

GPI Best Practices: City of Portland Post-Pandemic Performance and Economic Recovery

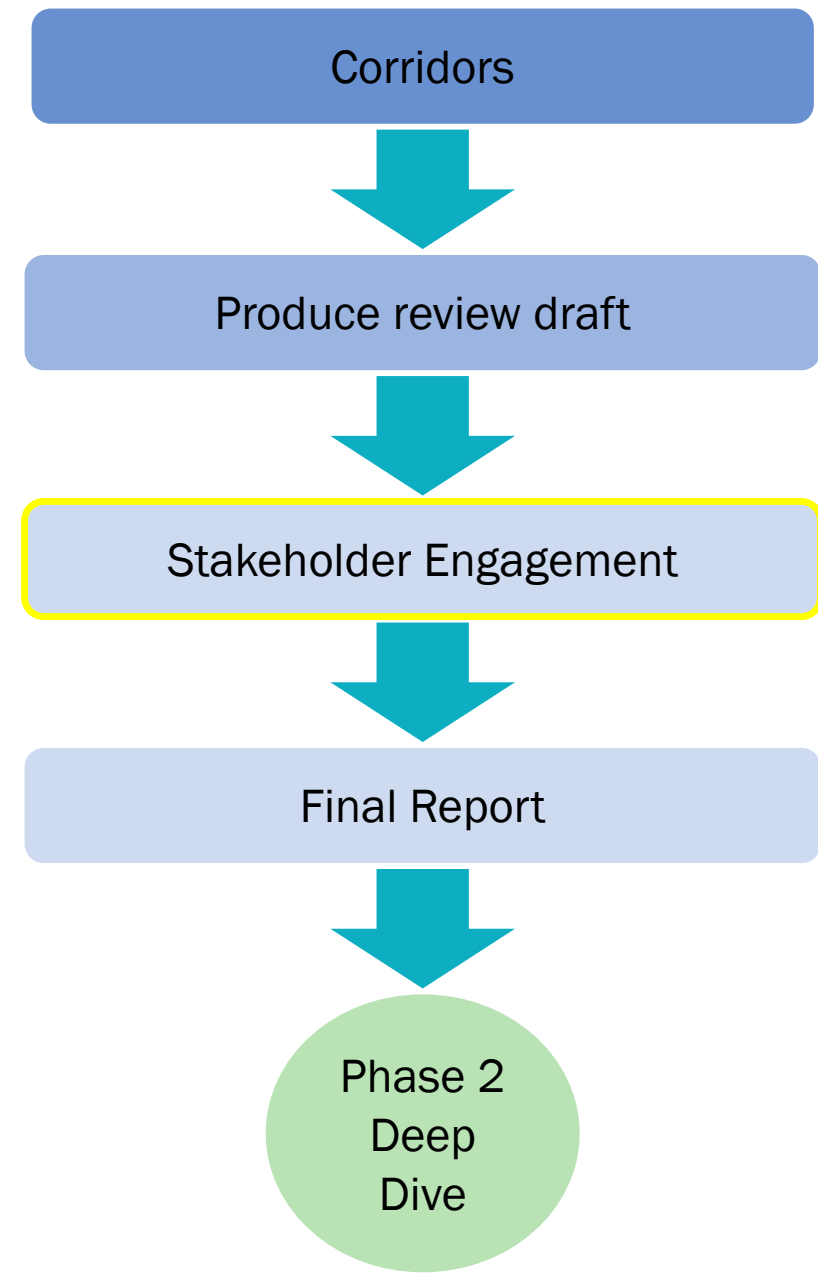
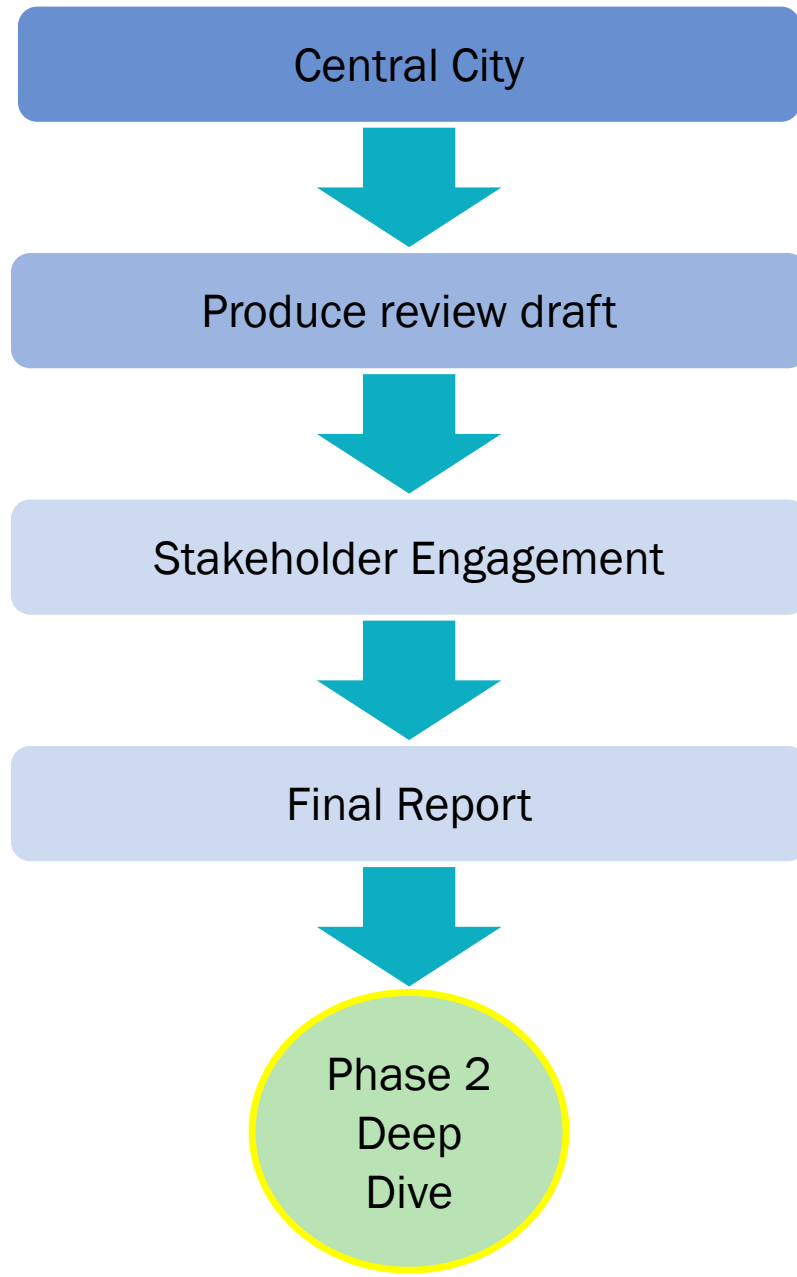
February 2023

