

OUTLOOK

• JUNE 1990 •

A PRELIMINARY ANALYSIS OF EMERGING ISSUES FOR DOWNTOWN PORTLAND

Achieving Association for Portland Progress' (APP) goals requires an understanding of the complex factors that influence downtown. This report contains an initial analysis of baseline data regarding areas of interest to APP members. While compiling these statistics, it became increasingly evident that APP needs the capacity to separate data important to the central business district from citywide and regional statistics.

This report is the first in a series that will enable APP to monitor, report on and influence downtown trends and will provide the basis of a five year strategic plan scheduled to be completed this summer.



ASSOCIATION FOR PORTLAND PROGRESS

MISSION STATEMENT

The Association for Portland Progress is a private, non-profit membership organization dedicated to the beneficial growth and development of the central business district of Portland, through policy development, advocacy and program management functions conducted on behalf of businesses in the central business district, and in cooperation with public and other private sector partners.

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OFFICE SPACE

Last year, both Newsweek and USA Today rated Portland as one of the top ten places to do business. The downtown hub is a natural attraction to business, but to avoid flight to suburban office parks, the city must work to maintain downtown as an accessible, affordable place to do business. APP is making a concentrated effort to bring businesses to the downtown core.

Portland's office market has recovered from a glut of space in recent years, but major challenges from suburban markets directly threaten downtown's future. Since 1984, only two major office projects — One Financial Center and Pioneer Place — have been built downtown. This brings the total Central City office space to 17,601,000 square feet.¹ Proposed projects—1000 Broadway Building, Morrison Tower and the One Oak Place Building will add another 1,190,000 square feet to downtown within the next few years.² After an overbuilding stage in the early 1980s, the downtown office market has stabilized and the Class A vacancy rate has dropped from 13% one year ago to 10.5% today. The downtown absorption rate should level off at 200,000 square feet this year.³

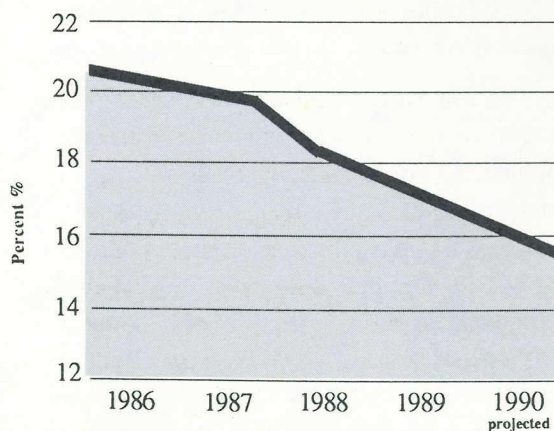
Suburban competition could create a serious problem for downtown office space. Several

factors, including parking availability and perception of downtown traffic congestion, may prevent downtown from luring new businesses and retaining existing ones. Most forecasts predict significant job growth in the Portland area in the next decade. However, downtown will not be able to share in this growth unless it is able to attract businesses by providing enough parking, efficient transportation, and affordable land costs.

In a recent Business Journal survey of leasing agents, respondents expressed concern over downtown's ability to maintain its share of regional employment growth. The survey asked respondents to "list three specific amenities that make a location attractive for your office warehouse or industrial space." Respondents cited parking, cost and availability of land, and property tax rates as among the most important factors.⁴ Clearly, downtown must adapt to the needs of business, or future growth will be in jeopardy.

Today, two related trends are apparent. First, nearly one-third of vacated office space is due to urban flight. In 1989, more than 32 percent of downtown vacancies rented from tenants moving to the suburbs.

1 Portland Office Vacancy History

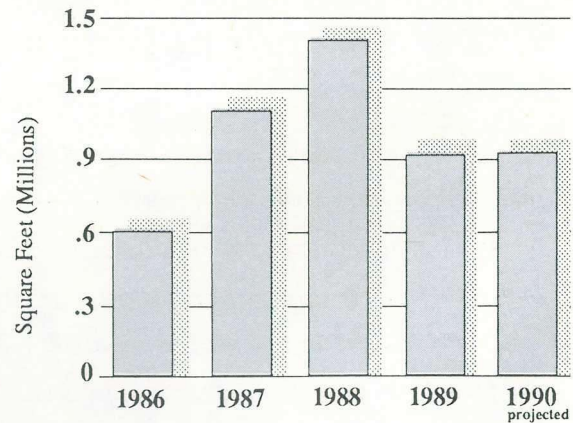


Source: Grubb & Ellis 1990

Only three years ago, that figure was just 7.4 percent.⁵ The second trend involves new leasing of space. Downtown has a good absorption rate; however, 59.6 percent of this growth came from business expansion or businesses moving from within downtown. Only 29.3 percent of new leases came from new tenants.⁶

