

Chapter 6: Economic Development

What is this chapter about?

The goals and policies in this chapter convey the City's intent to:

- Provide land supply to support job growth, and to expand the use of tools, such as brownfield redevelopment, to increase efficient use of land.
- Expand economic opportunity and improve economic equity for Portland's growing population through sustained business growth.
- Support traded sector growth, expand exports and retain Portland's position as an innovative industrial and commercial center and a West Coast trade gateway.
- Provide land use policies to support the growth and vitality of business districts.
- Create an environment that encourages innovation and entrepreneurship, builds on local strengths for business success and growth, and offers businesses a functional and attractive place to locate.

Why is this important?

A healthy economy provides opportunities for people to achieve their full potential and it is the foundation of a livable city. A healthy economy supports the creation of living wage jobs for our growing and increasingly diverse population. It supports a growing tax base for public services. It also improves health and educational outcomes. People with stable jobs and reliable incomes have resources to meet their basic needs, which contributes to their physical and mental health, and to the educational and economic success of youth.

Portland is an innovative employment center in a region with strong economic and export growth. Economic strengths also include a successful Central City and industrial base, a primarily middle-class distribution of jobs that support a diverse community, and livability advantages that attract population growth and talent. However, these strengths mask trends toward declining prosperity for many Portlanders and highlight that economic development must be a higher priority in the coming decades than it has been.

Since 2000, job growth in the city has fallen far short of housing growth. Rising costs of living have outpaced average wages. The share of middle-wage jobs and resulting upward-mobility opportunities for low-income people has declined. Income growth has been concentrated among the top-earning 20 percent of the workforce. In addition, deep income disparities persist for under-represented and under-served populations, such as people of

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color. Research suggests that cities with more equitable economies have stronger economies.

As businesses face an increasingly competitive regional and global marketplace, new directions are needed to sustain job growth and improve economic equity. The region's primarily industrial traded sectors that drive regional prosperity will need more investment in workforce education, land supply, freight infrastructure and innovation. Improving economic equity and affordability will depend on making equity a more central part of City policy and investments.

New land development approaches are needed to improve local competitiveness in regional markets, including more brownfield redevelopment, low-cost office development and institutional zoning. Land use programs must address the increasingly blurred lines between commercial, industrial and create services sectors. Citywide neighborhood prosperity will depend on new approaches to concentrated commercial growth in centers, neighborhood revitalization, flexibility, affordability and small business growth. And business climate improvements are needed to keep regulatory burdens and fees competitive in the regional marketplace.

The world economy is a dynamic system. Portland's economy will continue to change in response to technology, social change and global trends. Zoning and land use must respond to these changes. This kind of local economic innovation will be key to Portland being a player in development of the future economy.

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Goals

Goal 6.A: Prosperity

Portland has vigorous economic growth and a healthy, diverse economy that supports prosperity and equitable access to employment opportunities for an increasingly diverse population. A strong economy that is keeping up with population growth and attracting resources and talent can:

- Create opportunity for people to achieve their full potential.
- Improve public health.
- Support a healthy environment.
- Support the fiscal well-being of the city.

Goal 6.B: Development

Portland supports an attractive environment for industrial, commercial, and institutional job growth and development by 1) maintaining an adequate land supply; 2) a local development review system that is nimble, predictable, and fair; and 3) high-quality public facilities and services.

Goal 6.C: Business district vitality

Portland implements land use policy and investments to:

- Ensure that commercial, institutional, and industrial districts support business retention and expansion.
- Encourage the growth of districts that support productive and creative synergies among local businesses.
- Provide convenient access to goods, services, and markets.
- Take advantage of our location and quality of life advantages as a gateway to Oregon and the Columbia River basin.

Policies

Diverse, expanding city economy

Diverse economic growth is central to Portland's long-term prosperity. It provides jobs for a growing population, improved equity, fiscal stability, neighborhood prosperity, and economic resilience. Moreover, Portland is a statewide economic engine with opportunities and benefits that extend beyond city boundaries.