ECONorthwest
ECONOMICS • FINANCE • PLANNING

Project Process

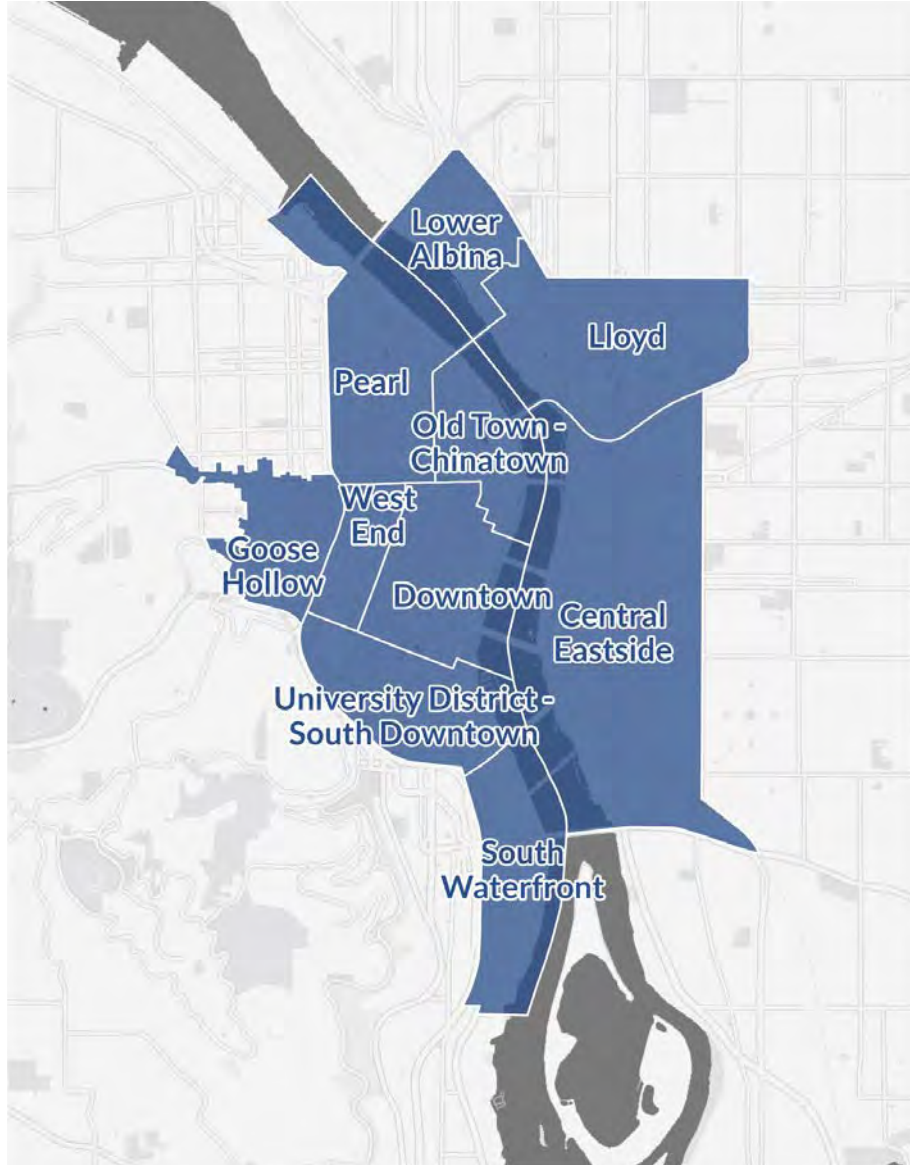


Central City and Corridors work plan and status

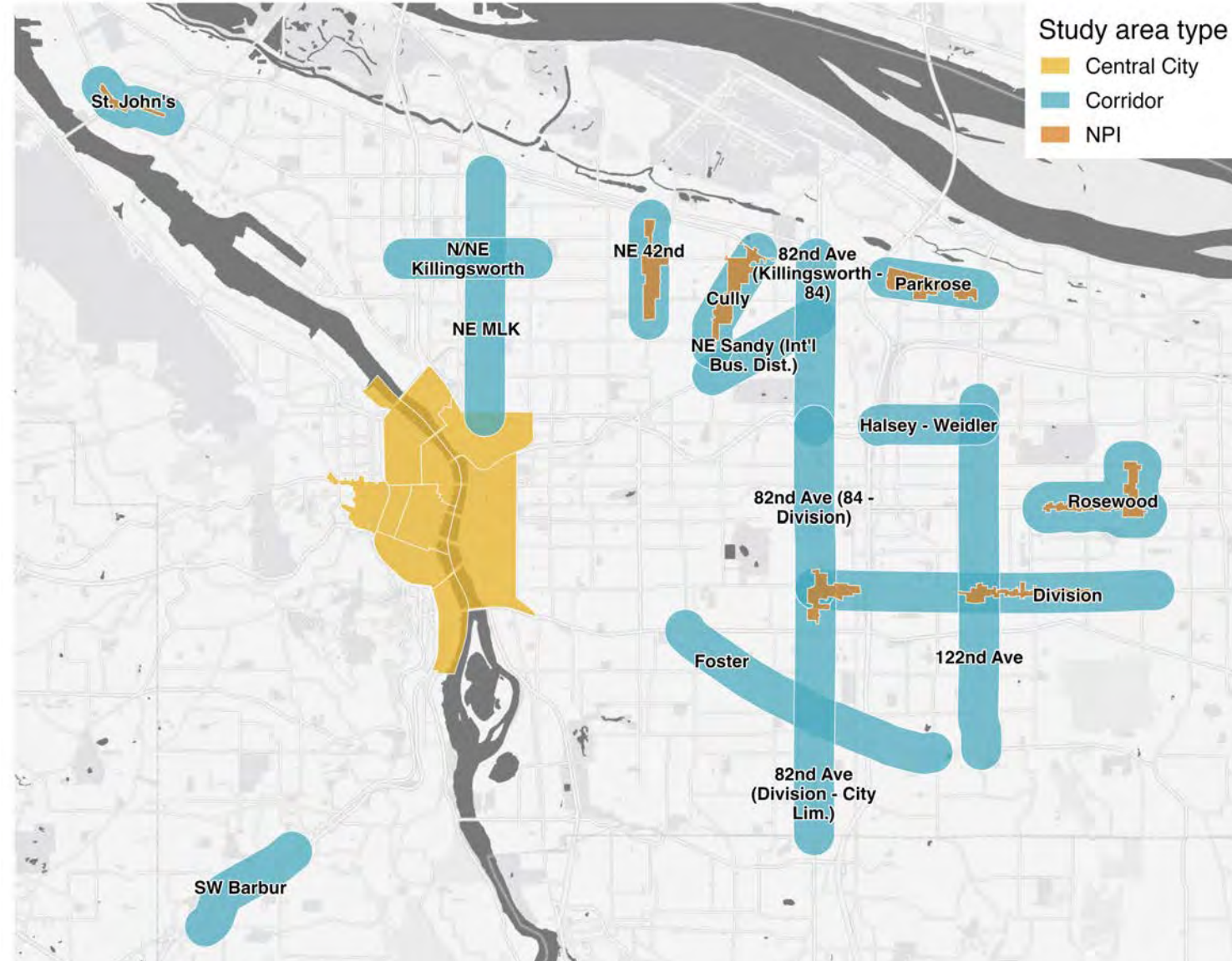


Study Areas

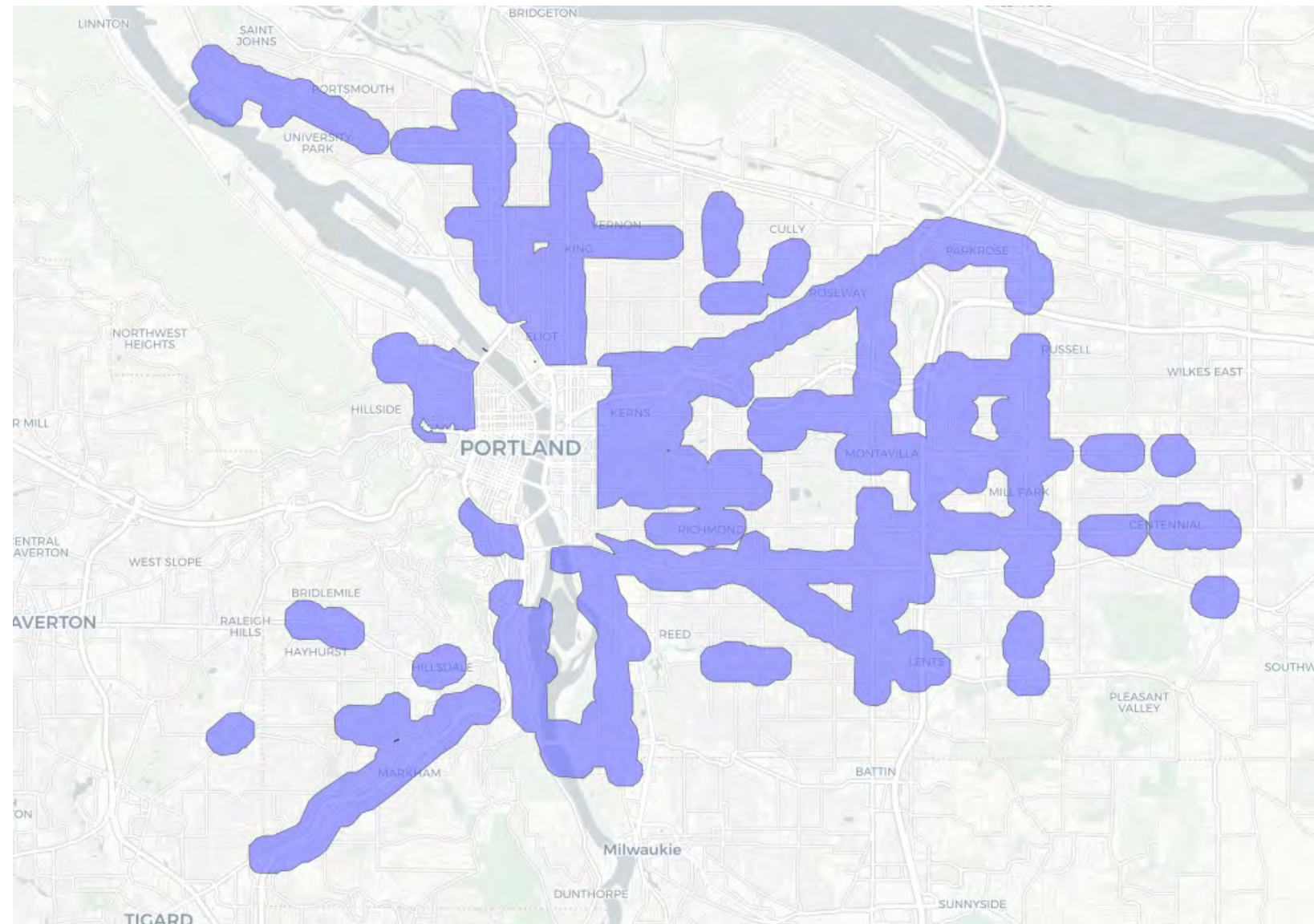
Central City Subdistricts (10)



Corridors, NPIs, and Central City Subdistricts (14)



Establishing a baseline for corridor comparison



- Create a baseline comparison group to contextualize the individual corridor performance
- Excluded the Central City Plan District
- Isolate CM, CE, and EX zones

Employment concentration in Central City and Corridors

405k
City Total
Employment

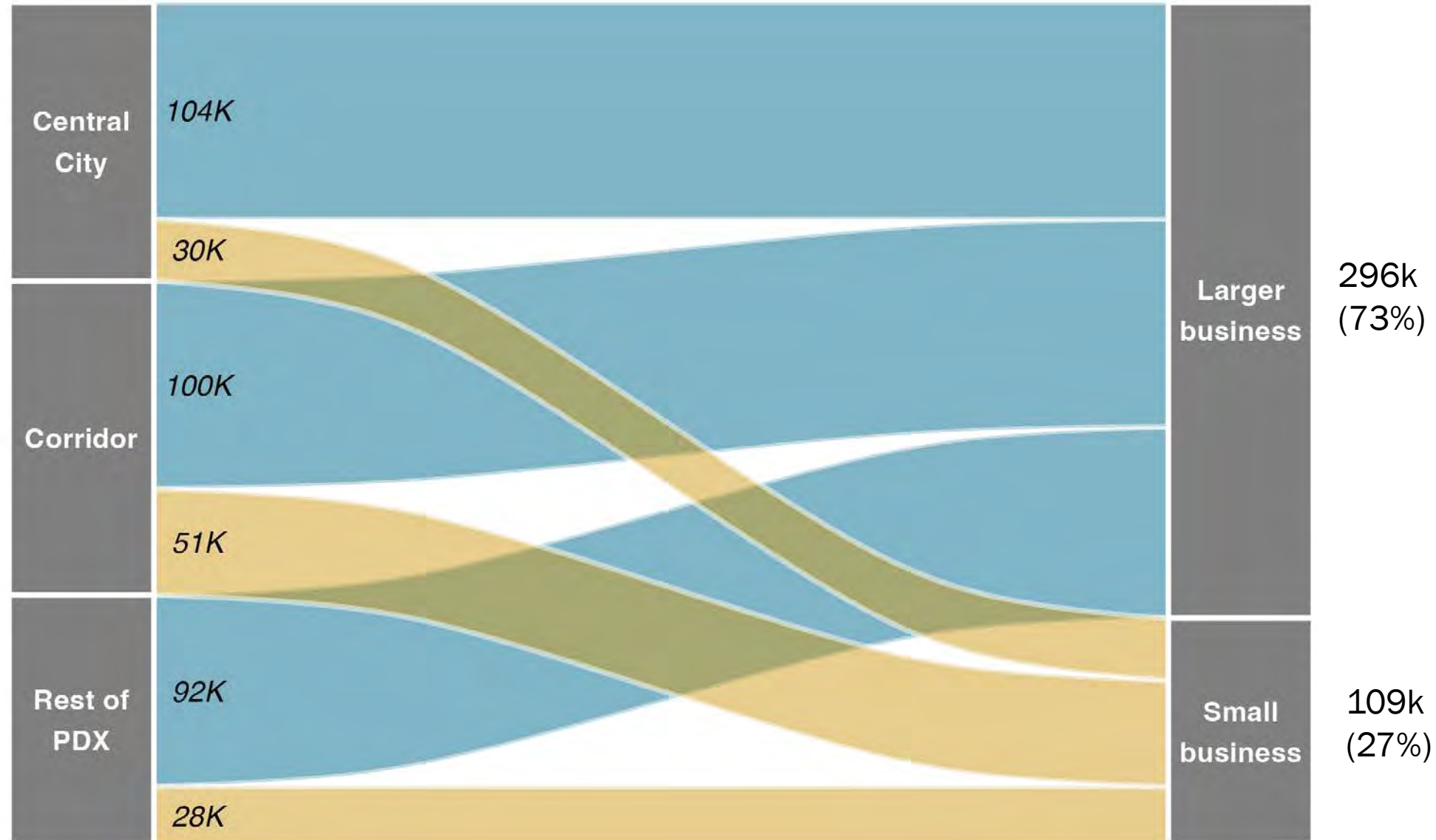
134k
(33%)

151k
(37%)



16 Prosper Corridors
54K (13%)

120k
(29%)



Phase 1: Central City

The Seattle Times

Portland, ‘repelling its current citizens,’ is Seattle’s cautionary tale

February 4, 2023 at 6:00 am | *Updated February 11, 2023 at 11:40 am*

What’s the matter with Portland? Shootings, theft and other crime test city’s progressive strain

By Jenny Jarvie, Los Angeles Times

Updated: February 10, 2023

Published: February 10, 2023

They Left: Portland Is Losing Some of Its Biggest Fans

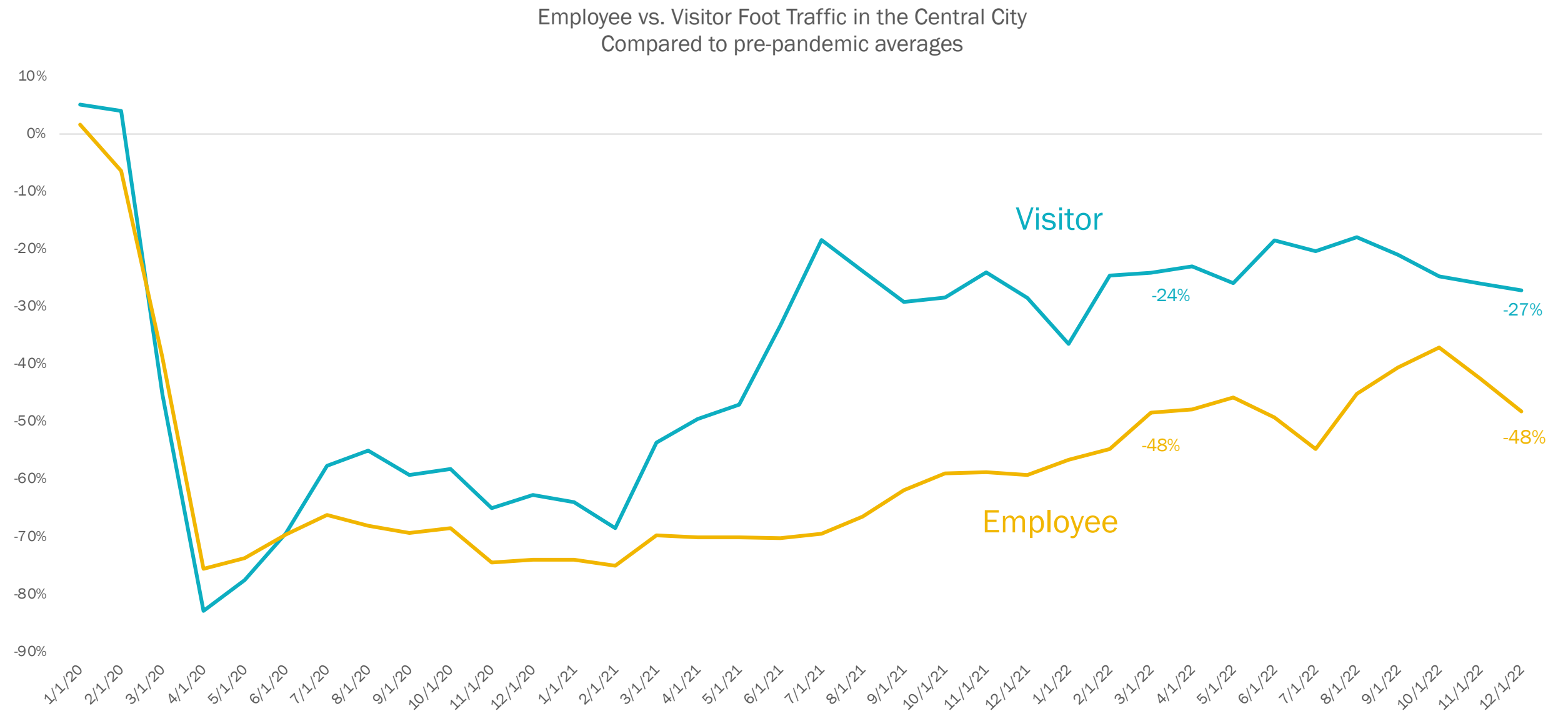
Rising taxes and a falling quality of life have some Stumptown die-hards voting with their feet.

WILLAMETTE WEEK

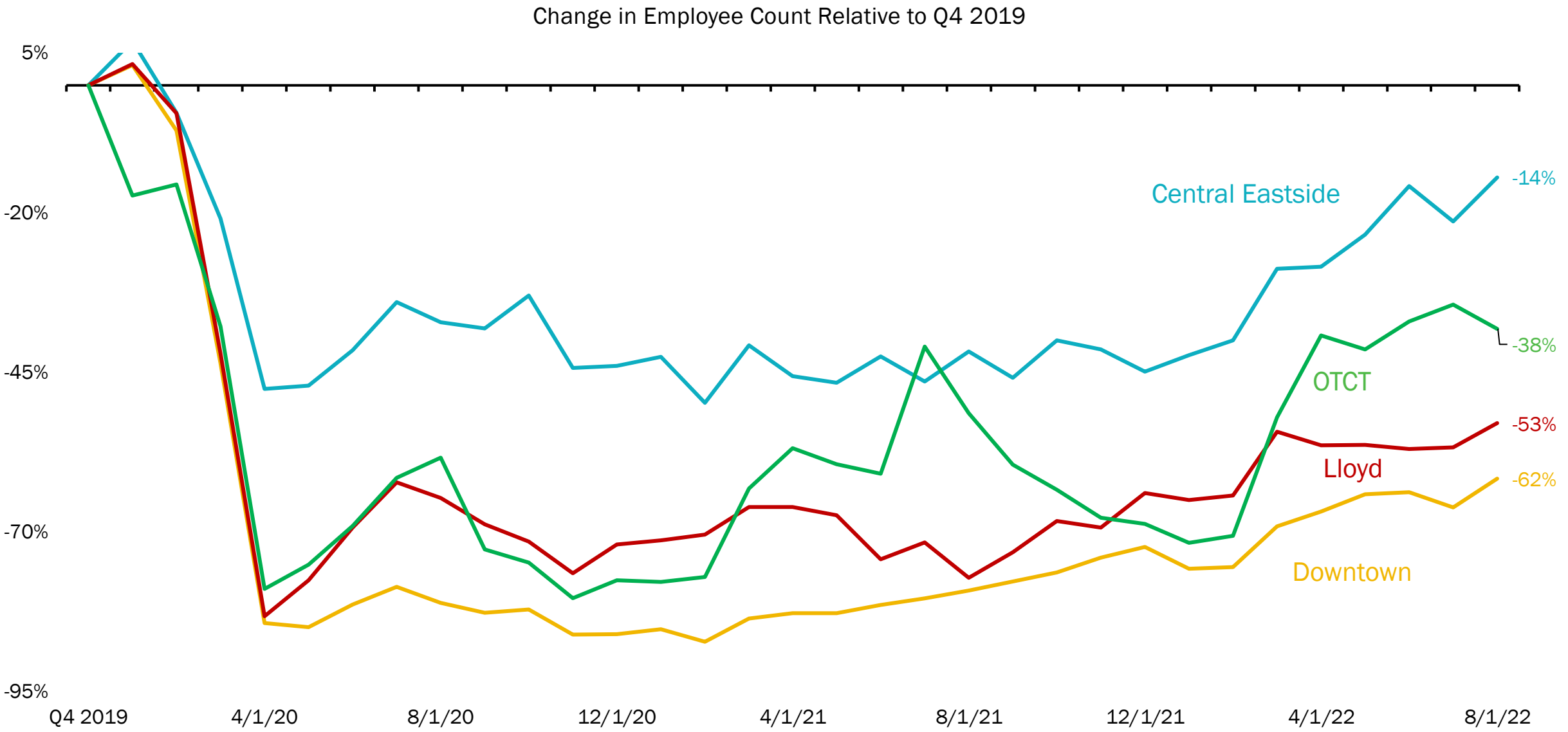
Overall Takeaways: Central City

- Jobs have recovered statewide and the Metro region, but are down 4.5% in Multnomah County (through December 2022)
- Reductions in tourism, employee presence, and trajectories for recovery have been uneven within Central City subdistricts.
- Subdistricts that had a more balanced mix of residential to employment uses, and less office centric employment fared better in response to the pandemic.