So, not only are more businesses moving away from downtown, but few are being attracted to the downtown core area (refer to graphs number 1 & 2).

2 Portland Area Office Absorption History



Source: Grubb & Ellis Report 1990

Urban flight possibilities run counter to growth and centralization for the metropolitan labor force. By all accounts, Portland is on the verge of a mini-population explosion. According to METRO, the metropolitan area can expect a population of 1,569,050 by 2000, an increase of about 10 percent for the decade.⁷ The Portland area is one of the fastest growing regions in the country. Economic expansion will lead to more employees this decade. Downtown will likely experience a significant influx of new workers by retaining and recruiting new businesses. Downtown's ability to accommodate workers' needs and adjust to a much higher downtown employee base will affect the future of downtown.

Currently, about 90,000 people work downtown.⁸ METRO's regional forecast shows that downtown absorbed 41.9 percent of the region's employment growth from 1980 to 1987.⁹ That figure will shrink to 10.7 percent by 1995; however, METRO predicts, as noted in APP's strategic marketing plan, that "...downtown will grow by between 1,200 and 1,450 workers each year until 2010."¹⁰ Another forecast predicts high growth with aggressive office, retail, housing, and lodging development downtown, resulting in 39,100 new jobs between 1986 and 2010.¹¹ In both scenarios, the majority of growth will come from office employment, with a significant increase in retail employment.

Expansion of the downtown employee base is dependent on several factors, including office space expansion, changes in parking and transportation policies, and the availability of affordable housing near or in downtown. By itself, an increase in the number of downtown employees is good. Higher demand will result in expansion of downtown services. However, under current conditions, greater numbers will strain downtown's capacity. New office development will displace parking for Class B and C buildings. If the City does not address future parking needs, it will be extremely difficult to accommodate growth. Half of all trips downtown are on public transportation.¹² Tri-Met will need to expand and improve its downtown service, whatever the employee growth is. There is no question that more people will be working downtown in ten years. The question is how will downtown adapt to the growth and how will it maintain its position as the region's employment center?

TRANSPORTATION

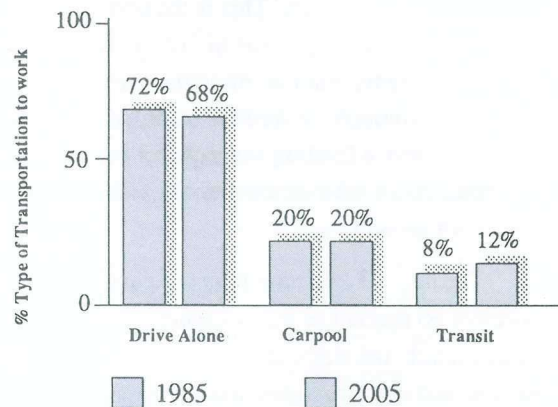
Functional and efficient transit to and within downtown is crucial for maintaining Portland's competitive edge over the suburbs. Downtown Portland is the region's transit hub and is easily accessible from around the metropolitan area. Population forecasts predict the area to gain more than 500,000 new residents over the next 20 years.¹³ The Central City Plan projects the employee base of 90,000 downtown employees to increase to 114,097 by the year 2000.¹⁴ It is assumed that 70% of all new employees will take transit to downtown.¹⁵ As such, adopting transit patterns to accommodate the growing population is crucial to downtown's place as the economic, cultural, and retail center of the region.

