



Economic Development Strategy

Adopted

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Portland Development Commission



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I. Introduction

This ***Economic Development Strategy*** is an integration of various reports, studies and factors which together represent a strategy and work plan for the Portland Development Commission to undertake in meeting goals of the Lents Town Center Urban Renewal Plan. Preparation of this Strategy was coordinated by the staff of the PDC Economic Development Department with the assistance of independent consultants. The public has been involved in developing this Strategy through participation on the Workforce and Economic Development Project Advisory Committee (PAC) and the Urban Renewal Advisory Committee (URAC). Other community stakeholders and partners have also provided feedback at an open house and other community meetings.

As adopted by the City Council on Sept. 9, 1998, the Lents Town Center Urban Renewal Plan contains as a primary Goal:

Help businesses create family-wage jobs within the Area and help make these jobs available to residents of the Area.

The research and analysis undertaken and described in this Strategy is the basis for the conclusions and recommendations being made herein to address employment opportunities, wage levels, workforce development and training, entrepreneurial activities, and marketing and education.

The goals and objectives of this Strategy also fit within a larger policy overlay which includes the City of Portland's Comprehensive Plan, the Outer Southeast Community Plan, and other community planning efforts.

The recommendations in this Strategy are influenced by a number of factors, including: the relatively limited amount of industrially zoned land and its proximity to the environmentally sensitive Johnson Creek Basin; the existing demographic and educational characteristics of the Area's residents; and the limitation on use of tax increment funds to "bricks and mortar" capital projects, as distinguished from programmatic support for organizations or institutions.

Successful implementation of this Strategy will also be influenced by a number of factors, including:

- ◆ the general health of the regional, state and national economy;

- ◆ the cooperation and participation of private property and business owners;
- ◆ the cooperation and participation of community partners and organizations involved in workforce development and training;
- ◆ commitment by the URA's PACs to integrate strategies and goals;
- ◆ a balance of community objectives regarding the environment and the economy;
- ◆ a successful marketing campaign to raise the visibility of the URA as a good place to live, work, and operate a business.

II. Primary Jobs

In 2000, PDC contracted with Pat Scruggs & Associates to undertake a major study and analysis of various characteristics and opportunities within the Lents Town Center Urban Renewal Area related to strategies for creating family wage jobs. The work was conducted under contract with PDC. The following are excerpts (shown within a text box) from the full report, *Strengthening Lents' Economy Through Family Wage Job Creation*. [Complete document can be downloaded from the LentsTownCenter.com website.]

Executive Summary

This report constitutes a primary jobs strategy for the Lents Town Center Urban Renewal Plan. The purpose of this study is to strengthen Lents' economy by identifying industries that offer Lents the highest likelihood of increasing the number of family-wage jobs, and to understand the real estate issues required to expand or attract targeted industry clusters.

The job strategy is intended to serve as a framework for a PDC work plan in meeting the goals and objectives of Lents Town Center Urban Renewal Plan. Members of the Urban Renewal Advisory Council, business groups, and the public have been involved in shaping this strategy through review meetings and an open house.

Lents is an area within Portland that experiences lower than average residential incomes and business wages. This is driven, to a large extent, by lower than average skills and education of residents, as well as a higher than average mix of retail and personal service jobs. Therefore, a primary job strategy for an area like Lents will need to focus on both workforce development for residents, as well as job and business development for the industry base. Such an approach requires information on the types of jobs appropriate to residents and businesses, along with the real estate product and community infrastructure required to support family wage jobs.

Lents Demographic Profile

Note: Statistics are derived from a variety of sources and generally pertain to a geographic area larger than the LTCURA.

- With 18,545 residents as of 1999, the population of the Lents area has increased by 13% since 1980 – a rate of growth somewhat below that of Multnomah County.
- Educational attainment of the Lents workforce has improved during the 1990s, but remains below county and regionwide levels; the low education rate is directly related to the low per capita income.
- Compared to Multnomah County, Lents has a high proportion of youth below 21 years of age (34% for Lents and 24% for Multnomah County).
- Non-white residents represent less than 12% of the population as of 1996. This is an increase from 1990 but still indicates less diversity than the entire county. However, increased racial and ethnic diversity can be expected based on interviews with community members and businesses.
- Overall, Lents per capita income in 1996 (\$11,657) was only 63% of the Multnomah County average of \$18,564.
- While the occupational profile of area residents is shifting to more closely resemble the countywide workforce, there is still a large portion of residents in unskilled retail, clerical and general labor jobs.
- Lents continues to have a relatively high proportion of its workforce employed in precision production, craft and repair, machine operation, and service occupations, which indicates strong skills in and connection to manufacturing industries along I-205.