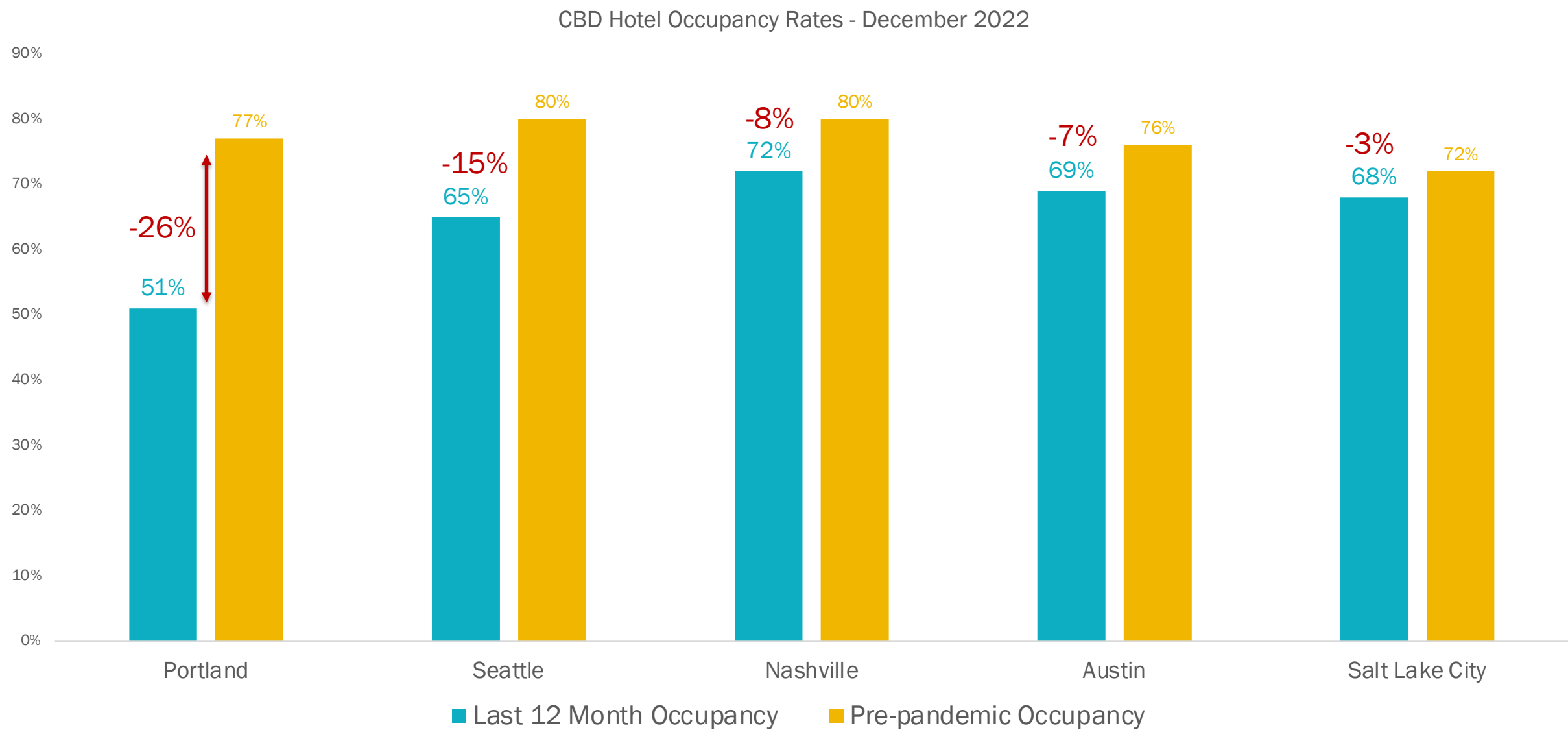
Most important variable in measuring recovery in the Central City is foot traffic



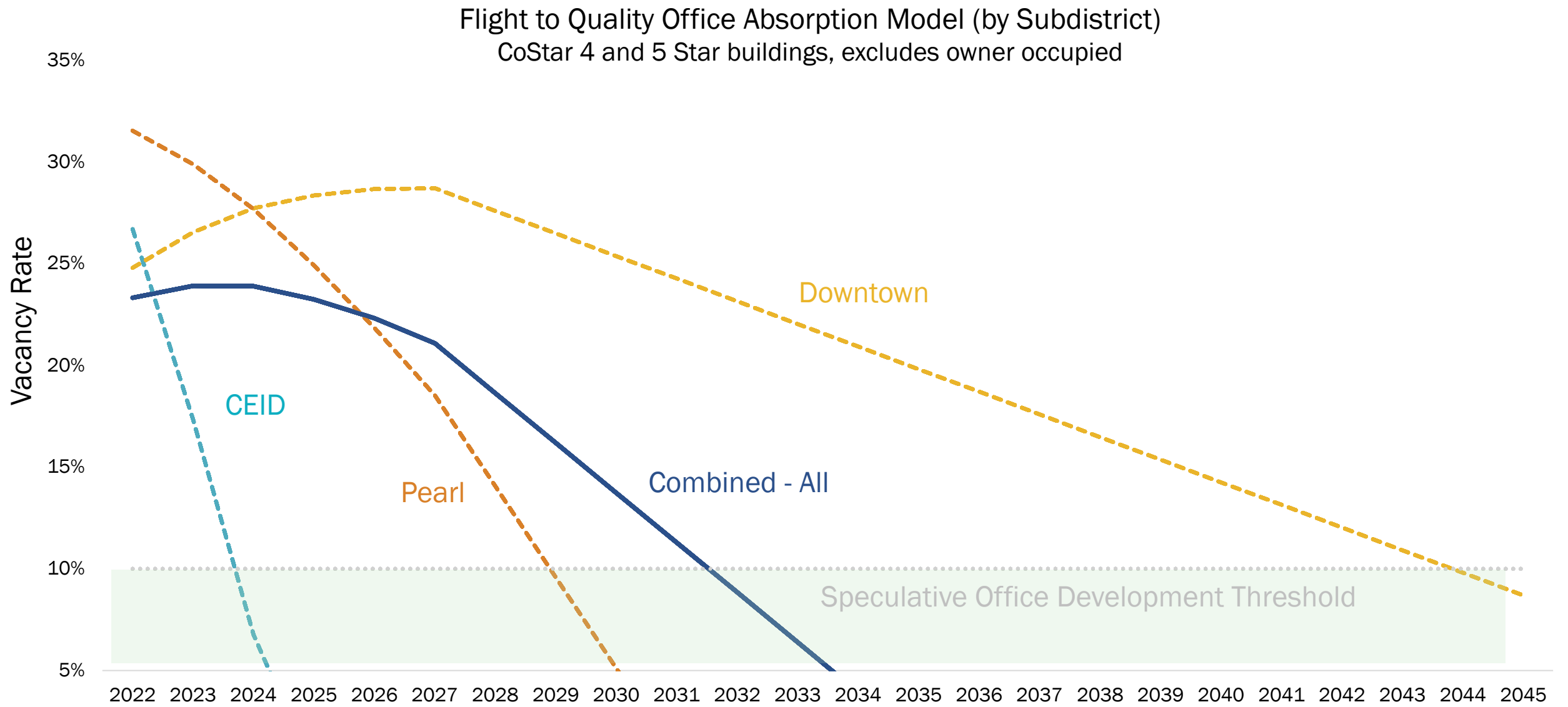
Downtown and Lloyd are the slowest to recover due to office centric employment



Hotel occupancy in Portland Central City slow to recover



Lots of uncertainty about factors influencing office vacancy trends



Source: CoStar, City of Portland, ECONorthwest Calculations

Produced typologies to provide framework for
interventions

Goal is to produce a data informed, independent, and repeatable methodology. Used a clustering algorithm on a variety of performance metrics and collaborated with Prosper Portland on the final assignment of each Central City Subdistrict.

Central City Change from 2019

- Employment
- Business count
- Foot traffic
 - Visitor
 - Employee
- Office vacancy

To help guide Prosper Portland's policy response, ECONorthwest developed typologies to describe the performance of Central City Subdistricts post-pandemic.

Retain

Reinvigorate

Reimagine



Lower Priority

Higher Priority

Central City Typology Results

	Reimagine	Reinvigorate	Retain
	Downtown Oldtown/ Chinatown Lloyd Lower Albina	Central Eastside West End University District /South Downtown	Pearl District South Waterfront Goose Hollow
Number of Businesses	High loss	Loss	Stable, growth
Employment	High loss	Loss, stable	Stable, growth
Office Vacancy	High Increase	Increase	Increase
Employee Foot Traffic	High change	Medium Change	Low/medium change
Visitor Foot Traffic	High change	Medium/high change	Stable, increase

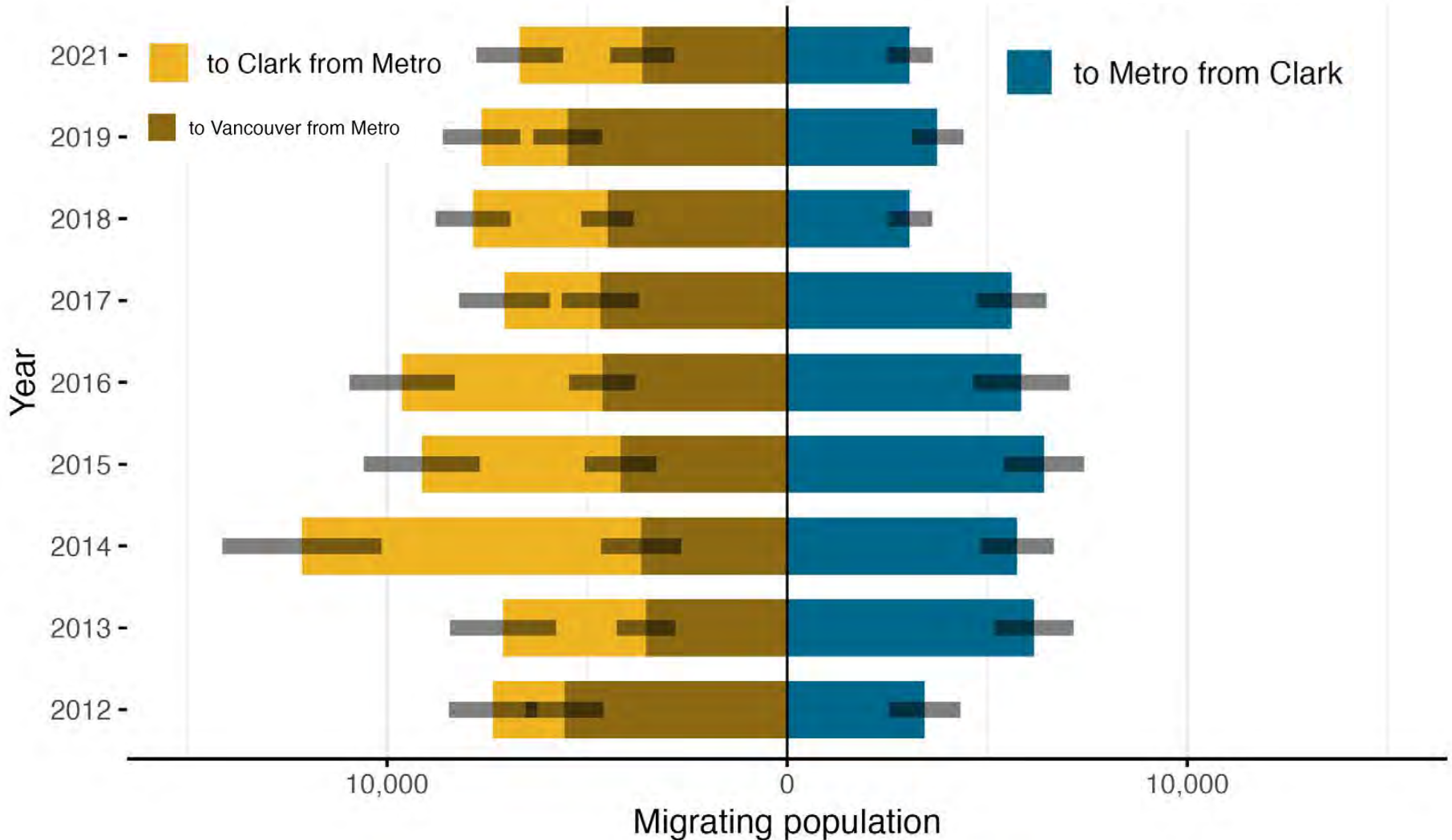
- **Reimagine** – Facing numerous challenges and weak markets prior to the pandemic; more adversely affected by the pandemic. Facing longer term recovery prospects. Need immediate short-term crisis intervention and committed long-term investment; highest priority.
- **Reinvigorate** – Had strong markets prior to pandemic but faced reversals during the pandemic. Need investment to reactivate public spaces, focus on retaining and support commercial tenants. Experiencing mid-term recovery prospects.
- **Retain** – Strong markets prior to pandemic and minimal impacts from pandemic. Needs minimal support to foster growth; need ongoing interventions to ensure equitable outcomes. Experiencing near-term recovery prospects.