With the defeat of Ballot Measure 1 in May, regional transit faces an uncertain future. In order to accommodate downtown's economic and physical growth, the city must tackle two important issues. First, it must improve bus and rail service to downtown. With forecasts of thousands of new employees downtown, it is essential that Tri-Met adjust to the changing transit needs for the region. Tri-Met has proven to be popular among both workers and shoppers. Fifty percent of all downtown workers use public transit to get to work, as do 26 percent of downtown shoppers. Through the first ten months of fiscal year 1990, MAX averaged 19,940 riders each weekday, compared with 19,641 for FY89.¹⁶

Downtown transit ridership currently averages 76,000 trips per day.¹⁷ Central City plan projections indicate that by the year 2,000 transit trips to the downtown will nearly double to 142,000 trips per day.¹⁸ In a recent rider survey, Tri-Met found that downtown is the usual destination for more than 65 percent of its riders. Survey results showed that more than 70 percent of Tri-Met's riders rate the system's job performance as "good" or "excellent."¹⁹

3

Means of Transportation to Work (SMSA)



Source: APP 6/90

*Transit includes Park-N-Ride & Other

The construction of the West Side Light Rail from Hillsboro to Portland is important not only to reduce traffic congestion along the Sunset Highway but also to provide efficient transportation for downtown workers. The city's first light rail project engendered hundreds of millions of dollars in development, including Pioneer Place and the Convention Center. Future rail development could have the same effect (reference graph number 3).

The second issue the City must address is the pedestrian and traffic circulation downtown. Downtown must retain the advantages that the 200 foot blocks provide. This makes walking downtown an easy and positive experience.

Currently, public transit focuses on a north-south alignment, making east-west travel difficult. With rail development and an expanding business core, it is essential that public transit provide easy access to all areas of the central city. Automobile access to downtown is limited by a finite parking supply and by the number of "entry portals" to the area. A well-planned network for rail, buses, and cars will help maintain the accessibility of downtown to suburban areas and at the same time improve accessibility within it.

INFRASTRUCTURE

In analyzing the vitality of a community, people often overlook a city's infrastructure. The streets, sidewalks, bridges, walls, and lights that make up Portland's \$1.6 billion urban transportation infrastructure (an accurate figure on the City's water & sewer infrastructure was unavailable at the time of this printing) are the least glamorous parts of development; yet, without a well-maintained infrastructure, new development would be impossible.²⁰ A key component in determining the condition of this infrastructure is determining unmet need. This is the cost of repair and replacement. Currently, costs of "unmet needs" for the city's urban transportation infrastructure total \$55.3 million.²¹ Although most of the infrastructure is in good condition, a funding shortage for maintenance and repair could have serious ramifications for future downtown growth.

The city's 3,246 lane-miles of paved streets represent 66 percent of the replacement value of the infrastructure; the sidewalk system represents 23 percent; and city structures, traffic signals and street lights account for the remaining 11 percent. Projected growth and development is factored into the city's infrastructure management plan. Growth in population and employment will certainly affect downtown as well as the remainder of the city. The downtown area will experience the most transit growth. Projections estimate that 70 percent of all new transportation demands will come from downtown.²²

The City Sidewalk Maintenance Division, which manages 2,453 lineal miles of sidewalks, has a ten-year plan to inspect and repair every block within the City of Portland.²³ However, because downtown's infrastructure is the most heavily used in the city, this work is carried out once every two years in the Central Business District. Property owners must pay for all sidewalk repairs.

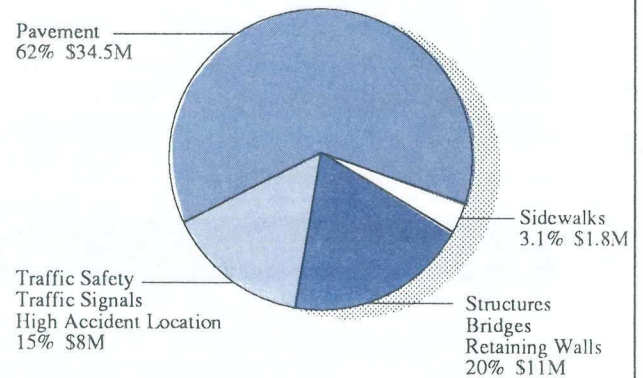
The city owns and maintains retaining walls, guardrails, stairways, the Willamette River harbor wall and 137 bridges. Fifty-nine percent of the bridges are in "very good" or "good" condition, but 15 percent fall into the "very poor" category. The 10 year capital improvement plan calls for all the "very poor" bridges to be upgraded by 1999. The city inspects the harbor wall every two years. Its condition is rated as "very good" with no immediate plans for major repair or

maintenance, due to the frequency of inspections. Retaining walls throughout the entire city are in good shape as well, with only two percent in "fair" to "very poor" condition.²⁴