Industrial Markets

- Despite the attention given to high-tech in Washington County, Portland's north and eastside industrial market constitutes a major share of the industrial leasing activity in the metro area. The southeast submarket has comprised 20% of regional industrial demand through the first half of 2000. Vacancies are extremely low and virtually no new product is being built – in large part due to lack of suitable sites.
- Industrial real estate data suggests a clear opportunity for Lents area industrial development, provided that suitable sites can be secured – of competitive size, appropriately zoned, free of environmental constraints and with readily available transportation/utility infrastructure.
- Portland's eastside office market is extremely limited – accounting for only 4% of regional office absorption since 1996. However, major new developments are planned at both ends of the I-205 corridor – in Clackamas and more significantly at Cascade Station adjacent to Portland International Airport.
- Major sources of office and related flex space demand include technology-related firms. While significant new development is not expected in the Lents area, residents should have access to added I-205 corridor job opportunities – particularly if labor force skills can be supplemented with job training targeted to the needs of office employers experiencing strong employment growth.

Lents/I-205 Industry Analysis

- Business and industry clusters have been analyzed from the three perspectives of: (1) existing strengths of Lents; (2) connections to the I-205 corridor; and (3) linkages to the Portland metro economy.
- Over 60% of jobs actually located in the Lents area (97266 zip code) in 1999 were in the retail trade – a major reason why Lents wages averaging just over \$20,000 per year are less than 60% of the Multnomah County average wage. Diversification to higher paying industrial, business and professional employment represents a key strategy to boost payrolls in the Lents community.
- Along the I-205 corridor, industries with the *greatest employment* include health services, wholesale trade, air transportation, business services, specialty contracting, fabricated and primary metals, trucking and warehousing, auto repair and services, machinery, and printing and publication. Today, these relatively high paying industries represent a much smaller share of employment in Lents than throughout the rest of the I-205 corridor.
- Sectors paying the *highest wages* in the I-205 corridor include communications, primary metals, insurance firms and utilities. The communications, insurance and utility functions all have significant information technology and back office components that may be suitable for future office/flex space development in the Lents area.
- Portland metro area industry clusters include electronics/high tech, metals and machinery, creative services, environmental services, wood products and nursery products. *Currently*, strengths of the I-205 corridor most closely match those of the region in metals and machinery.

Market Potential for Industry Development

- Prospectively, there is potential to diversify the Lents industrial base with family-wage jobs found elsewhere in the I-205 corridor and metropolitan region. Traditional industries such as manufacturing and assembly, as well as wholesale trade, capture high concentration of jobs and the real estate advantages found in Portland's Eastside. Certain segments of information technology and professional services could support the development of commercial office and flex space buildings in the area.
- Brokers and developers note a lack of real estate product on Portland's Eastside. The potential for Lents to successfully provide product appears to be in developments that provide a mix of flex, light manufacturing, and limited warehousing. While high cube warehouse has demand on the Eastside, its low employment density and lower wages make it less appealing than providing product for light manufacturing, information technology or commercial trade.
- Lents appears to have greatest market potential for light manufacturing and assembly firms with fewer than 50 employees. Important location factors are likely to include freeway and airport access, in-place infrastructure, and access to labor force.
- Information technology (IT) firms favorably view Portland's eastside (potentially including Lents) as an under-tapped market for entry-level IT jobs. Those familiar with Lents express concern about the area's reputation for safety and overall attractiveness of the district – both negatives for attracting IT companies.

Proposed Business and Industry Clusters for Lents

- Criteria for business niches recommended for Lents are: (1) diversifying the industrial base (connections to I-205 and metro cluster, and long-term growth potential), (2) industries with appropriate uses (redevelopment potential, market feasibility and job density), (3) connections to the Lents community (livable wages with benefits, and building on existing skills).
- Proposed business niches and industry clusters focus on (A) manufacturing and trade (light manufacturing and assembly, wholesale trade); and (B) professional and business service clusters (information technology, small professional and business service firms).

Connections to Workforce Development Efforts

- The lack of immediate real estate product in Lents limits the short-term potential for increasing the number and diversifying the types of jobs in the Lents Urban Renewal Area itself. Therefore, the greatest opportunity to link Lents residents with employment is to focus on growing industry clusters in the I-205 corridor, and to a lesser extent, emerging industries within the broader metropolitan region.
- Increasing the opportunity for Lents residents to obtain family wage jobs will require a coordinated effort among training providers in assisting residents to upgrade their skills and education, especially in key manufacturing and information technology jobs.

Workforce development efforts should focus on four issues:

- 1) Raising the awareness among Lents residents about the types of family-wage jobs available in the I-205 corridor and the skills required to obtain these jobs.
- 2) Developing strong working relationships with I-205 business in targeted industry clusters.
- 3) Developing integrated training programs that offer immediate employment opportunities linked to ongoing training for career advancement.
- 4) Developing mechanisms that allow people to upgrade skills or education with minimum impact to existing job security.