Next Steps – Phase 2 Central City

- Investigate the impact of tax structures throughout the region
 - Initial findings
- Evaluate office to residential conversion
 - Underway, estimated completion April
- Research downtown recovery best practices
- Analyze the impact to City property tax revenue from decreased asset valuation
- Assess the impact of policies and infrastructure needs for master planning on large developments, and overall market rate production

Data is challenged, but hypothesis might be rejected

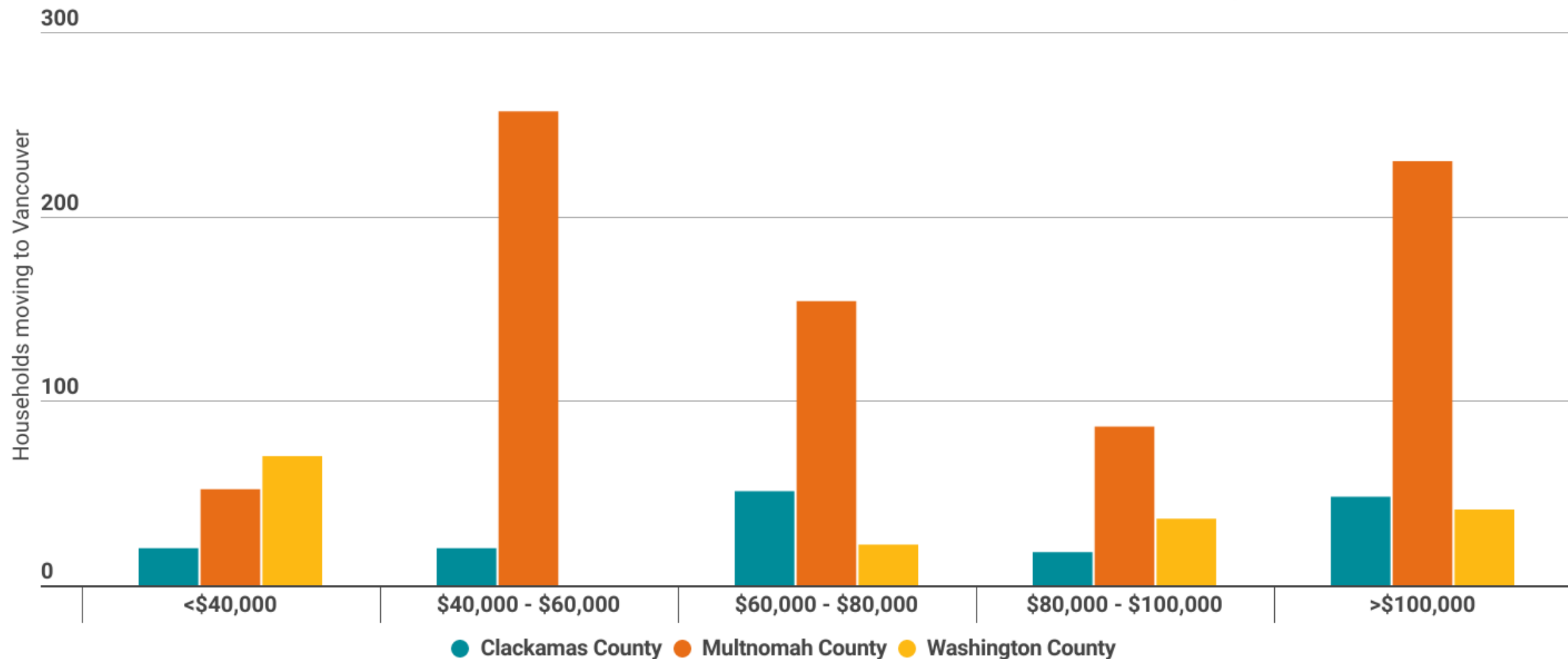
Annual Migration between Clark County and the Oregon Portion of the Metro



Source: PUMS

Not just high-income households migrating from Oregon to Vancouver

Household income of people moving to Vancouver from tri-county Oregon, 2017-2021



Source: PUMS 5-yr, 2021.

Office conversion scope and progress

Deep dive into 3 buildings that can be generalized: Full block, Half block, quarter block

Floor plate yield study

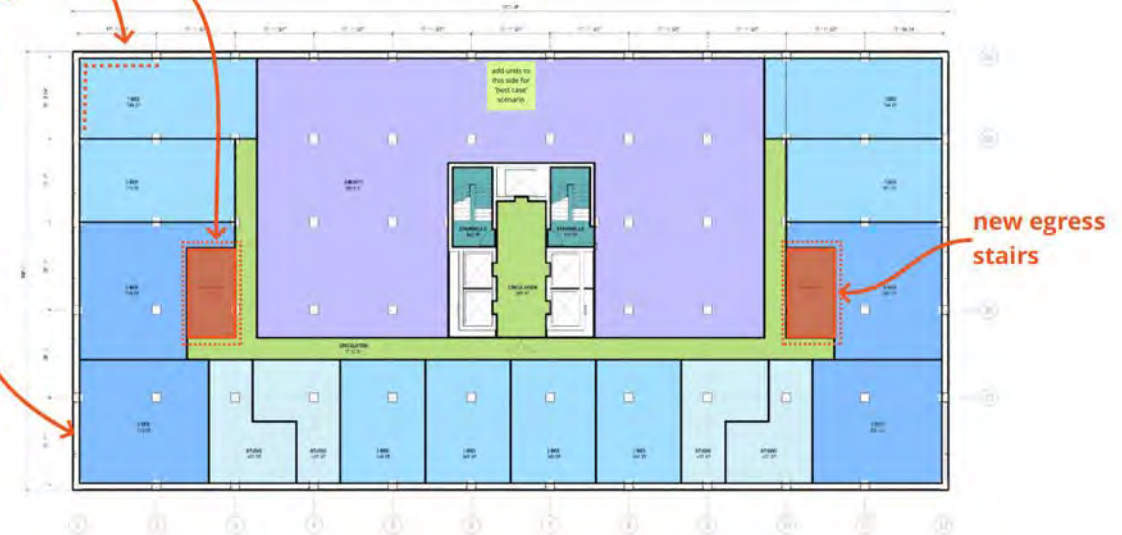
Cost of construction and seismic structural upgrades

Test financial feasibility

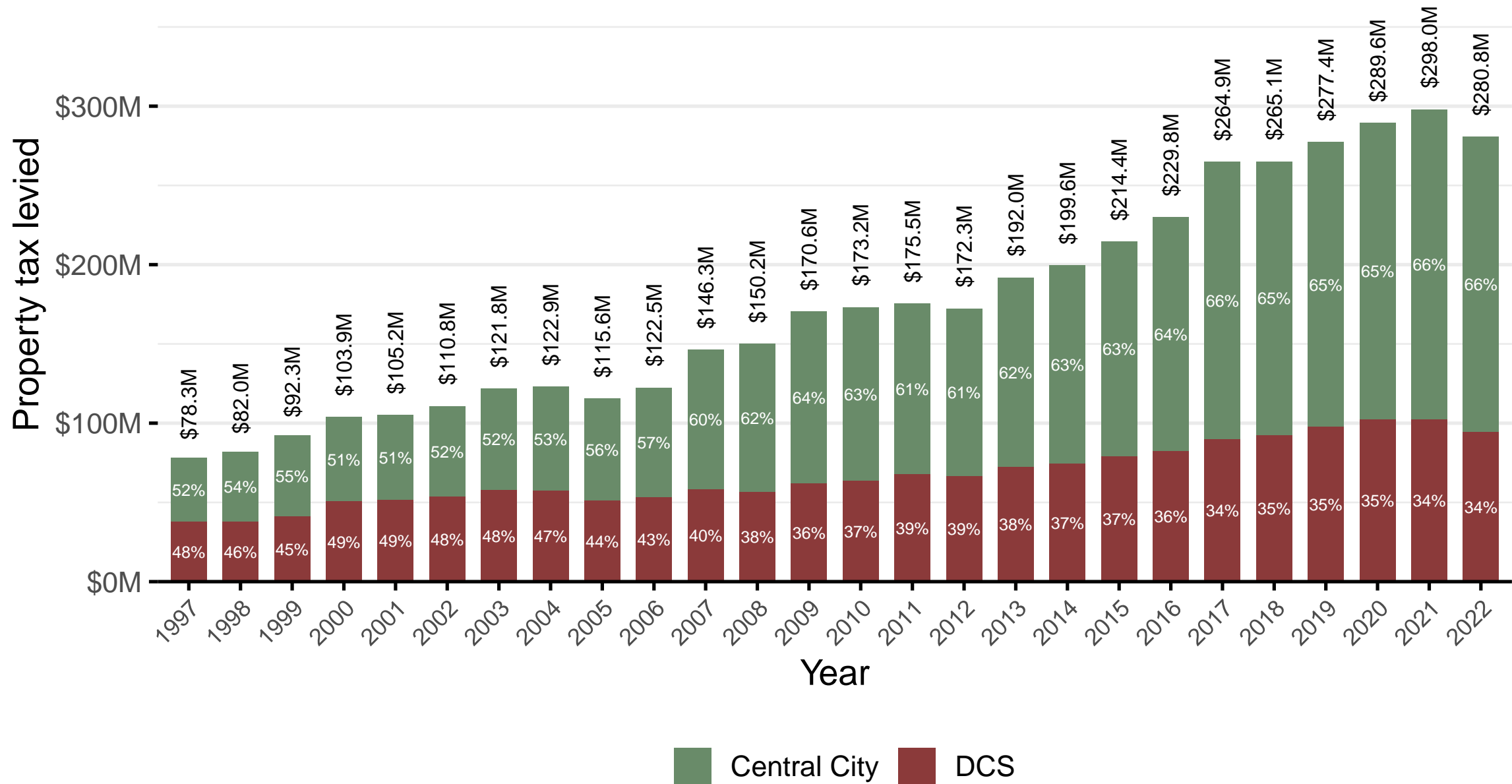
Analyze policy interventions

	Ground Floor	Floor 2 - 6 (typ.)	2 - 6 Total	Floor 7 - 12 (typ.)	7 - 12 Total	TOTAL					
Unit Mix:							Unit Size:				
Studio		25%	4	20	41%	7	42	31%	62	420 sF - 454 sF	
1 Bedroom		50%	8	40	35%	6	36	38%	76	548 sF - 744 sF	
2 Bedroom		25%	4	20	24%	4	24	22%	44	794 sF - 836 sF	
Total			16	96		17	102		198		
Amenity:											Per unit:
Required											TBD
Provided	TBD	6,054 sF		30,270 sF				30,270 sF		153 sF	
Summary											
Residential unit area		10,058 sF		50,290 sF		9,710 sF		58,260 sF		108,550 sF	
GSF *		17,657 sF		88,285 sF		10,799 sF		64,794 sF		153,079 sF	
Amenity		6,054 sF		30,270 sF		00 sF		30,270 sF			
Residential floor efficiency		57.0%				89.9%				70.9%	
* Area measurements exclude elevator shafts, stairs and vertical risers											
* Areas are approximate											

opportunities
for structural
upgrades

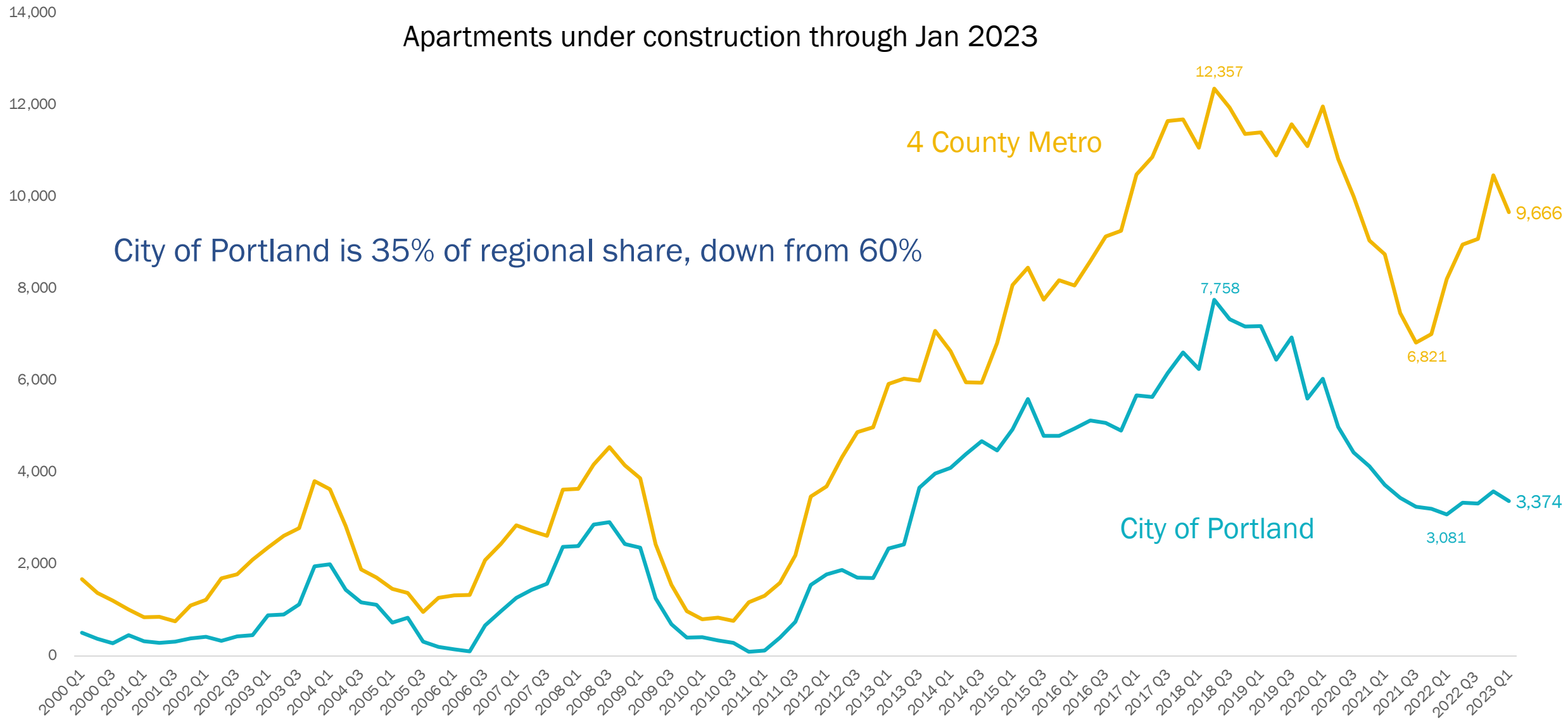


Assessed values decreased in the Central City in 2022 (largely hotels and condos)



