

Portland, Oregon, USA

Building a sustainable economy on the pillars of urban innovation



Portland has a long history in sustainability action. The city has long pursued innovative approaches to urbanism, beginning with the urban growth boundary in the 1970s to the pioneering of EcoDistricts today. Portland's brand has become one of sustainability and quality of life - attracting a highly educated and creative workforce. Despite boasting one of the largest clusters clean technology firms in the USA, Portland was hit hard by the current economic downturn. In response, the city has redoubled its efforts to invest in sustainability as a major part of its economic development strategy.

150

ICLEI Case Studies

April 2012

Abstract

Portland is a leader in the field of urban sustainability and has repeatedly earned accolades as the most sustainable city in the United States. The Portland metropolitan region is one of the largest showcases of clean tech and green building sector innovations in the nation. As a leader in such sectors, the city has attracted an impressive talent base, making Portland a top competitor for attracting firms in the clean technology sector. Portland's Economic Development Strategy has a primary goal: to build the most sustainable economy in the world. Additionally, the city focuses on the development of a viable local economy and neighborhood business vitality.

Portland's Economic Development Strategy includes a cross departmental team from the city, other governments in the region, state institutions and economic development agencies. In a city eager to see increased job growth and sustainable economic development, political will and mayoral support have proven to be a key driver in achieving positive results.

Sustainability - an engine for economic growth

Portland's investments have positioned the city as a national leader with a unique competitive economic advantage - a robust sustainability sector. However, Portland has not been immune from the adverse economic consequences of the current financial crisis. In response, the city created an Economic Development Strategy in 2009 designed to address the challenges of poor economic performance and stimulating job growth.

As an urban sustainability leader in the United States, the city's economic health and vitality is a critical factor for other cities considering the economic implications of sustainability as a growth model. Portland's strategy includes building upon its urban sustainability investments. In the way the city has pioneered new innovative urban strategies for decades it is now building on urban innovation as a key component of its broader economic development approach. The city's involvement and coordination with other regional entities is also an important component in order fostering development as well as job retention and creation for Portland and the surrounding region.



Population/Land area

~ 566, 000 (2011)/
376.5 km²

Municipal budget

US\$ 2.8 billion
(Financial Year 2011-2012)

Portland joined ICLEI in 1991



Fondation Charles Léopold Mayer
pour le Progrès de l'Homme

This case study is part of a series of local sustainability case studies compiled as part of ICLEI's preparation for Rio+20.

Case Study

City context

Portland's commitment to sustainability began before the Rio Earth Summit in 1992. Portland's long tradition of urban sustainability has resulted in the city developing strategies that incorporate municipal policy and urban planning to foster growth of the green economy and create more liveable neighborhoods. The city has worked to integrate sustainability principles throughout all of its operations and policies.



Cherry Blossom Riverwalk, Portland.

Portland State University serves as a key resource for the city by attracting some of the greatest minds in sustainability research in the country; these experts engage in, and provide new demonstration projects, creating an incubator for new and innovative policies and programs. Portland is a national leader in sustainable transit options, green buildings, urban growth boundaries, solar industry development and more recently the establishment of EcoDistricts.

The implementation of the city's Economic Development Strategy and the establishment of the new Bureau of Planning and Sustainability (BPS) in 2009 both signal a new phase in Portland's aim to develop linkages between economic development and sustainability. Building

upon the work of the Economic Development Strategy, the BPS is updating the comprehensive spatial plan for the city and is working to further integrate sustainability into economic development plans.

Strengthening an urban economy on a foundation of sustainability

A pioneer in urban sustainability

Portland's effort to create and strengthen its sustainable economy is rooted in the city's dedication to innovative urban development. In 1979, the city adopted an urban growth boundary spatial strategy, which directed development along very strict zoning lines, allowing for the type of density necessary for a functioning transit system and sustainable service provision. Since the early 1990s, it has been an influential leader in sustainability practice, being the first city in the United States to adopt a carbon emissions reduction plan. In 1994, Oregon adopted its Sustainability Principles, which provided the underpinnings of what is now Portland's Bureau of Planning and Sustainability which works to infuse sustainability into all aspects of the city's development.

Portland has successfully lowered greenhouse gas emissions by 3 per cent between 1990 and 2011 (compared to an increase of 7.3 per cent in the US between 1990 and 2009) and has demonstrated excellence in transit and sustainable commuting options, bicycle friendliness, air quality, water quality, land use planning, housing affordability, climate action, green buildings and waste management. Continuing in this tradition of leadership, Portland is now embarking on multiple EcoDistrict projects in the city, thus advancing a whole systems approach to urban sustainability.

A leader in the sustainability sector

As a living laboratory for sustainability, Portland has attracted clean technology firms to develop in the city which helped enabled the wider metropolitan area establish itself as the largest cluster of green businesses in the nation. Portland's sustainability efforts have also created a strong sustainability brand that has attracted 'talent clusters' (84 per cent greater than similar sized regions for renewable energy and 43 per cent greater for environmental services and recycling).