About 140,000 new jobs are expected in the city between 2010 and 2035, which is consistent with local and national 25-year trends. The policies below set explicit economic growth targets, highlight coordination opportunities, and specify benefits that should be sought through economic growth, and call out important local strengths that support economic growth.

- Policy 6.1** **Diverse and expanding economy.** Align plans and investments to maintain the diversity of Portland's economy and status as Oregon's largest job center with growth across all sectors (commercial, industrial, and institutional) and across all parts of the city.
- Policy 6.2** **Employment growth.** Strive to capture at least 25 percent of the seven-county region's employment growth (Multnomah, Washington, Clackamas, Yamhill, Columbia, Clark, and Skamania Counties).
- Policy 6.3** **Fiscally-stable city.** Maintain a high citywide jobs-to-households ratio that supports tax revenue growth at pace with residential demand for municipal services.
- Policy 6.4** **Economic resilience.** Improve Portland's economic resilience to impacts from climate change and natural disasters through a strong local economy and equitable opportunities for prosperity.
- Policy 6.5** **Low-carbon economy.** Align plans and investments with efforts to improve energy efficiency and reduce lifecycle carbon emissions from business operations. Promote employment opportunities associated with energy efficiency projects, waste reduction, production of more durable goods, and recycling.
- Policy 6.6** **Competitive advantages.** Maintain and strengthen the city's comparative economic advantages including access to a high-quality workforce, business diversity, competitive business climate, and multimodal transportation infrastructure.
- Policy 6.7** **Business environment.** Use plans and investments to help create a positive business environment in the city and provide strategic assistance to retain, expand, and attract businesses.

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- Policy 6.8** **Small business development.** Facilitate the success and growth of small businesses and coordinate plans and investments with programs that provide technical and financial assistance to promote sustainable operating practices.
- Policy 6.9** **Business innovation.** Encourage innovation, research, development, and commercialization of new technologies, products, and services through responsive regulations and public sector approaches.
- Policy 6.10** **Sharing economy.** Encourage mechanisms that enables individuals, corporations, non-profits and government to market, distribute, share and reuse excess capacity in goods and services. This includes peer to peer transactions, crowd funding platforms, and a variety of business models to facilitate borrowing and renting unused resources.
- Policy 6.11** **Economic role of livability and ecosystem services.** Conserve and enhance Portland’s cultural, historic, recreational, educational, food-related, and ecosystem assets and services for their contribution to the local economy and their importance for retention and attraction of skilled workers and businesses.

Land development

According to forecasts, Portland will continue to have relatively strong demand for employment land development. However, most of Portland’s land supply for employment growth is on land that has constraints or is already developed.

Statewide Planning Goal 9 – Economic Development requires Portland to provide adequate long-term and short-term land supply for economic development and job growth, consistent with an Economic Opportunities Analysis. Forecasted demand for buildable land by 2035 includes 150 acres in the Central City, 1,350 acres in industrial districts, 690 acres in neighborhood business districts, and 370 acres for campus institutions.

New directions to support Portland’s land supply for job growth include policies for adequate long-term and short-term development capacity, a targeted increase in brownfield redevelopment, incentives to maintain competitiveness in regional markets, and guidance for streamlining the City’s regulatory climate.

- Policy 6.12** **Land supply.** Provide supplies of employment land that are sufficient to meet the long-term and short-term employment growth forecasts, adequate in terms of amounts and types of sites, available and practical for development.
- Policy 6.13** **Land efficiency.** Provide strategic investments and incentives to leverage infill, redevelopment, and promote intensification of scarce urban land.