Source: City of Portland

Apartment production up from bottom a year ago, headed back down due to market uncertainty

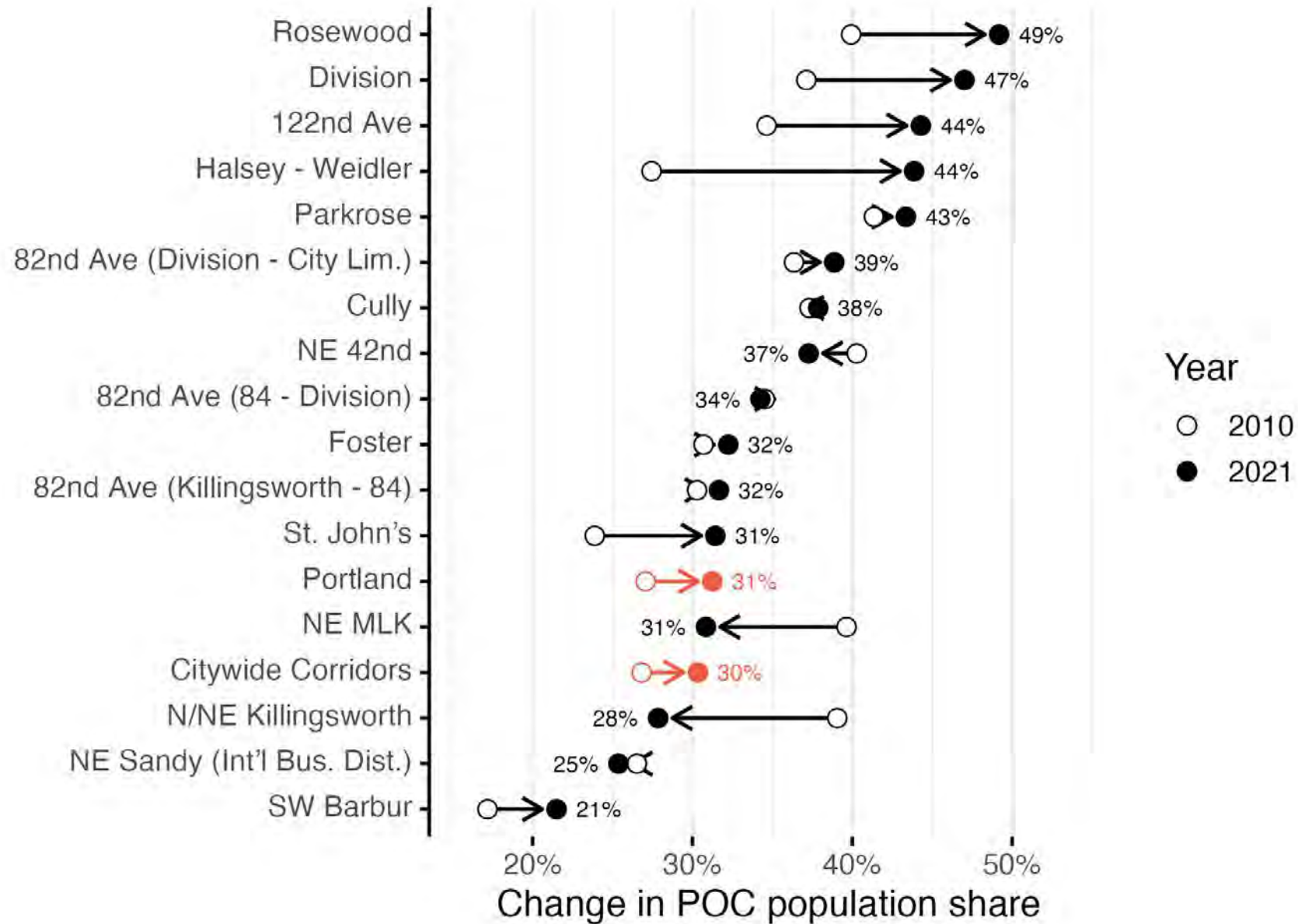


Corridors

Overall Takeaways: Corridor

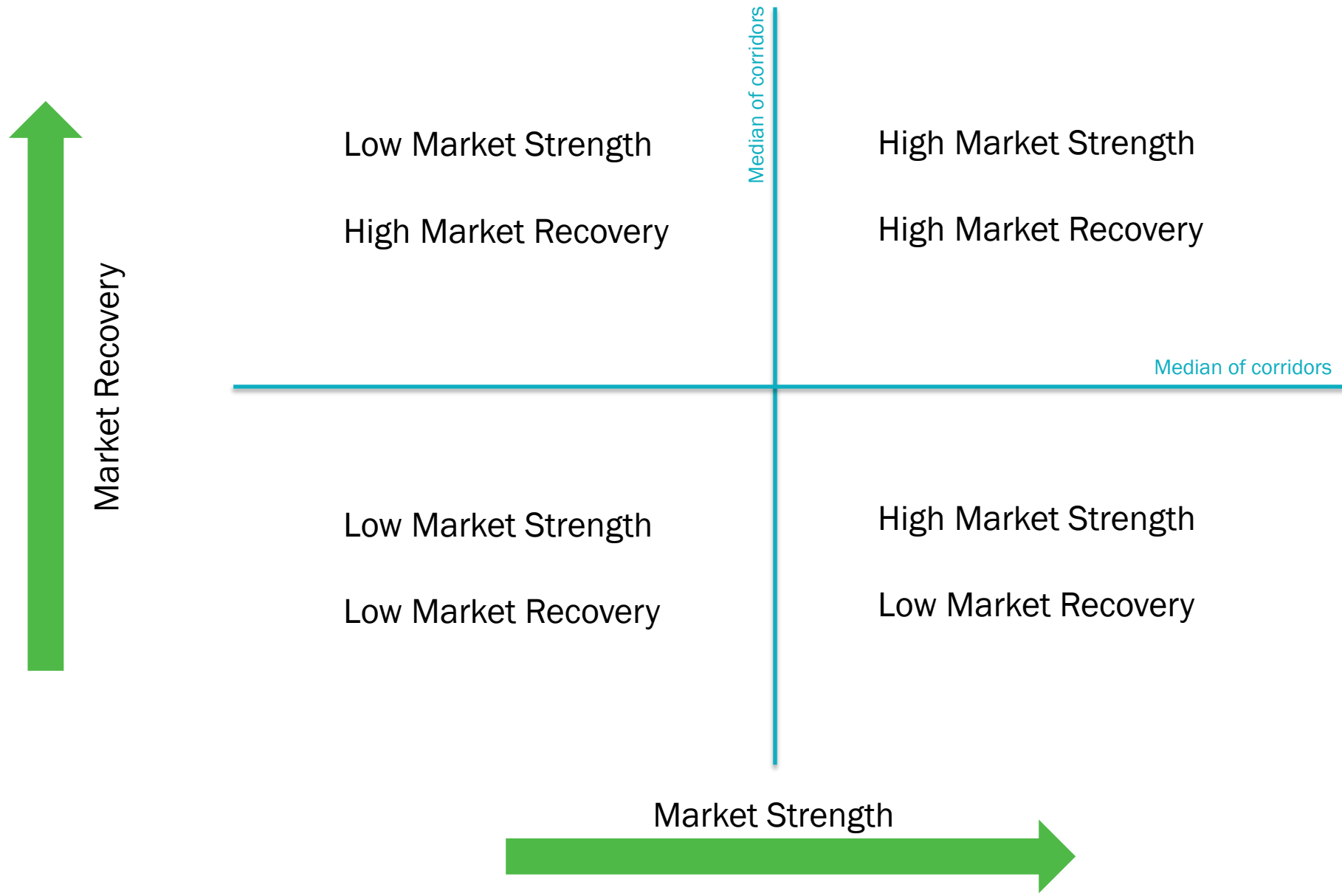
- Wide range of corridor experiences: need specific interventions unique to each corridor's conditions
- Notable correlation between district capacity and business health (NPNs)
- Some corridors growing since 2008 experienced setback as a result of the pandemic (N/NE)
- Some corridors showed steady growth through the pandemic, as a result face growing displacement pressures (42nd Ave)

Changing Demographics between 2010 - 2021

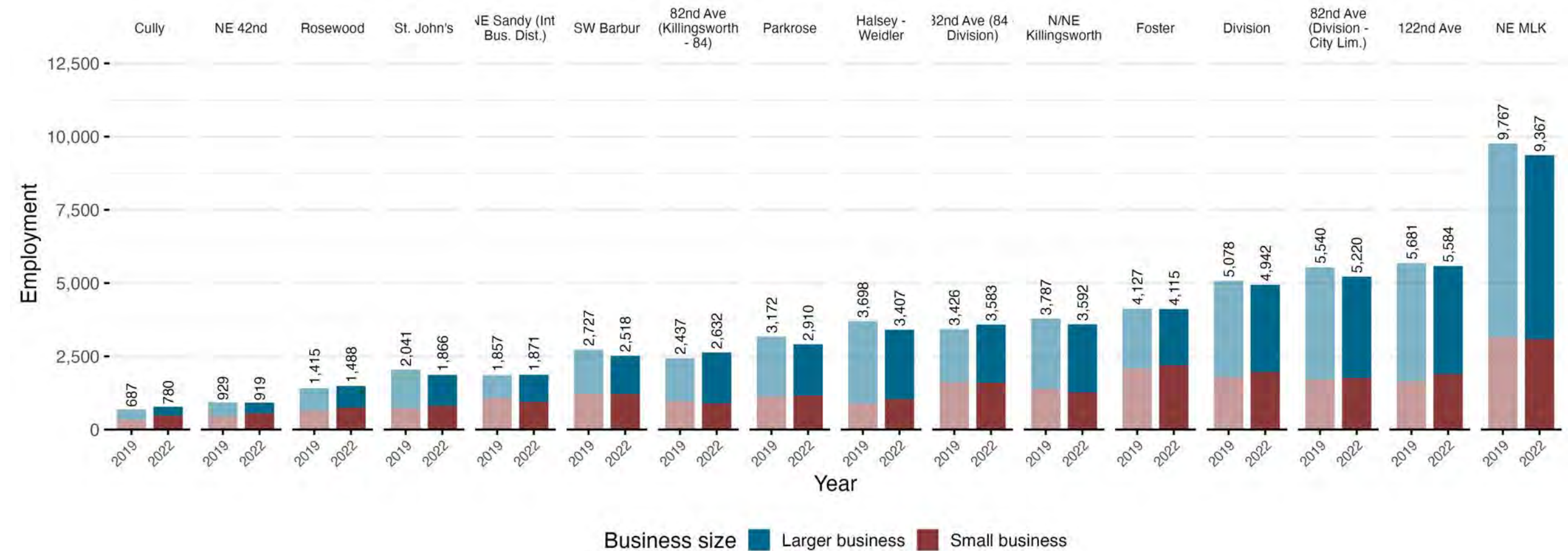


Typology Development

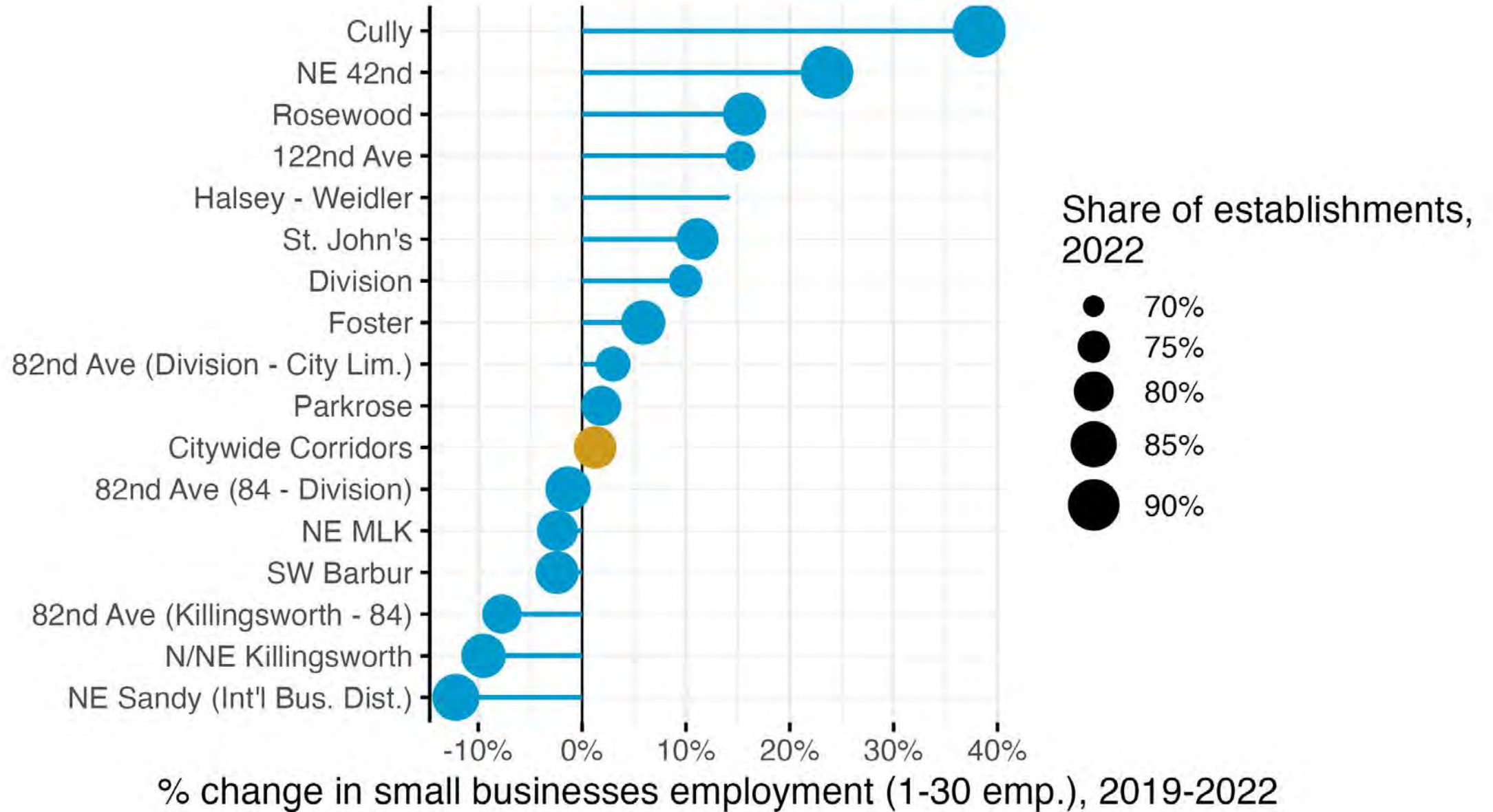
Corridors each fall into a quadrant that provide a framework



