transportation and public facilities** – *Preliminary draft policy concept: Provide high quality, reliable public facilities and services to support the economic health and job growth opportunities of Portland's diverse employment areas.*

Potential objectives to meet this policy could emphasize developable employment land capacity, capital project selection, freight mobility, transit-oriented development, energy and infrastructure resilience, livability enhancements, and safety and security.

### **C. Land use in employment areas**

Goal 9 requires Comprehensive Plan land use policies addressing adequate growth capacity and management of incompatible land uses in different types of employment land. Land use direction is organized below by the aggregate employment land geographies in the EOA. The current Comprehensive Plan and Metro's 2040 Plan provide detailed land use direction for employment lands, but new approaches will be needed to address campus institutions, prime industrial land, and neighborhood centers.

**6. Central City** – *Preliminary draft policy concept: Reinforce the Central City's economic vitality and growth potential as the Columbia Basin's commercial office hub and the metropolitan region's largest center of employment, high-density development, innovation, and 24-hour vitality.*

Potential objectives to meet this policy, consistent with draft policy direction in the Central City Plan Update, could emphasize the distinguishing character of EOA employment geographies, desired capacity expansion options, regional transportation hub investment, incentives for regionally competitive office development, innovation center initiatives, and active commercial and residential growth.

**7. Industrial areas** – *Preliminary draft policy concept: Reinforce the traded sector competitiveness and growth potential of Portland's industrial areas as the Columbia Basin's international trade and distribution hub and a regional center of diverse industrial activity.*

Potential objectives to meet this policy could emphasize industrial sanctuaries, prime industrial land, the distinguishing character of EOA employment geographies, land intensification, desired capacity expansion options, relation to watershed health, and neighborhood buffers.

**8. Campus institutions** – *Preliminary draft policy concept: Foster campus institutional development and the growth potential of Portland’s medical centers, colleges, and universities as essential service providers and core features of the expanding knowledge economy.*

Potential objectives to meet this policy could emphasize the distinguishing types of institutional campuses, new zoning and investment approaches, desired capacity expansion options, and neighborhood compatibility.

**9. Neighborhood centers and commercial corridors** – *Preliminary draft policy concept: Support the development and citywide vitality of Portland’s neighborhood centers and commercial corridors to support complete neighborhoods with safe and convenient access to goods and services needed for daily life.*

The Neighborhood Centers Policy Expert Group is responsible for developing this policy, including neighborhood center types. This policy concept is shown as placeholder direction for these employment areas. Potential objectives to meet this policy could also emphasize small business development and neighborhood revitalization based on the Portland Plan and Portland Neighborhood Economic Development Strategy (2011).