- Policy 6.14** **Brownfield redevelopment.** Cleanup and redevelop 60 percent of brownfield acreage by 2035. Additional related policies are found in the Industrial and Employment Districts section of this chapter.
- Policy 6.15** **Annexation.** Facilitate a predictable, equitable process for annexation of employment lands within the urban services area as needed to meet the City’s forecasted land needs. See the West Hayden Island policy in the Industrial and Employment Districts section below.
- Policy 6.16** **Regionally-competitive development sites.** Improve the competitiveness of the vacant and underutilized sites located in Portland’s employment areas through the use of incentives and regional and state assistance for needed infrastructure and site readiness improvements.
- Policy 6.17** **Regulatory climate.** Improve development review processes and regulations to encourage predictability and support local and equitable employment growth and encourage business retention, including:
- 6.17.a.** Assess and monitor cumulative regulatory costs to ensure that Portland is financially competitive with other comparable cities.
 - 6.17.b.** Promote certainty for new development through appropriate allowed uses and “clear and objective” standards to permit typical development types without a discretionary review.
 - 6.17.c.** Allow discretionary-review as a way to facilitate flexible and innovative approaches to meet requirements.
 - 6.17.d.** Design and monitor development review processes to avoid unnecessary delays.
 - 6.17.e.** Promote cost effective compliance with federal and state mandates, productive intergovernmental coordination, and avoid duplicative procedures when City policies can be achieved through other means.
- Policy 6.18** **Short-term land supply.** Provide for a competitive supply of development-ready sites, with different site sizes and types, to meet five-year demand for employment growth in the Central City, industrial areas, campus institutions, and neighborhood business districts.
- Policy 6.19** **Evaluate land needs.** Update the Economic Opportunities Analysis and short-term land supply strategies every 5 to 7 years.
- Policy 6.20** **Corporate headquarters.** Provide land opportunities in suitable locations for development of corporate headquarters campuses.

Traded sector competitiveness

Global trends have put increasing pressure on regions to strengthen their competitiveness for traded-sector growth, which drives regional prosperity. Traded sectors are local businesses of all sizes that export goods and services and compete in markets outside of the region, bringing income and jobs into the region. These sectors have become more vulnerable and dynamic in the shifting global marketplace, as they reinvent their supply and distribution lines and concentrate activity in lower cost or higher productivity locations.

The following policies call for focusing limited resources on strategic traded sector specializations with growth prospects. This region's growing export activity is concentrated in high tech and advanced manufacturing, where job growth has been modest but output growth continues to outpace the service sectors. Other growing export specializations include software, apparel, clean-tech, freight-hub distribution, and creative services. While these growing specializations are expected to shift over time with market changes, connecting existing and emerging local business with global markets helps bring new resources into the region.

- Policy 6.21** **Traded sector competitiveness.** Align plans and investments with efforts to improve the city and regional business environment for traded sector and export growth. Participate in regional and statewide initiatives.
- Policy 6.22** **Clusters.** Align plans and investments with efforts that direct strategic business development resources to enhance the competitiveness of businesses in traded sector clusters.
- Policy 6.23** **Trade and freight hub.** Encourage investment in transportation systems and services that will retain and expand Portland's competitive position as a West Coast trade gateway and freight distribution hub.
- Policy 6.24** **Import substitution.** Encourage local goods production and service delivery that substitute for imports and help keep the money Portlanders earn in the local economy.
- Policy 6.25** **Business opportunities in urban innovation.** Strive to have Portland's built environment, businesses, and infrastructure systems showcase examples of best practices of innovation and sustainability.
- Policy 6.26** **Traded sector diversity.** Encourage partnerships to foster the growth, small business vitality, and diversity of traded sectors.

Equitable household prosperity

National and local trends reveal growing inequities in economic opportunity. Income growth has been concentrated among the top-earning 20 percent of the workforce as disproportionate barriers to upward mobility persist for people of color and people with disabilities. Since 2000, slower job growth and the decline of middle-wage jobs have further widened economic insecurity, increased unemployment, and reduced upward-mobility opportunities for the working poor. Rising inequality threatens the long-term stability of our economy.

In response, the Portland Plan set a high bar for improving economic equity, targeting increased levels of income self-sufficiency from 77 percent of county households to 90 percent by 2035. The new policy directions below support expanded employment, and housing opportunities to increase middle-class prosperity, improve job growth in East Portland, and coordinate efforts to overcome poverty and disparities.

