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A great place to live, not work

New strategy says economy needs more than quality of life

BY JIM REDDEN

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Portland's new economic development strategy includes a shocking admission for this city: Livability alone does not create jobs.

"The city and region have long assumed that investments in quality of life would result in job growth in the city. These investments have succeeded in generating an unprecedented influx of creative talent to the city, but that alone has not created new jobs," according to the strategy approved Oct. 8 by the City Council.

On top of that, Mayor Sam Adams, the driving force behind the new strategy, says the city has not even promoted its livability too effectively.

"We haven't marketed ourselves very well," says Adams, who initiated work on the latest strategy shortly after taking office.

The admission runs contrary to the mantra, repeated for years by city leaders, that the region's quality of life gives Portland an economic advantage over other metropolitan areas. Millions of public dollars have been spent to maintain and improve regional livability through mixed-use developments, transit connections and open spaces. One result has been an influx of talented young people, dubbed the "Creative Class."

But, according to the strategy written by the Portland Development Commission and various public and private partners, economic dividends have not appeared. Even during periods of strong employment growth, the city has consistently lagged behind the surrounding region in job growth, the strategy says. Between 1998 and 2006, the percent of jobs located more than 10 miles from downtown increased from 23.8 percent to 29.4 percent. In comparison, the percent of jobs within three miles of downtown decreased from 27.4 percent to 23.4 percent during that same period of time.

The recession is hitting Portland harder than much of the rest of the country. The city's unemployment rate is hovering at around 12 percent, well above the national average of 9.8 percent. The strategy says regional employment peaked in May 2008. Around 44,000 jobs have been lost over the past 12 months or so – a decline of 4.3 percent.

A recent report from the Portland Business Alliance confirms that trend, with 3,000 downtown jobs disappearing between 2007 and 2008. According to the organization's most recent Downtown Business Census and Survey, the number of jobs in the area between Interstate 5 and Interstate 405 fell from 86,000 to 83,000 between those years – the lowest number of downtown jobs since 2002, shortly after the start of the last recession.

"I've heard it said that Portland is a great place to be unemployed, but sooner or later you've got to get off the couch and get a job," says Bill Reid, an economist with the downtown firm of Johnson Gardner LLC.

10,000 jobs in five years?

After acknowledging the economic situation, the new strategy calls for a transformation in the city's job-creation efforts.



ADAMS

“Continued emphasis on investments in transit infrastructure, housing and social service at the expense of economic development will not grow the local economy. Job growth requires explicit investments in retaining and growing firms, training workers, funding innovation and developing catalytic projects,” the strategy reads.

The strategy calls for creating 10,000 new jobs in five years. They would be concentrated in the following four industrial fields, called clusters:

- Clean tech and sustainable industries, which include firms in the renewable energy, green building, environmental services and recycling fields.
- Activewear companies, which include those designing and manufacturing outdoor gear and performance footwear and apparel.
- Software, including companies working on Web-based and mobile applications.
- Advanced manufacturing, which is defined as companies working in both the metal and electronic manufacturing fields.

Adams says the clusters were identified by the Portland Development Commission working with such partners as Greater Greenlight Portland, a business-backed economic development advocacy group. They were then reviewed by a number of consultants to ensure they had the most potential for growth.

“These clusters have more of a presence and are doing better in Portland than you would expect, compared to the national data,” says Lorelei Juntunen, an economist with the ECONorthwest consulting firm. “These are the right ones to focus on.”

The “clean tech and sustainable industries” goal is intended to capitalize on Portland’s existing reputation and expertise in the field of sustainable development. Among other things, it calls for the enactment of the new Climate Change Action Plan being considered by the city and Multnomah County. It includes incentives for weatherizing homes and businesses that could potentially create many local jobs.

“Few cities, if any, are as well positioned not only to lead the development of the sustainable global economy but to supply the necessary products, services and expertise to run a sustainable economy,” the strategy reads.

Funding not identified

Conspicuously absent from the strategy is bioscience, a cluster heavily pursued by the city in recent years. Juntunen says the city still considers bioscience an important field, but not one that has a stronger presence in Portland than the rest of the nation. The strategy, however, calls for supporting the planned expansion of the Oregon Health & Science University in the South Waterfront area.

The strategy calls for spending \$381 million in public and private funds during the next five years to help create jobs in these clusters, including administrative and construction costs. It estimates that \$27 million will be spent this fiscal year on a variety of existing and recent programs and projects.

Additional funds will be required during the next four years, with potential sources ranging from federal funds to the formation of local economic development districts and the creation of a municipal carbon tax.

“We’re still looking at a range of options,” Adams says.

Although Reid applauds the city for taking a more realistic approach to economic development, he doubts the strategy will come close to achieving its ambitious goal of creating 10,000 new jobs in five years – especially given the economy.

“An economic development plan needs to be pie-in-sky realistic, but that means reversing the trend that started during the greatest real estate boom in history at a time when the economy is stagnant,” Reid says.

Adams, however, defends the 10,000-job goal as not only possible but necessary, considering the high unemployment rate. He also says that in addition to the four clusters in the report, the city will aggressively pursue any other economic development opportunity that comes along.

“We’re always on the lookout for new opportunities,” Adams says.