Real Estate Development Recommendations

- Lents is in a very good position to capture the unmet demand for new development along the I-205 corridor. The greatest potential for primary job creation will be with industrial sites east of the freeway, with additional potential in commercial areas of downtown Lents.
- Public investments in infrastructure, street improvements, high-speed telecommunication capacity and the transportation system would increase the functionality and attractiveness of downtown Lents and its potential to attract information technology and business service jobs.
- In general, employment densities of 50 employees per net acre and average wages of at least \$28,000 could be achievable in Lents. This would promote industries such as light manufacturing and assembly, wholesale and information technology. It is not recommended that public funds be used to develop product for low density and/or low wage industries.
- The area east of I-205 should focus on the creation of primary, family wage jobs. PDC should consider the use of low-interest loans, performance-based loans, development agreements, grants, technical assistance and other investment methods to help guide development toward real estate products that would support targeted industries with desired job densities and wages.
- Lents has a unique opportunity to turn environmental challenges in to community assets by using sustainable development practices on environmentally challenging sites. Partnering with private landowners and other city bureaus, PDC could provide assistance to a development project that would seek to create quality jobs while providing a model for environmentally sensitive development. Sources for public investments expand beyond tax increment and include federal funds from EPA, HUD and EDA.

Building upon on the findings and recommendations of the consultant's report, the following sections describe additional objectives and recommendations, which support the overall primary jobs goal of the Urban Renewal Plan.

III. Workforce Training And Development

Employers looking for locations to build office or manufacturing facilities with large numbers of family wage jobs to offer, are drawn to areas where, among other factors, there exists an adequate pool of qualified workers.

Family wage jobs generally require a higher level of education or training than do typical retail jobs, and in some cases very specific technical training.

In order to most successfully market the Lents area as a location for new family wage jobs, there needs to be an adequately trained, or trainable, workforce to offer potential employers.

With a disproportionate number of Lents area residents currently working at lower paying jobs, the attraction of higher paying jobs – located in their own neighborhood – should provide an abundant labor pool to offer prospective employers.

In order to provide these Lents residents with the opportunity to seek and qualify for new higher paying jobs, there needs to be an adequate and responsive workforce training system in place for them to obtain the necessary job skills. This could be either in formal education systems such as high schools and community colleges, or specialized training programs offered by employers or community-based workforce training organizations.

Key to successfully meeting both primary goals of this Strategy – new jobs in the area, and getting Lents Residents into those jobs – will be coordinating efforts to recruit new jobs with the systems necessary to train the workers.

In that regard, legal limitations on the use of urban renewal tax increment funds preclude actual 'programmatic' support for workforce training programs. Urban renewal can, however support 'capital' improvements, and it is in this area that PDC should focus its strategy and financial support for workforce development and training.

PDC should provide financial assistance for the construction, rehabilitate, or modernization of facilities which provide a place for conducting ongoing education or training programs for Lents Town Center Urban Renewal Area residents that directly link them to new or existing family wage jobs, preferably located in the Lents Area.

Projects should be chosen based on the sponsor's ongoing availability of program operating costs, ability to establish training-hiring arrangements with employers, and ability to develop and provide customized education and training programs in a timely manner.

IV. Real Estate Product

Real estate product was an additional issue that was considered in the Scruggs & Associates work. The appropriate excerpt of that report is included here.

Real Estate Development Recommendations *(from Scruggs report)*

Lents is in a very good position to capture the unmet demand for new development along the I-205 corridor. The greatest potential for primary job creation will be with industrial sites east of the freeway, with additional potential in commercial areas of downtown Lents. Public investments in infrastructure, street improvements, high-speed telecommunication capacity and the transportation system would increase the functionality and attractiveness of downtown Lents and its potential to attract information technology and business service jobs. In general, employment densities of 50 employees per net acre and average wages of at least \$28,000 could be achievable in Lents. This would promote industries such as light manufacturing and assembly, wholesale and information technology. It is not recommended that public funds be used to develop product for low density and/or low wage industries.

The area east of I-205 should focus on the creation of primary, family wage jobs. PDC should consider the use of low-interest loans, performance-based loans, development agreements, grants, technical assistance and other investment methods to help guide development toward real estate products that would support targeted industries with desired job densities and wages.

Lents has a unique opportunity to turn environmental challenges in to community assets by using sustainable development practices on environmentally challenging sites. Partnering with private landowners and other city bureaus, PDC could provide assistance to a development project that would seek to create quality jobs while providing a model for environmentally sensitive development. Sources for public investments expand beyond tax increment and include federal funds from EPA, HUD and EDA.

PDC is currently engaged in efforts to stimulate and support revitalization of the Lents Town Center Business District which will offer a variety of retail and office products in a mixed use, 'Main Street' commercial environment.