- Policy 6.27** **Income self-sufficiency.** Improve access to self-sufficient wage levels and career ladders for low-income people by maintaining an adequate and viable supply of employment land and public facilities to support and expand opportunities in Portland for middle and high wage jobs that do not require a 4-year college degree. Evaluate plans and investments for their impact on middle and high wage job creation and retention.
- Policy 6.28** **East Portland job growth.** Improve opportunities for East Portland to grow as a business destination and source of living wage jobs.
- Policy 6.29** **Poverty reduction.** Encourage investment in and alignment of poverty-reduction efforts that address economic development, land use, transportation, housing, social services, public health, community development, and workforce development.
- Policy 6.30** **Disparity reduction.** Encourage investment in and alignment of public efforts to reduce racial, ethnic, and disability-related disparities in income and employment opportunity.
- Policy 6.31** **Minority-owned, woman-owned and emerging small business (MWESB) assistance.** Ensure that plans and investments improve access to contracting opportunities for minority-owned, woman-owned, and emerging small businesses.

Transportation, public facilities, and economic development

Transportation and other public facilities and services play critical roles in ensuring an adequate land supply for job growth, strengthening competitive location advantages, and providing better access to employment opportunities. See the Public Facilities and Transportation chapters for related policies on prosperity objectives, leveraging private investment, and freight mobility.

Central City

Central City is the region's and the state's high density employment center. While it is primarily an office district for professional and business services, finance, information, and government, it's also a key location for the entertainment, tourism, small industry, and education sectors. See the Central City 2035 plan for the land use and development policies for this part of the city's economy. The following policies provide overall direction for the Central City's continued employment growth, competitive roles in the region, and land use in the Central City industrial districts.

Policy 6.32 Central City. Maintain the Central City's regional share of employment and continue its growth as the unique center of both the city and the region for innovation and exchange through commerce, employment, arts, culture, entertainment, tourism, education, and government.

Policy 6.33 Central City industrial districts. Protect and facilitate the long-term success of Central City industrial districts, while supporting their evolution into places with a broad mix of businesses with high employment densities.

Industrial and Employment Districts

Portland is the core of the region's distribution and diverse manufacturing economy, including the state's (and the Columbia River Basin's) largest seaport, rail hub, and airport. Established "industrial sanctuaries" meet the needs of manufacturing and distribution firms for medium to large sites, and are buffered from housing. Other types of employment areas include flex space developments, incubator districts for emerging local businesses, industrial headquarters offices, and dispersed neighborhood employment areas. The businesses in these districts are a primary source of Portland's middle-wage jobs, upward mobility opportunities, and traded sector activity (See Figure 6-1).

Looking forward to 2035, new strategies are needed to expand capacity for employment growth while also meeting environmental and other objectives. The policies below call for new tools to accelerate brownfield redevelopment, make freight investments that expand market access and industrial land intensification, more effectively protect prime industrial land, and strategically expand industrial and flexible neighborhood employment areas.

- Policy 6.34 Industrial land.** Provide industrial land that encourages industrial business retention, growth, and traded sector competitiveness as a West Coast trade and freight hub, a regional center of diverse manufacturing, and a widely accessible base of family-wage jobs, particularly for under-served and under-represented people.
- Policy 6.35 Industrial sanctuaries.** Protect industrial land as industrial sanctuaries identified on the Comprehensive Plan Map primarily for manufacturing and distribution uses and to encourage the growth of industrial activities in the city.
- Policy 6.36 Prime industrial land retention.** Protect the multimodal freight-hub industrial districts at Portland Harbor, Columbia Corridor, and Brooklyn Yard as prime industrial land (see Figure 6-1) that is prioritized for long-term retention:
- 6.36.a.** Strictly limit quasi-judicial Comprehensive Plan Map amendments that convert prime industrial land and consider the potential for amendments to otherwise diminish the economic competitiveness or viability of prime industrial land.
- 6.36.b.** Limit conversion of prime industrial land through land use plans, regulations, or public land acquisition for non-industrial uses, especially land that can be used by river-dependent and river-related industrial uses.
- 6.36.c.** Identify how regulations affect the capacity, affordability, and viability of industrial uses, and minimize those impacts.
- 6.36.d.** Strive to offset the reduction of development capacity as needed, with additional prime industrial capacity that includes consideration of comparable site characteristics.
- Policy 6.37 Harbor access lands.** Limit use of harbor access lands to river- or rail-dependent or related industrial land uses due to the unique and necessary infrastructure and site characteristics of harbor access lands for river-dependent industrial uses.
- Policy 6.38 Industrial land use intensification.** Encourage reinvestment and intensification of industrial land use, as measured by output and throughput per acre.
- Policy 6.39 Industrial brownfield redevelopment.** Provide incentives, technical assistance and direct support to overcome financial-feasibility gaps to enable remediation and redevelopment of brownfields for industrial growth.