The city oversees 43,000 street lights, including over 1,000 cast iron twin ornamental lights located within the Central Business District. Historic Old Town merchants and property owners have asked the city to increase lighting in their district. A three-year

4

Identified Unmet Need \$55.3 Million



Source: City of Portland Office of Transportation 7/89

levy finances street lighting, with the current levy scheduled for renewal in June 1992. Since 1985, the Lighting Department has upgraded 20,000 luminaries by replacing them with high pressure sodium lights. Today, 90 percent of all luminaries are rated in "good" condition compared with only 61 percent in 1985. Through maintenance and replacement, 98 percent of the street lighting system will be in "good" condition by 1991. Replacement and maintenance are financed through voter approved levies, which have been supported routinely in recent years, allowing management to keep the system working well (refer to pie chart number 4).²⁵

Since 1985, a Portland Department of Transportation (PDOT) system has identified high accident intersections. This system helps planners decide on intersection improvements to reduce traffic accidents. Modifications can include increased visibility, parking removal, restriping crosswalks, new signing and traffic signal modifications. Seven of the 48 high accident intersections are within the Central Business District. The intersections with the highest frequency of accidents are at Madison Street and the

Hawthorne Bridge ramp, Market & 13th and Columbia & 13th Streets.²⁶

The City is developing a strategic plan to help guide planning for the water and sewer system. Approximately 700,000 people are served from the Bull Run system. Bull Run holds 21 billion gallons of water and encompasses a 102 square mile area. Annual average daily usage is estimated at 125 million gallons. The water system includes 1,815 miles of water main, 155,281 water meters, 10,299 hydrants and 90 fountains. The system is composed of four elements, i. e., cast iron, steel, copper and ductile iron piping. The cast iron, ductile iron and copper piping are in good condition. Approximately 50% of the 275 miles of steel piping system is in poor condition and are being replaced at a rate that will up-grade this condition within 30 years. The major trends that will affect the water system are water supply demands due to population growth, increased costs to preserve water quality, and keeping the system in good condition.²⁷

There are approximately 18 miles of sewer lines in the Central Business District. The sewage disposal system is also in need of repair and replacement. Within the next five years, the City has planned to construct a separate storm system that will discharge directly to the Willamette River. This will reduce the frequency of sewer overflows and provide needed additional capacity serving future development.²⁸

Overall, this infrastructure system faces the same challenge as other cities of comparable size. Funding sources for replacement and repair have shifted over the last few years. The result of these changes has been an increase in unmet needs, specifically in paved streets, structures and traffic signals. Overall, 59 percent of all infrastructure elements are in "good" or "very good" condition, with city street lights and retaining walls averaging ratings of over 90 percent in "good" condition.²⁹

Portland can attribute this to two factors: the relative age of the system and the effective management of federal funds used to preserve these capital facilities. As downtown continues to face growth and development demands, APP and city leaders must lead the charge in continuing to provide a reliable infrastructure that isn't deteriorating and decaying. This is fundamental to meet the challenges in the coming decade.³⁰

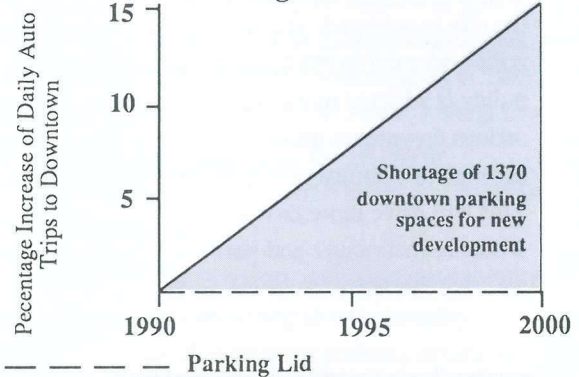
PARKING

With the adoption of the Downtown Parking and Circulation Policy in 1975, the city imposed a limit on the number of parking spaces downtown. The "parking lid" was designed to encourage people to use public transit by limiting the number of cars downtown, thus helping to reduce pollution levels in the area. Today, downtown has 43,914 parking spaces, including garage, surface lot, and street parking.³¹ Portland maintains approximately the same number of spaces as downtown Seattle, but downtown Portland's employee base is about half that of Seattle.³²