Additionally, PDC is undertaking the "Lents 2040 Planning Project" which will provide greater vision and clarity to the future development potential of commercial and industrial property located generally East of I-205 and within/adjacent to the Johnson Creek Floodplain.

V. Retail and Services

As revealed in the Scruggs report, the Lents Area has an abundance of retail, or 'secondary' jobs. The importance and focus of PDC attention to this sector of the local economy, will be for one of three reasons:

1. The provision of goods and services in an attractive and convenient location — such as the Town Center Business District — not only is a positive livability factor for neighborhood residents, but also enhances the appeal of the area to new employers and primary job providers.
2. Retail and services can also provide entrepreneurial opportunities for LTCURA residents, thus enhancing the ability of local residents to participate in the growing economic wealth occurring in the community.
3. "Capture" dollars from commuters who travel through Lents on a daily basis.

PDC activities in support of these objectives are more thoroughly being addressed in the Lents Town Center Business District Strategy.

VI Livability

Improving the livability of the Lents Town Center Urban Renewal Area is an overarching goal of the Urban Renewal Plan. There are many factors commonly associated with assessing and appreciating a neighborhood's livability, including for example:

- Streets and transportation
- Attractive and affordable housing stock
- Parks, open spaces, and recreational opportunities
- Quality schools and educational programs
- Existence and involvement of community service associations, and organizations in community activities.

Overall neighborhood livability will also be an important factor in successfully realizing economic development objectives because of its significance to the perceptions of prospective developers, employers and customers that are necessary to drive many of the objectives of this Strategy.

PDC is engaged in many projects and programs within the urban renewal project which, together, are designed to address these livability issues. As of this date, PDC has adopted specific Strategies and Programs to be carried out in support of the Lents Town Center Urban Renewal Plan, including:

- ◆ Lents Town Center Business District Transportation Plan
- ◆ Residential Street Paving Program
- ◆ Housing Strategy

Work is currently under way to develop others:

- ◆ Traffic Safety Program
- ◆ Lents Town Center Business District Strategy
- ◆ Parks, Recreation and Open Space Capital Project Strategy

The completion and implementation of each of these elements is an important and essential element in supporting a whole-scale effort to improve the livability of the urban renewal area, and poise the Lents area to create and take advantage of an improved economic development environment.

VII Marketing and Education

The attractiveness and viability of the LTCURA must be communicated to a variety of target audiences:

Businesses must be made aware of Lents as a viable location for their operations

Property Owners/Developers need to learn of development/redevelopment opportunities for their property

Community members should view Lents as a vibrant area where positive change is occurring

Significant constraints/challenges should be recognized and try to be addressed

VIII Conclusions And Recommendations

Conclusions and recommendations come from various sections of the report

- ◆ The nature of urban renewal funding, and the restrictions placed on expenditures of tax increment monies, requires many economic development and workforce development objectives to be funded as a part of development or redevelopment projects. Funding must primarily be directed at “bricks and mortar” projects, rather than as programmatic support for organizations or agencies.
- ◆ Proposed business niches and industry clusters [for primary job development] focus on (A) manufacturing and trade (light manufacturing and assembly, wholesale trade); and (B) professional and business service clusters (information technology, environmental services, and small professional and business service firms).

- ◆ Workforce development efforts should focus on four issues:
 1. Raising the awareness among Lents residents about the types of family-wage jobs available in the I-205 corridor and the skills required to obtain these jobs.
 2. Developing strong working relationships with I-205 business in targeted industry clusters.
 3. Developing integrated training programs that offer immediate employment opportunities linked to ongoing training for career advancement.
 4. Developing mechanisms that allow people to upgrade skills or education with minimum impact to existing job security.

- ◆ The greatest potential for primary job creation will be with industrial sites east of the freeway, possibly accompanied by supporting retail/services. Additional potential for job creation exists in commercial areas of downtown Lents.

- ◆ The area east of I-205 should focus on the creation of primary, family wage jobs.

- ◆ Partnering with private landowners and other city bureaus, PDC could provide assistance to a development project that would seek to create quality jobs while providing a model for environmentally sensitive development.

- ◆ Key to successfully meeting both primary [workforce] goals of this Strategy – new jobs in the area, and getting Lents Residents into those jobs – will be coordinating efforts to recruit new jobs with the systems necessary to train the workers.

- ◆ Overall neighborhood livability will also be an important factor in successfully realizing economic development objectives because of its significance to the perceptions of prospective developers, employers and customers that are necessary to drive many of the objectives of this Strategy.

- ◆ A multi-disciplinary, multi-agency approach to resolving issues related to the environment and ecology of the Johnson Creek basin, including addressing flood control/flood management, is seen as critical to successful job creation activities east of I-205.