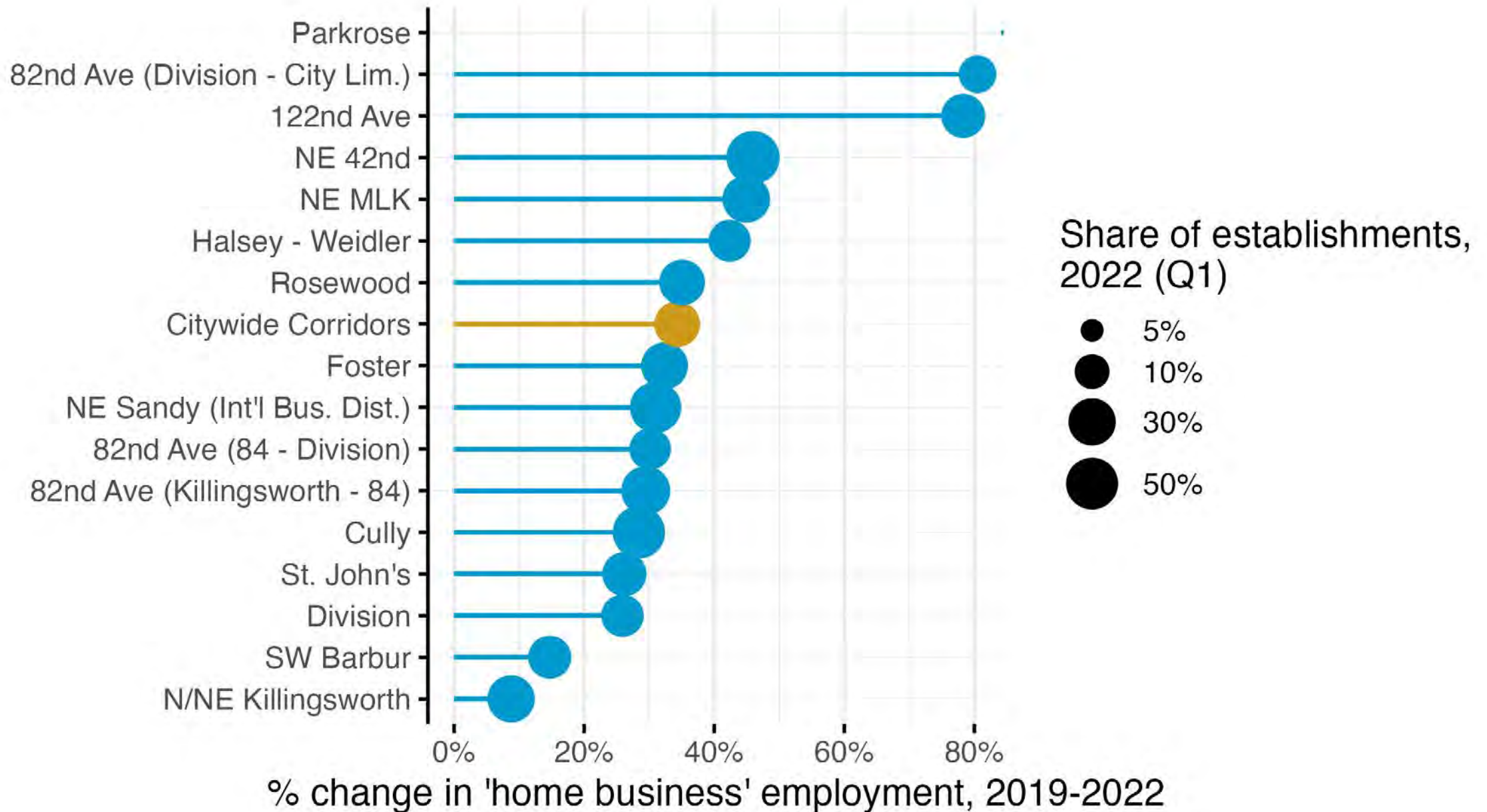
Intensity of employment and recovery in corridors



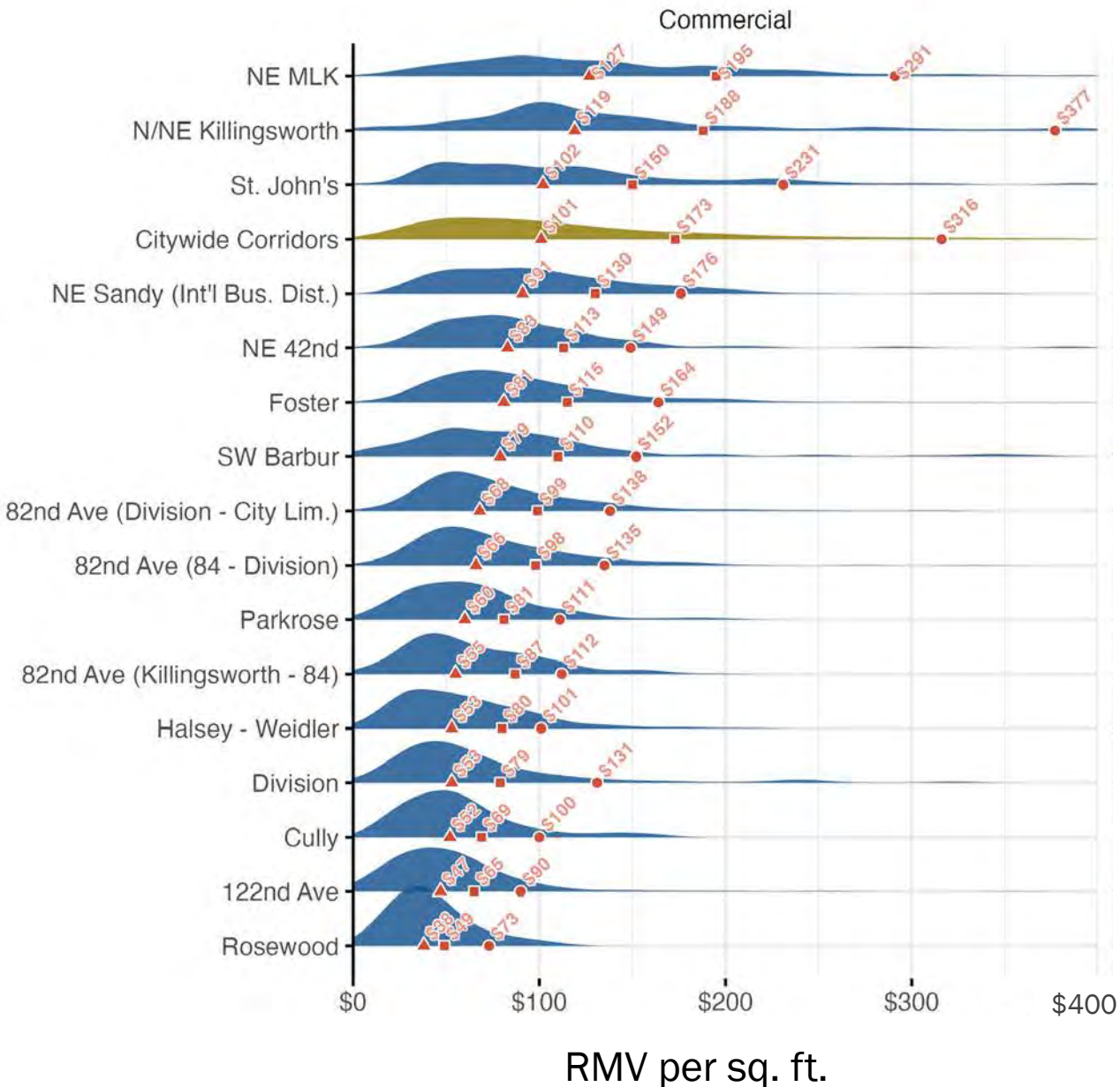
Small business employment has recovered in the Corridors