The City Bureau of Traffic Management recently commissioned the consulting firm Barney & Worth to study Portland's downtown parking situation. The November 1989 report notes that during the peak hours of 11 a.m. to 1 p.m., the utilization rate for on-street spaces is 82 percent, with a 79.5 percent rate for off-street spaces. During peak hours, downtown parking spaces are not at capacity (defined as 85 percent - 95 percent utilization). However, in several sections of downtown, parking is at or near capacity.³³

5

Projected Downtown Parking Shortage in Year 2000



Year 2000 auto trips cited from Central City Plan. Graph assumes a 35% transit ridership. This deficit does not include increased parking necessary to existing class B & C buildings

Source: Barney & Worth

The report describes the parking supply as "relatively plentiful." Currently, though, parking is easily found only outside the core of the Central Business District. Parking in the core is in short supply, with peak utilization rates at around 90 percent. This is the first time since the city

implemented the parking lid that the need for parking has reached such levels.

How will future development affect downtown's parking needs? Various studies suggest that downtown may see from 15,000 to 27,500 additional workers this decade.³⁴ Currently, several downtown office and housing projects are under construction or in the planning stages. While new buildings often displace surface parking lots, city policy dictates that these new structures provide new parking for tenants. However, replacement of surface lots leaves tenants of nearby B and C class buildings without parking. Potentially, this may create serious problems for leasing agents trying to sell downtown office space (see graph number 5).

The city will have to address the large number of additional workers downtown and the loss of surface lots to new downtown construction. The Barney & Worth report recommends a small increase in the parking lid, but a more substantial increase will likely be necessary to accommodate future downtown growth and to preserve parking for B and C buildings.

It is possible to expand the parking supply without compromising regional air quality standards. Downtown has not had an air quality violation since 1985.³⁵ However, the 1975 parking policy adopted by the city is outdated. It must be reviewed and a new policy adopted to meet current needs. If no new policy is adopted in the next two years, it will lead to serious downtown parking problems and will impair downtown's ability to retain and attract business. This will drive more development to the suburbs where infrastructure and public transportation systems are very limited.

RETAIL

On March 29, 1990, the opening of Pioneer Place concluded years of planning, development, and anticipation. But more importantly, Pioneer Place added 158,000 square feet of first-class retail space to Downtown Portland — Oregon's leading shopping area.³⁶ The addition of Pioneer Place gives downtown approximately 4,100,000 square feet of retail — more gross leasable space than Washington Square, Jantzen

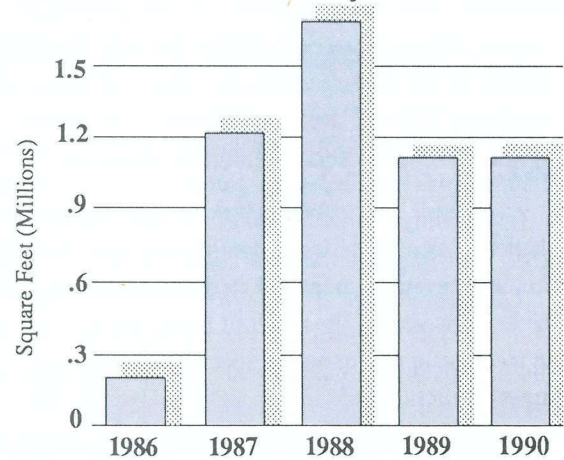
Beach, and Clackamas Town Center combined.³⁷

Downtown's retailers enter the decade faced with the challenges of attracting suburban shoppers to downtown, adjusting to the evolving tastes of an aging consumer population and providing goods and services to a growing number of residents and employees.

Downtown offers a diverse range of products and services not available in suburban locations. Over 1000 downtown stores have a broad mix of major department stores, independent retailers and small chain specialty outlets.³⁸ With such varied products and services, downtown's retail base is quite strong compared to cities of comparable size. Although Portland's area is 41st in population, it is 23rd in per capita retail sales.³⁹ This, coupled with no sales tax, fuels the strong retail climate.