This sustainability oriented labour force has been attracted to Portland, not just because of the firms established there, but also because the quality of life has attracted young and creative professionals. In addition to the city's climate and location, Portland is walkable, bikeable and has an extensive public transit system, which connects small neighborhoods, local businesses and the wider metropolitan area. This carefully cultivated urban environment fosters a high quality of life with a strong sense of community, amenity and connection.

Portland's has a strong unique network, made up of thousands of small local businesses and substantial talent and sustainability sectors that rivals anywhere else in the United States. However, due to macroeconomic forces, the city experienced a 4.3 per cent total employment decline between 2008 and 2009 (compared to 5.3 per cent for the US as a whole). This represents a stark increase in unemployment. In response, newly elected Mayor Sam Adams set forward an ambitious agenda to address Portland's economic downturn by leveraging the urban innovation and sustainability sector to continue its long history of innovation that had made Portland a world renowned city in terms of sustainable development.

Portland's emergence as a leader in the green economy is no accident, but rather the result of deliberate advancements in sustainability innovation and policymaking. Policies at both the state and local level have helped to foster Portland's achievements in sustainability. The city has invested in mass transit systems, bicycle infrastructure, tax credits for alternative energy use, green building codes, and land use ordinances such as the urban growth boundary. The city's unwavering commitment to sustainability has resulted in an urban environment at the forefront of excellence in urban sustainable strategies.

Building sustainable economic growth

Portland has a clear and ambitious goal - to build the most sustainable economy in the world. The city's Economic Development Strategy serves as a foundation as Portland strives to integrate sustainability into the fabric of the city's economy. The strategy is a five year plan and rests on three pillars that trace back to the concepts found at the first Rio Earth Summit in 1992:

- sustainable job growth (economic sustainability),
- sustainable innovation with eco-districts (environmental sustainability)
- and inclusive prosperity (social sustainability).

Implementation of the 2009 strategy requires direct investment to create an additional 10,000 jobs by 2014. The strategy focuses on competitiveness, urban innovation and neighbourhood business vitality as key aspects of the plan to achieve its job creation targets. Portland is also placing a strong emphasis on staying competitive by maximizing opportunities for the production and sale of products and services of existing firms and any new or relocating firms. Furthermore, the city is continuing in the tradition of urban innovation by maintaining its position as a national and global leader in sustainability. Portland

is fostering neighbourhood business vitality by advancing economic activity in neighbourhoods throughout the city.

The Mayor's Office is responsible for strategy updates and implementation oversight. The Mayor established an Economic Cabinet, made up of leaders from all sectors of the local economy including the city's target economic growth and innovation clusters which include: clean tech, software, research and marketing, athletic and outdoor industries, and advanced manufacturing. The Economic Cabinet advises the Mayor and identifies investment opportunities.

The Portland Development Commission (PDC), the city's economic development agency, is tasked with delivering key aspects of the Economic Development Strategy. Building on Portland's commitment to sustainability, the mission of the PDC is "to bring together resources to achieve Portland's vision of a diverse, sustainable community with healthy neighborhoods, a vibrant central city, a strong regional economy, and quality jobs and housing for all":



Portland's Red Max Street Car.

To implement the strategy, the PDC is charged with supporting small businesses, revitalizing commercial sector corridors, and retaining and developing high wage jobs through initiatives that target specific industries to build a competitive economic advantage for the Portland region. This is what makes Portland's economic development strategy unique from many other cities - the integration of sustainability as a core principal of development.

Results

Green economy. A 2008 estimate of the green building cluster and its impacts across the metro region, estimated that between US\$ 355 and US\$ 960 million in annual wages were paid in the sector.

Furthermore, Portland's bicycle related industries were valued in 2008 at US\$ 90 million accounting for between 850 – 1150 jobs.

Green jobs According to a 2011 Brookings Report, the Portland metropolitan region has over 27,000 jobs that produce or add value to goods and services that produce an environmental benefit. The median wage for these jobs is US\$ 42,548 per year and each of these jobs produces an estimated US\$ 13,952 in exports for the Portland metropolitan region's economy.

Job retention. Portland's recent efforts in implementing its 2009 Economic Development Strategy have yielded positive results in maintaining these jobs. Portland has retained 1,100 existing jobs and created more than 1,900 jobs through financial assistance to 132 local businesses, while at the same time attracting 15 new companies. The city and the Portland Development Commission worked to leverage over US\$ 600 million in investment, which helped realize 2,284 construction jobs, and helped 390 businesses obtain local, state and federal loans, grants and incentives totaling US\$ 59 million, to expand their business.