Increase in home based businesses in all corridors during the pandemic

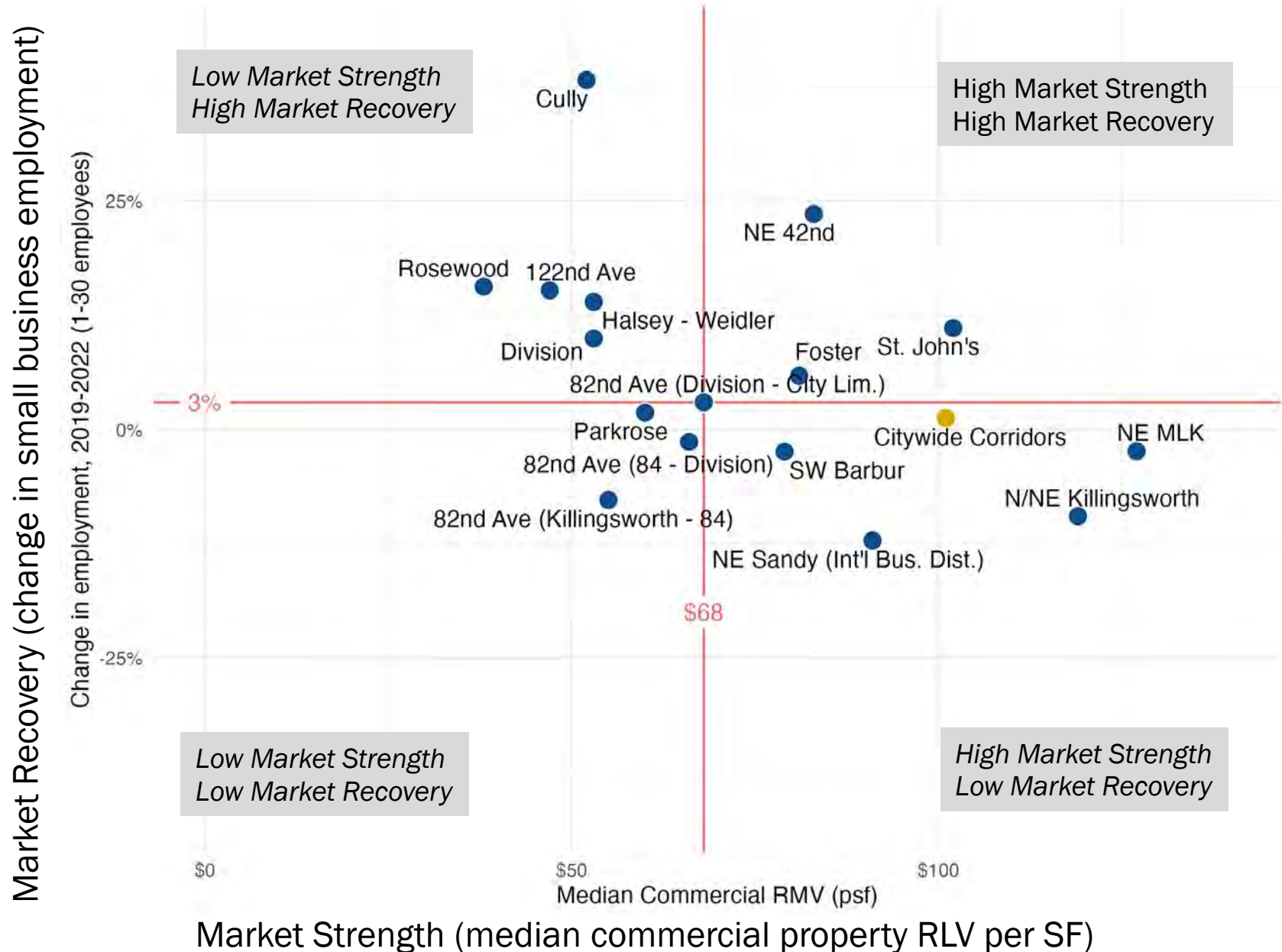


Commercial land value (RMV) indicator for market strength

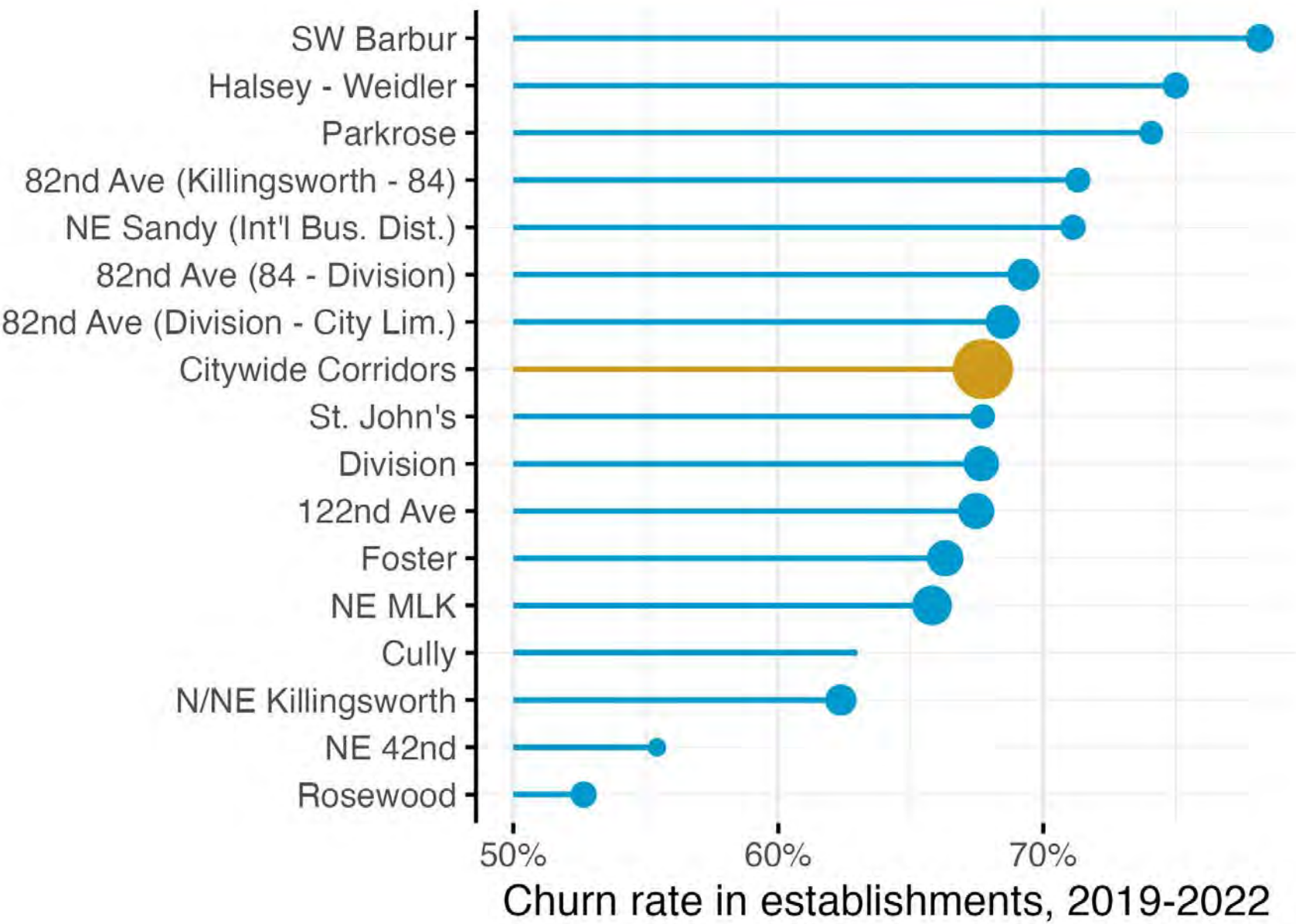


▲ Median ■ 75th percentile ● 90th percentile

Corridor typologies by quadrant - Employment change from 4Q 2019 to 1Q 2022



Business formation and closure rates impact needed interventions



Business churn helps interpret the overall business formation rate. Churn measures the number of business that were operating in 4Q 2019 and still operating in 1Q 2022 as a share of total businesses in 2022

Higher churn means lower formation and closure rates, vs. churn indicates more formations and more closures

Establishments, 2022 (Q1)

- 200
- 500
- 1,000

Overarching goal: Equitable Economic Recovery

- **Goal:** Consistent resource allocation across all corridors aligned with the Inclusive Economic Development Strategy
- **Challenges:**
 - Sunsetting of TIF districts = lack of available resources
 - Loss of 40% AH set aside for housing and displacement

Potential Strategies

Improve
safety and
transportation

Activate
storefronts

Expand
business
stabilization
efforts

Support
home
businesses

Address
housing
production
and
displacement

Coordinate
business
districts

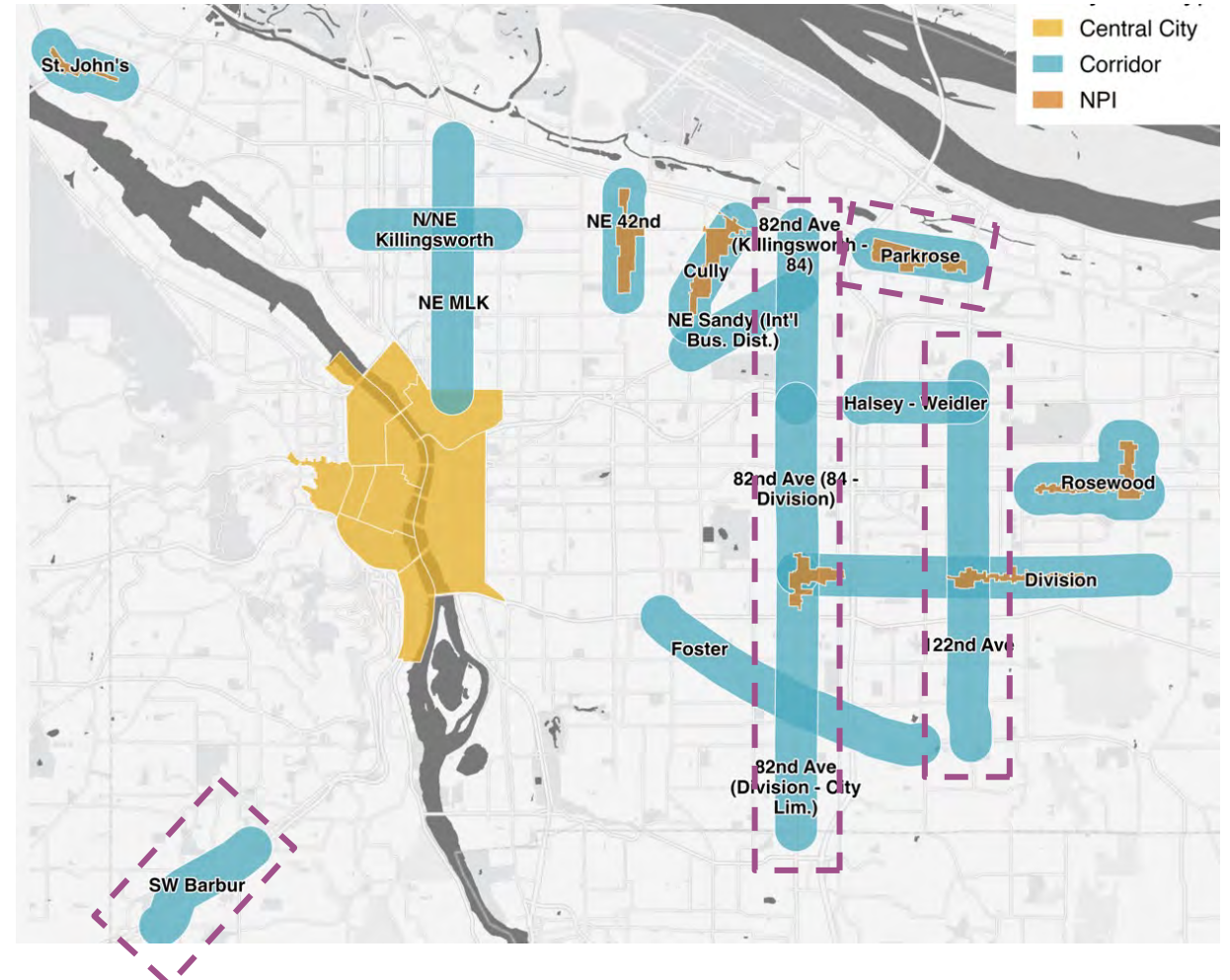
Improve safety and transportation infrastructure

RATIONALE

Create a more connected, safe environment for multi-modal transportation

POTENTIAL INVESTMENTS

- Business Interruption/Stabilization during construction periods
- Right of Way investments to support connectivity to neighborhoods



HIGH PRIORITY CORRIDORS

Leverage existing funding: 82nd Ave, 122nd Ave
Seek funding: Parkrose, Barbur

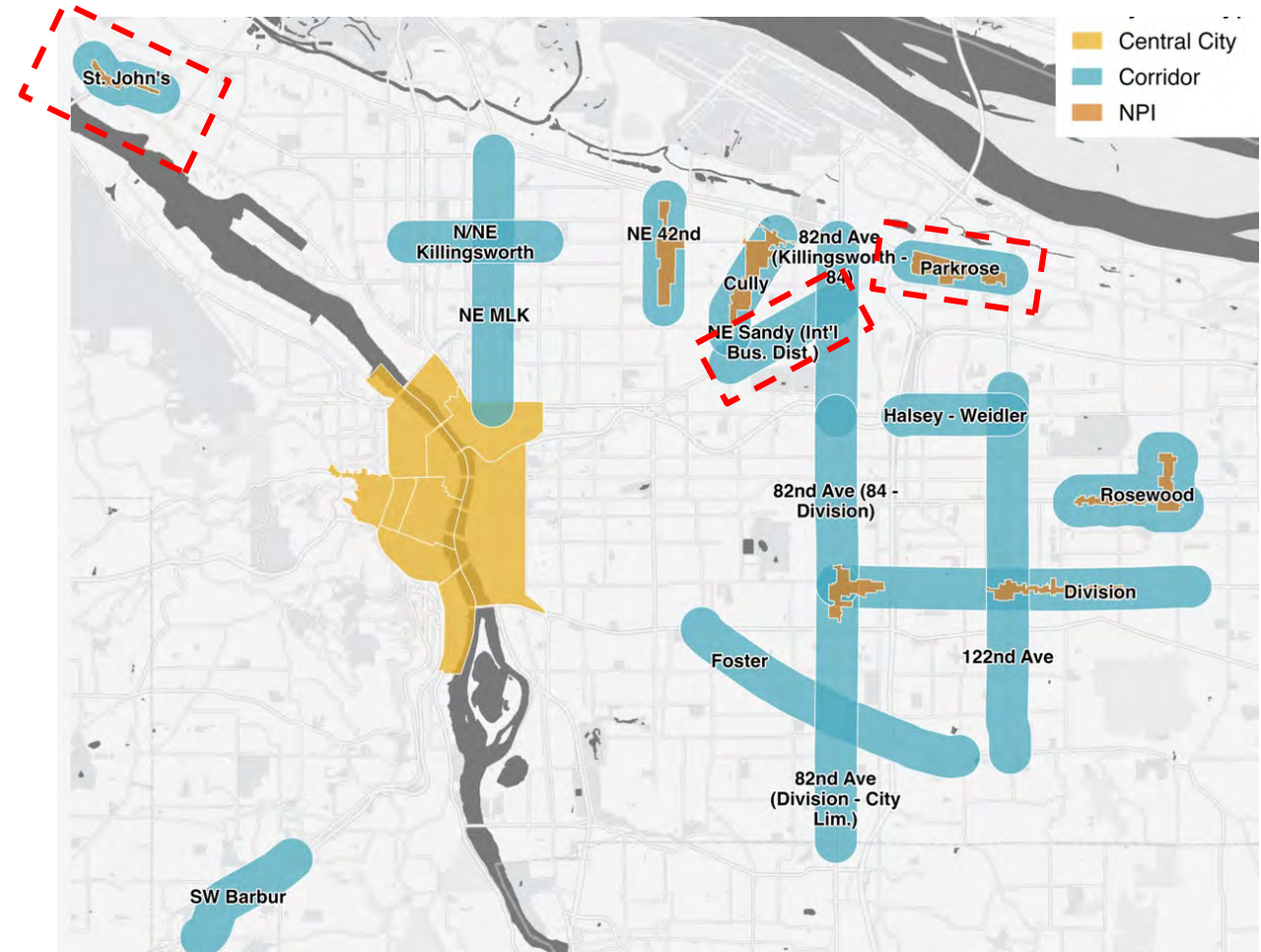
Activate storefronts

RATIONALE

Tenancing strategy for long term vacancies and absentee landlords

POTENTIAL INVESTMENTS

- Tenant improvement strategy for priority businesses in high-market value locations
- Broker/Direct engagement with property owners



HIGH PRIORITY CORRIDORS

St Johns, Parkrose, NE Sandy

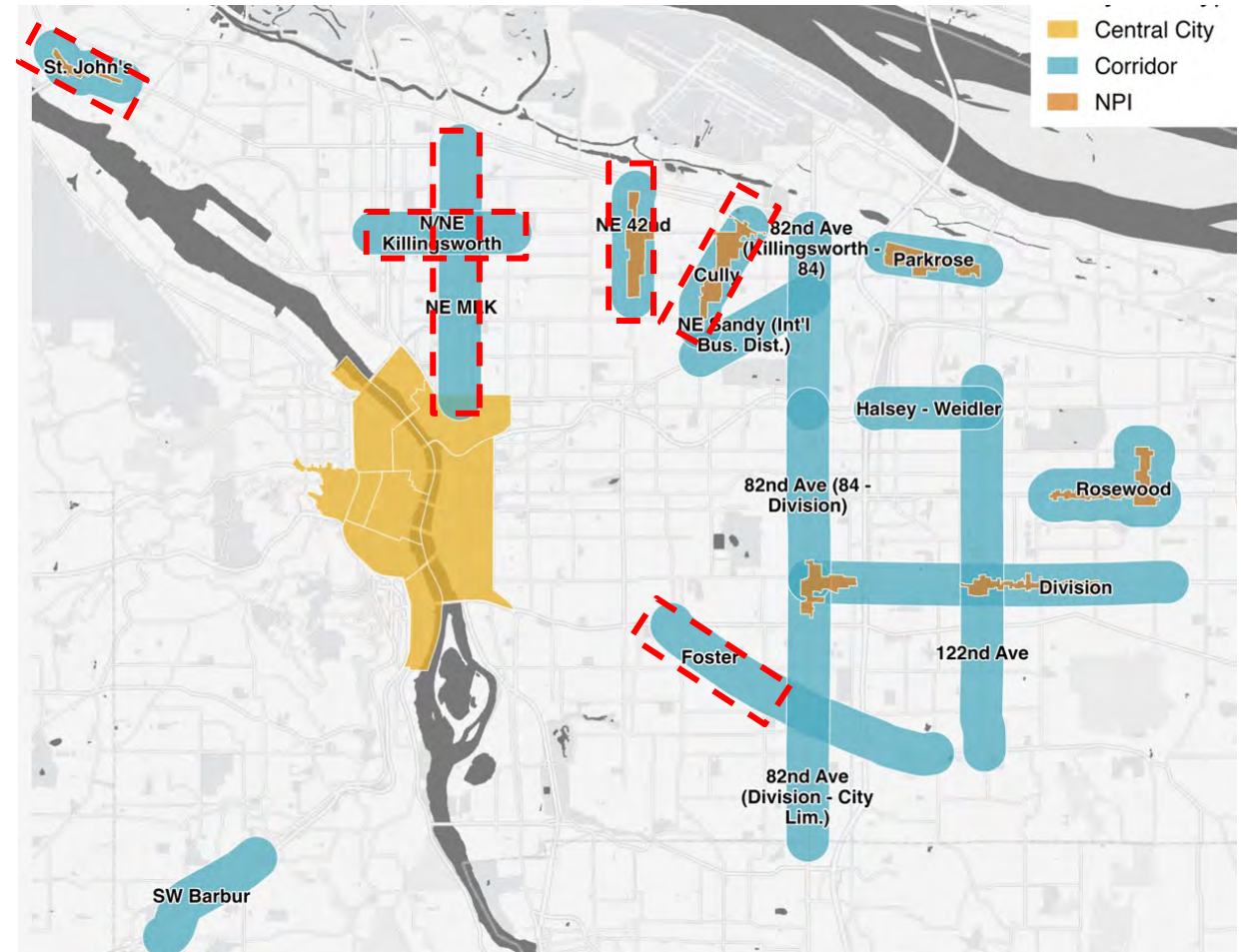
Expand business stabilization

RATIONALE

Support equitable recovery through interventions in high market strength corridors