In 1986, the Portland area absorbed 217,479 square feet of retail space. By 1989, spurred by a robust economy and a target audience riding the crest of economic growth, that number reached to 1,000,000

6 Portland Area Retail Absorption History



Source: Grubb & Ellis Report 1990

square feet.⁴⁰ Between 1986 and 1990 downtown absorbed 590,000 square feet or 14 percent of the region's new retail space.⁴¹ The current retail vacancy rate for downtown is 13.1 percent.⁴² This compares with a 7.3 percent rate for the metropolitan area (refer to graph number 6).⁴³

In its retail report for the third quarter of 1989, Grubb & Ellis showed a 6.2 percent vacancy rate for the entire Portland area.⁴⁴ Grubb & Ellis notes that



retail development should decelerate during the next few years, but the Portland retail market will remain healthy. Downtown Portland has been highly competitive with suburban centers and should remain so in the near future.

Several trends are changing the focus of retailing. During the 1980's, retailers nationally experienced enormous growth. Baby-boomers fueled much of the retail expansion. This group bought on credit, helping increase the degree of consumer debt in the process. As these consumers age, they are becoming more cautious with their spending, says a recent article in *Shopping Center World* magazine.⁴⁵ "By most accounts the upcoming generation of 30-year-olds are far more conservative in their spending habits than were their immediate predecessors....It is expected that Boomers and Busters alike will spend less frivolously and, when possible, opt for quality and prestige rather than price." The number of people aged 34 to 54 will increase to 81.1 million in the year 2000, from 48.7 million in 1980. This will also hold true for Portland.⁴⁶

The trend towards two-income households is also increasing the number of hours stores are open to accommodate this shift. In 1958, less than 20% of women aged 28-45 worked full time. By 1987, more than 60% of the female population was in the workplace.⁴⁷ This figure is expected to increase in the '90s. In response to this trend, APP has initiated a program encouraging downtown business to expand their evening hours. Not only should the Later Hours campaign help downtown retailers and accommodate these households, but it should also improve downtown's image as the region's premier retail center. Retailers will need to adjust to these demographic changes and consumer trends.

Retail businesses will also be affected by the national savings and loan bailouts making it challenging to receive loans for their businesses. By following these trends to maximize their cash flow resulting from quick inventory turn-over, retailers should continue to thrive in an increasingly competitive retail environment. Downtown, with its diversity of products and services, should fare well as the market transforms.

CRIME PREVENTION

Downtown's viability depends on many factors. Strong retailing, easy access, and affordable housing are all important draws for downtown. However, crime, and the perception that downtown is a dangerous place, is often a leading reason why people decide to avoid downtown. Making downtown a safe and comfortable place to live, work, shop, and visit is a prime goal of APP. And APP, along with the city and downtown community, is making concrete efforts to make that goal a reality.

According to police statistics, reports of most serious crimes downtown, such as homicide, rape, and robbery, have decreased by 52 percent since 1985. In 1985, 601 serious crimes were reported, compared to 287 reports in 1989. During the same time, however, there was an increase in the number of less serious crime. Larceny reports (including car prowls) rose fivefold from 676 in 1985 to 3,619 in 1989. In addition, reports of drug activity, prostitution, vandalism, and other activities classified as less serious by law enforcement agencies increased significantly during this period, rising from 8,900 reports to over 13,000, a 32 percent increase.⁴⁸

During the last five years, the number of police personnel available to respond to calls downtown has remained virtually the same (92 street officers in 1985 compared to 90 in April, 1990). However, several new programs have changed how the police patrol downtown, creating positive results in the city's efforts against crime.⁴⁹

The city has made steady progress implementing its five-year plan for converting to a community policing philosophy. Community policing emphasizes problem-solving rather than just responding to calls. One example of the success of this program was in Lowndale Square, where picnic tables had become open drug markets. The Police Bureau convinced the Parks Bureau to remove the tables, a move that substantially reduced the drug dealing in the park.

Last year, APP coordinated donation of ten bicycles and related equipment to the Police for downtown patrols. So far, the bikes have proven very effective against drug activity, prostitution, and other forms of street disorder. In yet another move to lower

downtown crime rates, the Police Bureau opened the Old Town Detail Office, a police substation that will be used for officers to write reports, interview witnesses, and take meal breaks. The substation will increase police presence in Old Town and improve officers' availability to the public. At APP's request, the mayor allocated \$100,000 for special missions against drug deals.