A look at the sustainability sector results of this economic development effort reveals the impacts of integrating sustainability into the city's strategy. Portland attracted the solar energy company Vestas, thin film manufacturer SoloPower and energy storage leader ReVolt, to locate in the city, resulting in 751 new jobs and

300 retained jobs. The city has also developed capacity in the wind energy supply chain market resulting in sales and service increases totaling US\$ 2 million for local wind technology firms.

Lessons learned

Leveraging competitive advantage through collaboration. Portland's current Economic Development Strategy is an important step for a city renowned for advances in urban innovation and Small to Medium sized Enterprises (SMEs). It is essential to leverage the advantages the city has earned from sustainable urbanism and economic development, while simultaneously developing new aspects of the city's economy. It is important for such a high profile sustainable city to be not only a model for environmental and social integrity, but it must also demonstrate that sustainability can be an integral part, and even a foundation, for robust competitive economic development strategies. A model of sustainability that does not show economic viability is one that will not readily be adopted by other jurisdictions.

Decades of strategic planning Much of what Portland is currently achieving in its economic development activities is a result of decades of intelligent decision making and investment in a sustainable built environment, clean energy economy and socially vibrant city. Replication of these core aspects of Portland's asset base by other cities will take major course corrections in public policy and investment; however the lesson Portland offers other cities in the United States, and around the world, is that action based on long term strategic thinking results in a viable return on investment.

Replication

Portland provides two good models for other local governments to replicate, that of sustainability as urban innovation and sustainability as a key component of economic development. The Economic Development Strategy builds on and is linked to the urban sustainability strategy.

For a city to fully replicate the Portland model, it would require a sea change in local policy for most jurisdictions. However, discrete aspects of Portland's work in sustainability have already been adopted in many localities. Portland serves as a testbed for sustainability integrated into urban innovation and economic development. The city takes both the risk and reaps the rewards as an early adopter of sustainable policymaking.

The city has been internationally cited and profiled in many publications and the city's current Economic Development Strategy is a document detailed enough to serve as a template for other jurisdictions. The city also has a rich history of providing study tours to other local government elected officials and staff to share Portland's expertise in sustainability.

Key Contacts

Bureau of Planning and Sustainability

City of Portland
Michael Armstrong
Tel. +503 / 823-7700
Email: bps@portlandoregon.gov

ICLEI USA Office

180 Canal Street
Suite 401
Boston, MA 02114
Tel. + 617 / 960-3420
Fax. + 617 / 248-3974
www.icleiusa.org

ICLEI World Secretariat (WS)

Capacity Center
Kaiser-Friedrich Strasse 7
53111 Bonn Germany
Tel. +49-228 / 97 62 99-00
Fax. +49-228 / 97 62 99-01
Email: capacity.center@iclei.org
www.iclei.org

This case study compliments the publications prepared for the Rio+20 Conference and is part of the 'Local Sustainability 2012 Case Study Series: Showcasing progress in local sustainability'. This project is generously supported by the Fondation Charles Léopold Mayer pour le Progrès de l'Homme. The case studies can be accessed online at www.iclei.org/casestudies

Budget & finances

Portland's investments in sustainability are largely tied with the city's annual budget. The investments in the current Economic Development Strategy are US\$ 3.2 million for the 2011 Financial Year. As a result of such investments, the city has retained 1,100 existing jobs and created more than 1,900 jobs through financial assistance to 132 local businesses, while attracting 15 new companies.

Sources

- Portland Economic Development Strategy: www.pdxeconomicdevelopment.com/index.html
- Portland Budget: www.portlandonline.com/omf/index.cfm?c=55388
- The Portland Metro Climate Prosperity Project Greenprint: www.pdxinstitute.org/index.php/pmcpp
- Sizing the Clean Economy: A National and Regional Green Jobs Assessment: www.brookings.edu/reports/2011/0713_clean_economy.aspx
- Portland, Oregon: A case study in sustainability: www.allbusiness.com/personal-finance/118361-1.html
- Portland's Green Building Cluster: www.edq.sagepub.com/content/22/4/303.abstract
- The Value of the Bicycle-Related Industry in Portland: www.altaplanning.com/App_Content/files/fp_docs/2008%20Portland%20Bicycle-Related%20Economy%20Report.pdf

Acknowledgements

- This ICLEI case study is part of the Local Sustainability 2012 Case Study Series.
- Author: Art von Lehe (ICLEI USA).
- Editors: Steven Bland, Shay Kelleher, Richard Simpson (ICLEI World Secretariat).



ICLEI – Local Governments for Sustainability is an international association of local governments committed to sustainable development. ICLEI's mission is to build and serve a worldwide movement of local governments to achieve tangible improvements in global sustainability with special focus on environmental conditions through cumulative local actions.



The ICLEI Case Study series (iclei.org/casestudies) focuses on urban sustainability activities of ICLEI Members and local governments being part of ICLEI projects across the globe. ICLEI World Secretariat. Email: publications@iclei.org

© 2012 ICLEI – e.V. All rights reserved.

April 2012