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- Policy 6.40** **Portland Harbor Superfund Site.** Take a leadership role in prompt resolution and cleanup of the Portland Harbor Superfund Site and redevelopment of associated brownfields. Encourage a science-based and cost-effective cleanup solution that facilitates re-use of land for river- or rail-dependent or related industrial uses.
- Policy 6.41** **West Hayden Island.** Provide for the future annexation of West Hayden Island for a combination of open space and deep water marine industrial uses with supplemental requirements in a plan district or other implementation agreement that ensures mitigation of impacts and provision of public benefits. The annexation ordinance, future zoning, plan districts, and intergovernmental agreements will be used to:
- Allow no more than 300 acres for future deep water marine terminal and infrastructure development.
 - Permanently protect and enhance at least 500 acres as open space, to be managed primarily for the benefit of the regional ecosystem.
- Policy 6.42** **Multimodal freight corridors.** Encourage freight-oriented industrial development to locate where it can maximize the use of and support reinvestment in multimodal freight corridors.
- Policy 6.43** **Dispersed employment areas.** Provide small, dispersed employment areas for a flexible and affordable mix of office, creative services, small scale manufacturing, traded sector and distribution, and other small-format light industrial and commercial uses with access to nearby freeways or truck streets.
- Policy 6.44** **Impact analysis.** Evaluate and monitor the impacts on industrial land capacity that may result from land use plans, regulations, public land acquisition, public facility development, and other public actions.
- Policy 6.45** **Clean, safe, and green.** Encourage improvements to the cleanliness, safety, and ecological performance of industrial development and freight corridors by facilitating adoption of market feasible new technology and design.
- Policy 6.46** **Industrial growth and watershed health.** Facilitate concurrent strategies to protect and improve industrial capacity and watershed health in the Portland Harbor and Columbia Corridor areas.
- Policy 6.47** **District expansion.** Provide opportunities for expansion of industrial areas based on evaluation of forecasted need and the ability to meet environmental, social, economic, and other goals.

- Policy 6.48** **Golf course reuse and redevelopment.** Facilitate a mix of industrial, natural resource, and public open space uses on privately owned golf course sites in the Columbia Corridor that become available for reuse.
- Policy 6.49** **Residential and commercial reuse.** Facilitate compatible industrial or employment redevelopment on residential or commercial sites that become available for reuse if the site is in or near prime industrial areas, and near a freeway or on a freight street.
- Policy 6.50** **Public facilities and land acquisition.** Limit the use of prime industrial land for parks or other non-industrial public facilities.
- Policy 5.51** **Mitigation banks.** Facilitate industrial site development by promoting and allowing environmental mitigation banks that serve industrial land uses on prime industrial land.
- Policy 6.52** **Neighborhood buffers.** Maintain and enhance major natural areas, open spaces, and constructed features as boundaries and buffers for the Portland Harbor and Columbia Corridor industrial areas.

Campus institutions

Health care and education sectors are concentrated in large hospital, college, higher education and high school campuses (see Figure 6-2) as well as dispersed smaller facilities. Major institutions are large employers with campuses that vary from pastoral expanses to more concentrated urban grounds. Health care and education are projected to be the city's leading job growth sectors, adding more than 50,000 new jobs by 2035 at campus institutions and in other commercial areas. Rapid growth of campus institutions is a national trend, and best practices offer opportunities to plan effectively for this campus growth, and reduce neighborhood impacts. Examples of new directions in the policies below include designation of major campuses as employment land, regulatory improvements, and transportation-related improvements.

