

Economic Assessment and Job-Creation Strategies for the Central Eastside Urban Renewal Area

Prepared for

Portland Development Commission

by

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FINAL REPORT

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Table of Contents

	Page
SUMMARY	III
CHAPTER 1 BACKGROUND	1-1
PURPOSE OF THIS REPORT	1-1
RELATION TO OTHER REPORTS	1-2
METHODS.....	1-2
Data analysis	1-2
Literature review	1-3
Interviews.....	1-3
Advisory committee review	1-3
ORGANIZATION OF THIS REPORT.....	1-4
CHAPTER 2 JOBS AND DEVELOPMENT: A CONTEXT FOR STRATEGIES	2-1
WHAT IS ECONOMIC DEVELOPMENT?	2-1
WHAT DRIVES LONG-RUN ECONOMIC DEVELOPMENT	2-2
WHY CARE ABOUT JOB CREATION?	2-3
IMPLICATIONS FOR THIS STUDY	2-3
CHAPTER 3 ECONOMIC CONDITIONS	3-1
HOUSEHOLD AND WORKFORCE CHARACTERISTICS	3-1
Area boundaries	3-1
Population and households.....	3-2
Age	3-2
Housing characteristics.....	3-2
Place of work	3-2
Education.....	3-3
Industrial sectors that Employ residents	3-3
Occupation of residents	3-4
Household income	3-4
LAND USE AND DEVELOPMENT	3-4
Undeveloped land and lot size.....	3-4
Zoning.....	3-5
Real estate markets and development	3-5
EMPLOYMENT	3-6
Employment by zone	3-6
Employment by sector	3-7
Firm size	3-8
Job growth 1996-2000	3-8

Employment forecasts	3-9
SUMMARY.....	3-10
CHAPTER 4 COMPARATIVE ADVANTAGES	4-1
EVALUATION OF COMPARATIVE ADVANTAGES, BY TYPE.....	4-1
Household and workforce characteristics	4-1
Location	4-2
Available land	4-2
Zoning.....	4-2
Built Environment.....	4-4
Streetscape and pedestrian environment	4-4
Transportation and utilities.....	4-5
Firm type and size	4-6
Job densities.....	4-6
Other.....	4-7
Summary	4-7
CONCLUSIONS: FUTURE GROWTH IN THE CES	4-8
Job growth forecasts.....	4-8
Assessment of forecasts.....	4-9
CHAPTER 5 STRATEGY AND WORK PLAN	5-1
GOALS FOR JOB CREATION IN THE CES.....	5-1
TARGET SECTORS	5-3
OVERALL STRATEGY FOR ECONOMIC DEVELOPMENT AND JOB CREATION IN THE	
CES	5-4
Planning and organizing for physical development.....	5-4
Direct development assistance	5-12
Other job-creation activities	5-16
Summary	5-19
APPENDIX A: ECONOMIC DATA ON THE CES	A-1
APPENDIX B: REGIONAL MARKET CONDITIONS	B-1
APPENDIX C: RELATED DOCUMENTS REVIEWED.....	C-1
APPENDIX D: POTENTIAL STRATEGIES FOR JOB CREATION.....	D-1
APPENDIX E: MAPS	E-1

Summary

BACKGROUND

This report contains an economic assessment of the Central Eastside Urban Renewal District (the CES URD) and recommendations regarding potential and desirable strategies for economic development within that District. *Job creation is the focus of this report.*

This report makes the case that the main determinant of job growth is the ability of an area to efficiently provide for the development that will accommodate new jobs. Thus, the job strategy is inextricably linked to the development strategy. This report provides an overall strategy for that development, and addresses other programs for job development (e.g., job training).

ECONOMIC ASSESSMENT

The CES is an older area that is primarily built-out, with few large vacant areas of land. Zoning is primarily for industrial and commercial uses. Market rents are comparable to those elsewhere in the region, while vacancy rates for building space are slightly higher due to the older space that is available.

"Industrial" employment composes about 60% of jobs in the CES, and about 70% of jobs in the CES's industrial zones. Employing firms in the CES cover a wide range of industrial and non-industrial sectors, and most firms in the CES are small.

The CES has the following *advantages* for job development:

- Proximity to downtown and central location for workforce
- Educated workforce
- Industrial sanctuary zoning keeps land costs and rent low for industries
- Diverse economy
- Historical buildings with character
- Good local transportation access
- Outstanding view potential and water access

The CES has the following *disadvantages* for job development:

- Industrial jobs do not match white-collar occupations of neighborhood residents
- Little vacant land
- Industrial sanctuary zoning limits employment growth and employment density
- Older buildings have poor layout for modern manufacturing and require seismic upgrade

- Poor streetscape
- Limited freeway access, circulation problems, and insufficient transit service for industrial uses

The official job growth forecasts by Metro for the CES are for an increase of 20%, or just over 3,500 jobs, from 2000 to 2020. Given its economic characteristics, the CES may have some difficulty achieving these employment growth targets, and more difficulty in surpassing them, without either (1) the allowance of more diverse employment than what is currently allowed, or (2) other actions by PDC such as those that follow.

RECOMMENDED STRATEGIES AND ACTIONS

Chapter 5 of this report describes both an overall strategy for economic development and job creation in the CES, and a specific set of actions for PDC to take during the next three years to increase the opportunities for job growth in the CES. It recommends 19 actions for PDC:

A. Planning and organizing for the physical development for all key areas

1. Implement Lower East Burnside Redevelopment Plan: RFP for development of Block 76
2. Completion of planning studies: DOS, MLK/Grand, transportation and parking plans
3. Parking district
4. Zone amendments: explore IX zone or performance zones
5. Improvements to the regulatory process: Establish Eastside Action Team/Bureau
6. Empowerment zones: Market EZ

B. Direct development assistance

7. Infrastructure improvements: freeway access, transit, and internal circulation
8. Implement PDC grants and loans in the CES
9. One-stop loan program/bank consortium
10. Building rehab projects
11. Targeted property acquisition, land assembly, and “superblocks”
12. Economic Development Opportunity Fund

C. Other job-creation activities

13. Promotion of identity: marketing plan
14. Business-to-Business Center (showcase space)
15. Quality jobs requirements in Development Agreements (DDAs)
16. Workforce training: business/job center
17. Business accelerator
18. Business retention program
19. Large owner group