POTENTIAL INVESTMENTS

- Stability and entrepreneurship for priority businesses
- Direct funding for rent assistance
- Technical assistance
- Tenant improvements



HIGH PRIORITY CORRIDORS

St. John's, Killingsworth, MLK, 42nd, Cully, Foster

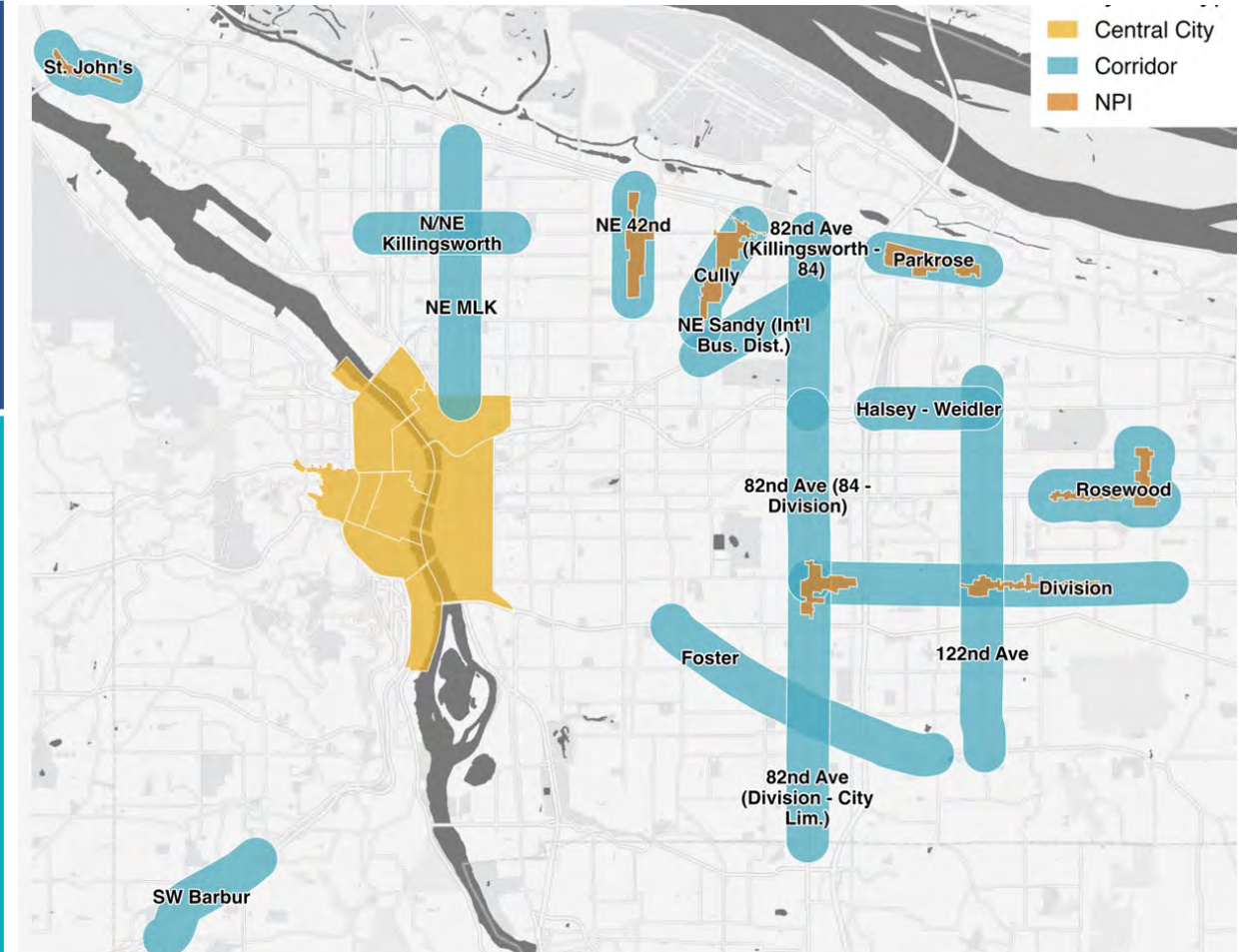
Support home-based businesses

RATIONALE

Remove barriers to running a home-based business at different stages, and create spectrum of commercial spaces

POTENTIAL INVESTMENTS

- Modernize code requirements for home-based businesses that reflect post COVID trends (BPS)
- Identify spectrum of commercial buildings in corridors to support businesses at different phases.



HIGH PRIORITY CORRIDORS

All corridors

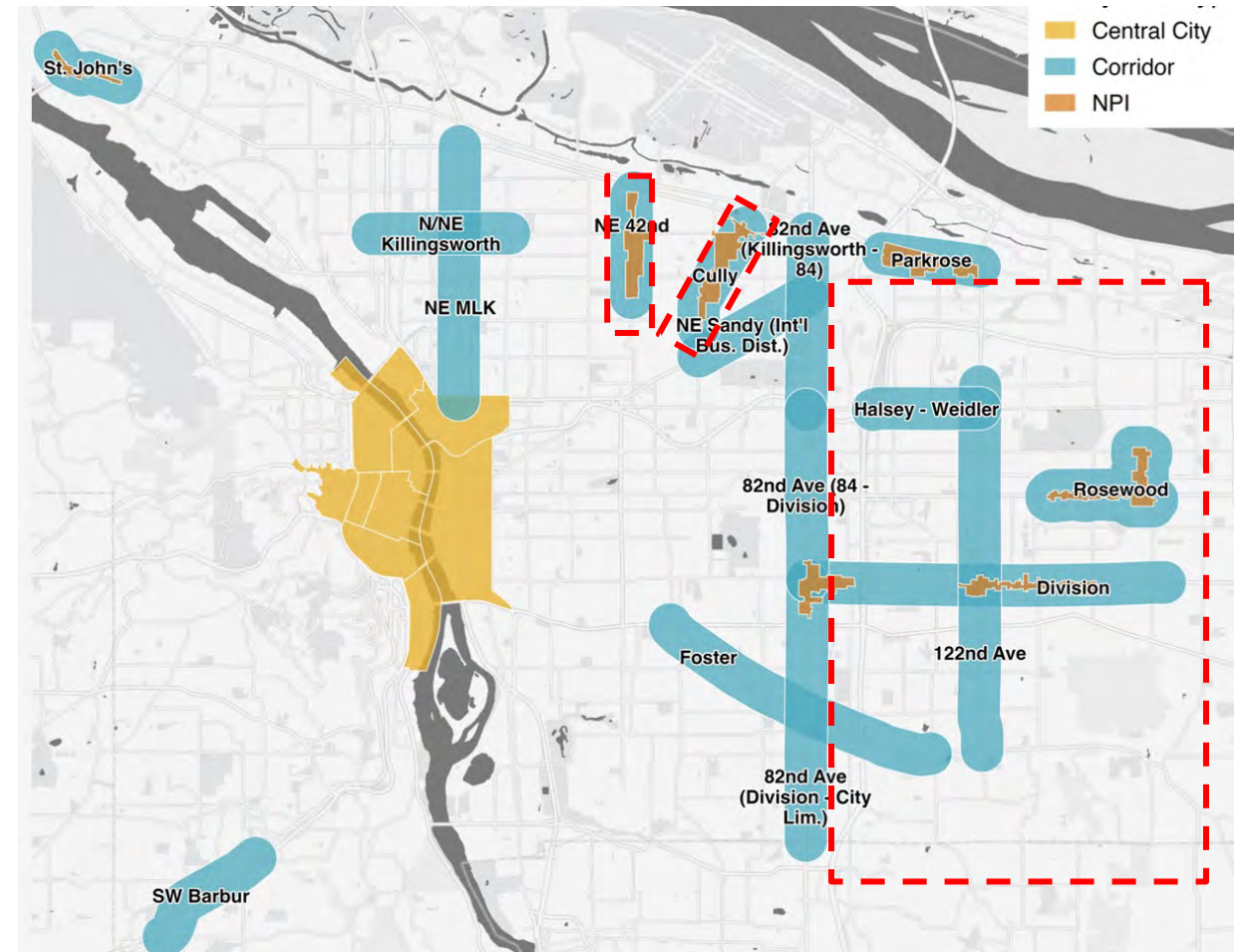
Address housing production and displacement

RATIONALE

Mitigate potential resident displacement after major corridor investments

POTENTIAL INVESTMENTS

- Invest in housing supply to support demand for neighborhood-serving businesses
- Investment in affordable and middle income housing to support long terms needs for entire range of household incomes



HIGH PRIORITY CORRIDORS

Cully, NE 42nd, Parkrose, Halsey-Weidler, Rosewood, Division, 112nd Ave

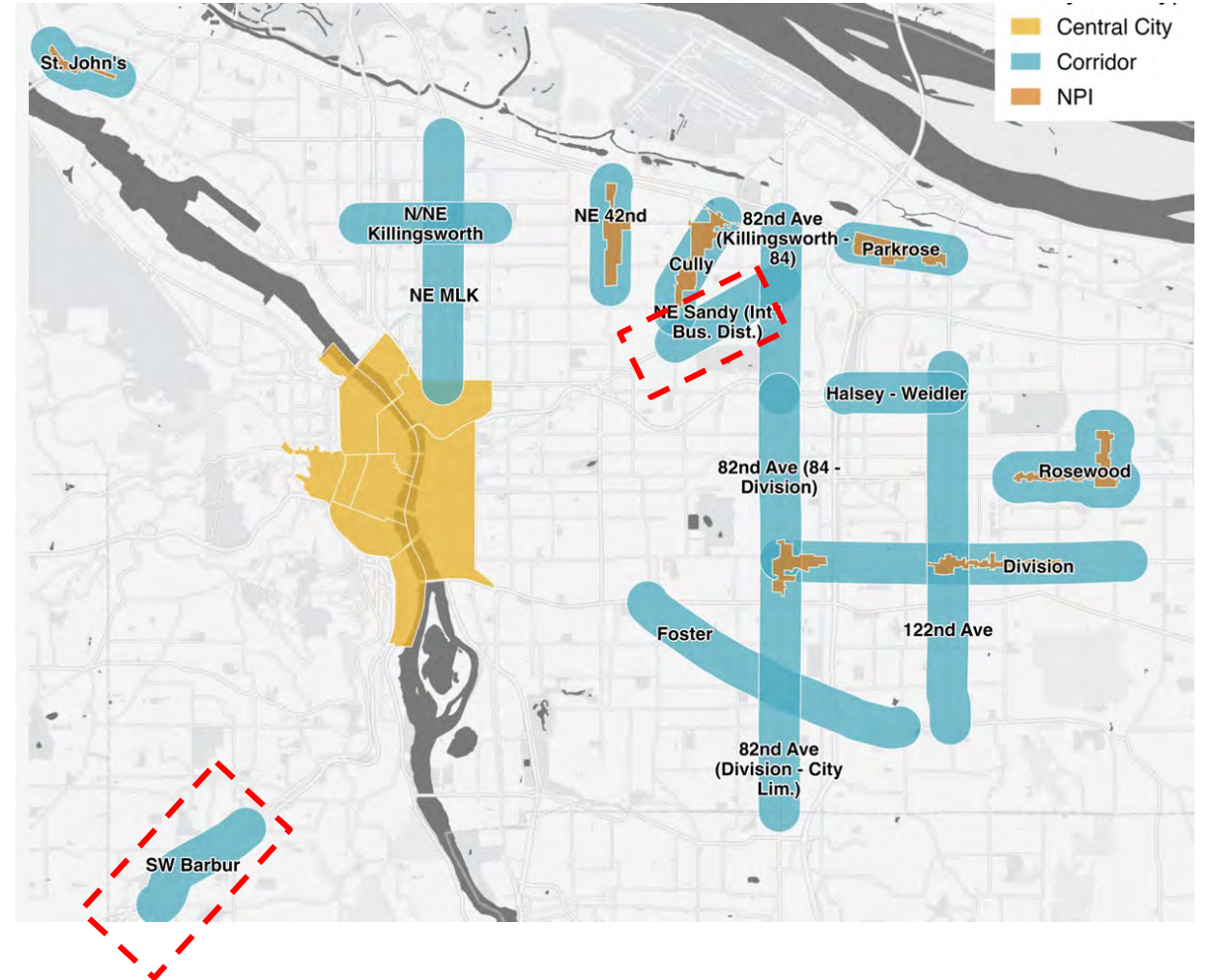
Coordinate business districts

RATIONALE

Maintaining and supporting additional organizational capacity for community level economic development

POTENTIAL INVESTMENTS

- Explore programs to share marketing, promotions, and services among business districts (Venture Portland, NPNs).
- Explore new versions of neighborhood prosperity, Main Streets, or TIF Districts



HIGH PRIORITY CORRIDORS

NE Sandy, Barbur

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Boise