- Policy 6.53** **Campus institutions.** Provide for the stability and growth of Portland's major campus institutions (see Figure 6-2: Campus Institutions) as essential service providers, centers of innovation, workforce development resources, and major employers.
- Policy 6.54** **Campus land use.** Provide for major campus institutions as a type of employment land, allowing uses typically associated with health care and higher education institutions.
- Policy 6.55** **Development impacts.** Protect the livability of surrounding neighborhoods through adequate infrastructure and campus development standards that foster suitable density and attractive campus design.

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- Policy 6.56** **Community amenities and services.** Encourage campus development that provides amenities and services to surrounding neighborhoods, emphasizing the role of campuses as centers of community activity.
- Policy 6.57** **Campus edges.** Provide for context-sensitive, transitional uses and development at the edges of campus institutions to enhance their integration into surrounding neighborhoods, including mixed-use and neighborhood-serving commercial uses where appropriate.
- Policy 6.58** **Satellite facilities.** Encourage opportunities for expansion of uses, not integral to campus functions, to locate in centers and corridors to support their economic vitality.

Neighborhood business districts

Neighborhood business districts are mixed-use corridors and centers outside of the Central City (see Figure 6-3: Neighborhood Business Districts). Home to retail and related businesses that typically serve customers on-site, they are commonly interspersed with multi-family housing. Many of these districts are experiencing significant growth and change, providing synergistic locations for concentrated housing and commercial growth in “complete neighborhoods” with convenient access to services.

Neighborhood business districts also provide major economic benefits by keeping local dollars circulating within Portland, providing goods and services to nearby residents, defining neighborhood character, supporting small business vitality, and accounting for about one-fourth of all jobs in the city. Neighborhood business districts are especially important to Portland because we are a city mainly made up of small business.

New directions to support these multi-functional places include:

- A framework of new centers and civic corridors well served by pedestrian, bicycle, and transit systems.
- Focused public investments that attract concentrated growth and improve equity, and community-based economic development initiatives that broaden access to jobs and prosperity.
- Opportunities for affordable commercial space and affordable housing.

- Policy 6.59** **Neighborhood business districts.** Provide for the growth, economic equity, and vitality of neighborhood business districts (Figure 6-3).
- Policy 6.60** **District function.** Enhance the function of neighborhood business districts as a foundation of neighborhood livability.
- Policy 6.61** **Small, independent businesses.** Facilitate the retention and growth of small and locally-owned businesses.
- Policy 6.62** **Home based business.** Encourage low-impact home based businesses in residential areas.
- Policy 6.63** **Neighborhood-serving business.** Provide for neighborhood business districts and small commercial nodes in areas between centers to expand local access to goods and services. Allow nodes of small-scale neighborhood serving commercial uses in large planned developments and as a ground floor use in high density residential areas.
- Policy 6.64** **Investment priority.** Prioritize commercial revitalization investments in neighborhoods that serve communities with limited access to goods and services.
- Policy 6.65** **Involuntary commercial displacement.** Evaluate plans and investments for their impact on existing businesses.
- 6.66.a.** Limit involuntary commercial displacement in areas at risk of gentrification and incorporate tools to reduce the cost burden of rapid neighborhood change on vulnerable small business owners.
- 6.66.b.** Encourage the preservation and creation of affordable neighborhood commercial space to support a broad range of small business owners.
- Policy 6.66** **Temporary and informal markets and structures.** Acknowledge and support the role that temporary markets (farmers markets, craft markets, flea markets, etc.) and other temporary or mobile vending structures play in enabling startup business activity. Also acknowledge that temporary uses are assumed to be replaced ultimately by more permanent development and uses.

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Policy 6.67 Community economic development. Encourage collaborative approaches to align land use and neighborhood economic development for residents and business owners to better connect and compete in the regional economy.

6.68.a. Encourage broad-based community coalitions to implement land use and economic development objectives and programs.

6.68.b. Enhance opportunities for cooperation and partnerships between public and private entities that promote economic vitality in communities most disconnected from the regional economy.

6.68.c. Encourage cooperative efforts by area businesses, business associations, and neighborhood associations to work together on commercial revitalization efforts, sustainability initiatives, and transportation demand management.

Policy 6.68 Centers. Encourage concentrations of commercial services and employment opportunities in centers.

6.68.a. Encourage a broad range of neighborhood commercial services in centers to help residents and others in the area meet daily needs and/or serve as neighborhood gathering places.

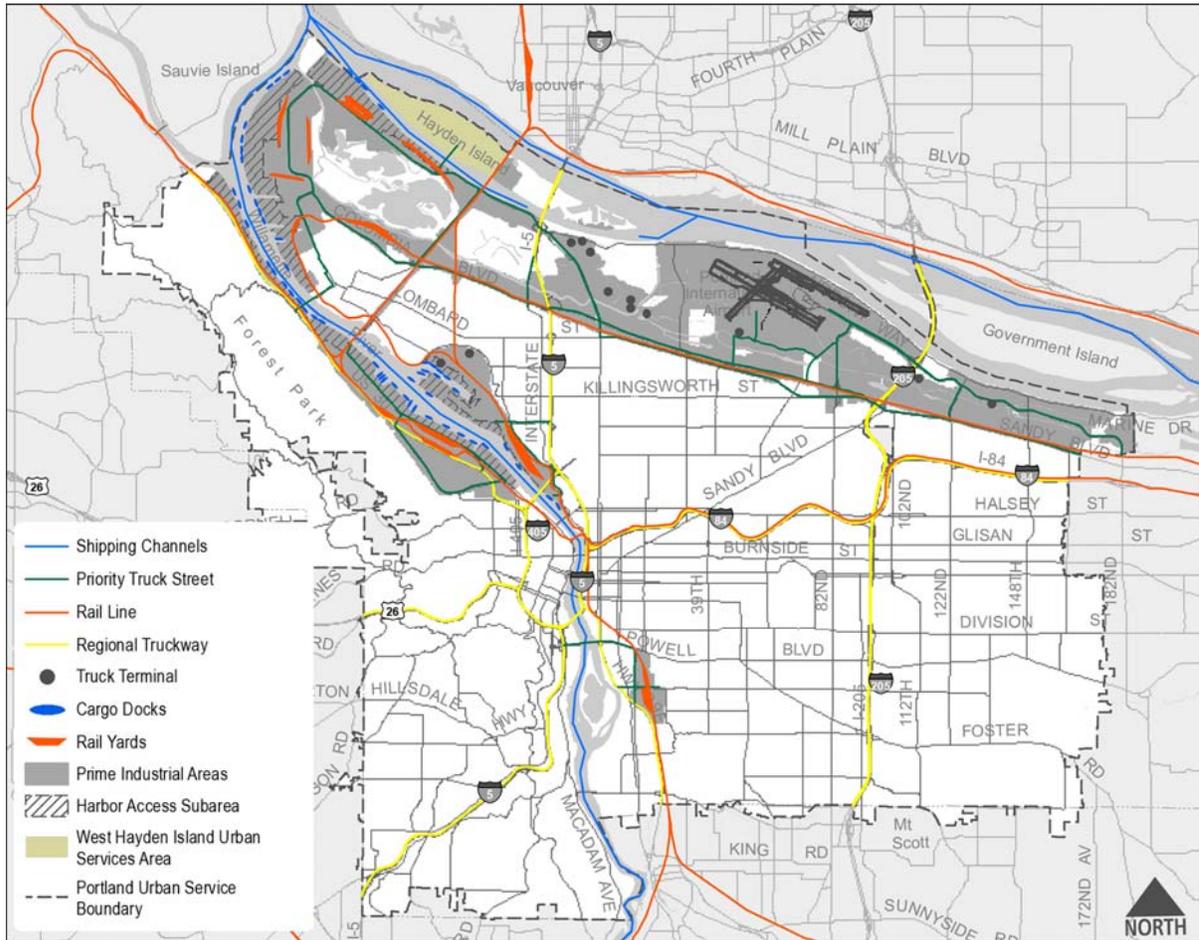
6.68.b. Encourage the development and retention of grocery stores and local markets as essential elements of centers.

6.68.c. Enhance opportunities for services and activities in centers that are responsive to the needs of the populations and cultural groups of the surrounding area.

6.68.d. Require that ground-level building spaces in core areas of centers accommodate commercial or other street-activating uses and services.

6.68.e. Encourage employment opportunities as a key function of centers, including connections between centers, institutions, and other major employers to reinforce their roles as vibrant centers of activity.

Figure 6-1. Industrial and Employment Districts



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Figure 6-2. Campus Institutions

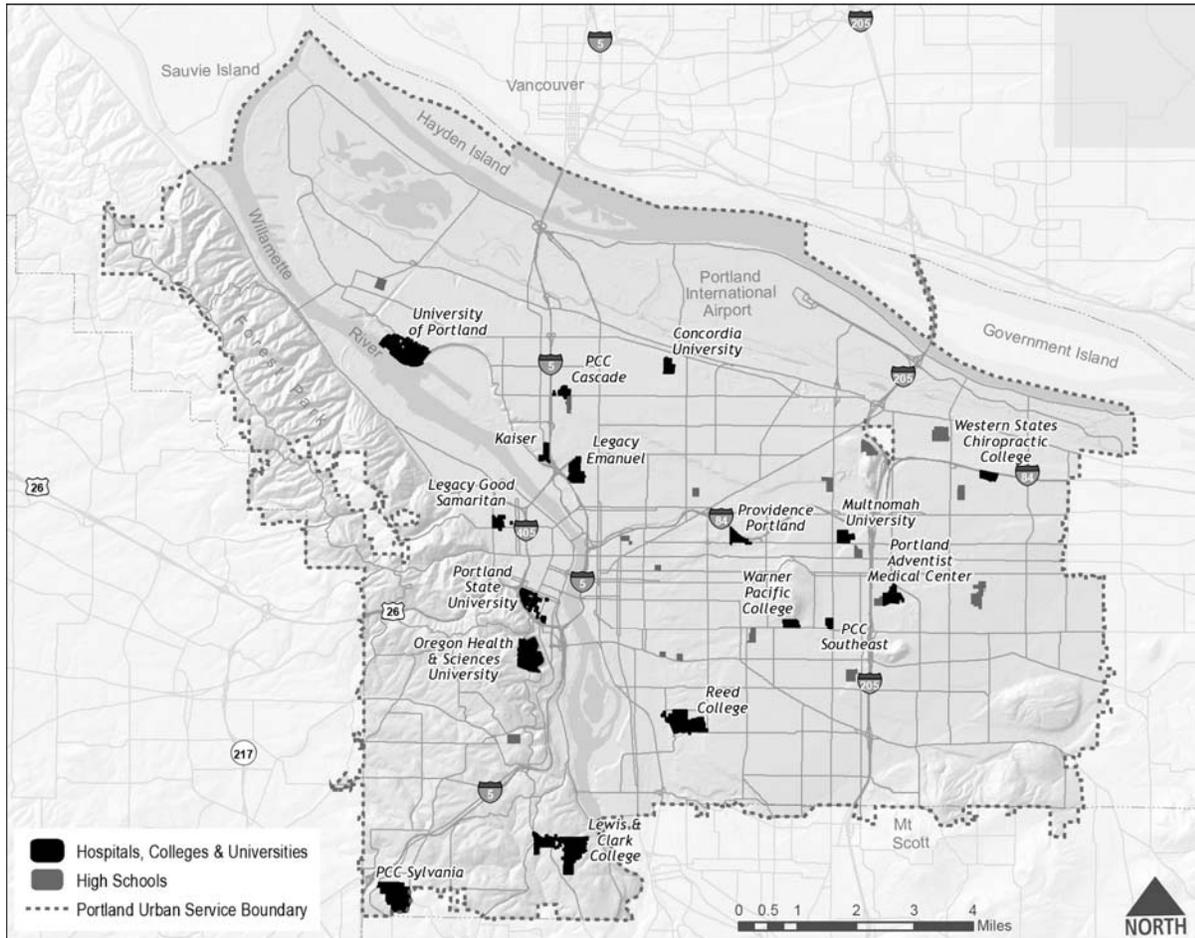


Figure 6-3. Neighborhood Business Districts