APP's Portland Guide program has been very successful in deterring downtown crime. Last year, the 24 Guides recorded over 86,000 assists, ranging from giving directions to reporting illegal activity to the police. The Guides are currently averaging 12,000 assists a month. An independent audit of the effectiveness of the Guide Program showed that after the program's first year, downtown was a statistically

7 Guides Effect on Downtown Crime



Source: APP 6/90

safer place than in the two years before the program was implemented. Incidents of assaults, harassment, disturbances involving drunks, fights, violent mentally ill individuals, thefts from automobiles, trespassing and prostitution were down considerably (see graph number 7).⁵⁰

The threat to downtown's future is that the police may be unable to maintain a high level of service downtown. There is a need for more jail beds, an efficient criminal justice system, a commitment to place a high priority on funding for more police officers through the community policing program, and solutions to the drug menace threatening the public's safety. It is essential that the city, together with the downtown community, search for long-term solutions in order to eradicate crime in Portland.

SOCIAL SERVICES

One of the challenges APP faces, along with the rest of the nation, is developing programs to assist the homeless, street kids, the mentally disabled, panhandlers and late stage alcoholics in our society. Many of these people need help, and facilities throughout Portland are available to provide it. Portland has become a national model for its social service programs and programs for the homeless. The Mayor's 12-point homeless plan has been copied in other cities.

APP, in cooperation with the city and other agencies, is continuing its efforts to help those who need it. However, funding problems and the inability of service agencies to find leasable space pose serious threats to programs for the homeless in Portland. To encourage use and development of downtown, city leaders must work not only to reduce the problems of the poor, the homeless and the ill, but also to disperse the social service programs throughout the region.

The city has set ambitious goals for social services. Its plan to shift the emphasis from homeless shelters to Single Room Occupancy (SRO) hotels has made some progress, as illustrated by the refurbishing of the Athens Hotel. But recent crises have diverted attention from this program. In May, the Burnside Community Council, which had provided 130 shelter beds, went bankrupt. In the same month, the lease expired on Burnside Projects' 70-bed overflow shelter. It is apparent that the region must have a solution for housing the homeless. On an average winter night, downtown shelters 62% of all the homeless in Multnomah County. On a yearly basis, downtown shelters 9,363 person representing 56% of all homeless people sheltered in Multnomah County.⁵¹

In addition, the City Bureau of Community Development announced a plan to sweep out up to 300 homeless from outdoor camps around the city. Potentially, these three crises left 500 people without shelter. And, not all homeless are adults. The presence of street kids downtown is an eyesore to some. But few programs exist to help homeless youth. Only 30 shelter beds exist for an estimated 400 homeless street kids (refer to graph number 8).⁵²

APP's largest effort to help the homeless is through its Economic Improvement District (EID).



This program accomplishes two goals: employing the homeless and cleaning up downtown. APP provides jobs for 14 homeless people at any given time to clean downtown sidewalks each day. This model program has given many of these people new hope, a regular paycheck and, most important, job skills that have allowed many to find mainstream employment in the private sector.

According to a report by the Portland Future Focus Task Force, some national trends will affect the future of Portland's social services. Inadequate federal funding of social programs, an aging population, more emphasis on community-based programs, and the lack of affordable health insurance are some of the problems that will affect Portland. Portland is not alone in its social service problems.⁵³ However, if the metropolitan area holds its present course, downtown is likely to bear the brunt of society's ills.

(under \$500 per month) units, including 2,156 single room occupancy units (SROs). Middle (\$500-\$1,100 per month, 3,135 units) and high (more than \$1,100 per month, 575 units) income apartments and condominiums account for 42.5 percent of the total (refer to graph number 9).⁵⁵

Portland has one of the strongest downtown housing bases on the West Coast. According to the Portland Development Commission, 65 percent of downtown residents also work downtown and another 15 percent work close to downtown.⁵⁶

Since 1980, downtown has gained more than 1,200 new middle- and upper-income dwellings.⁵⁷ This figure includes several projects along the South Park Blocks, a focal point of the Central City Plan's housing goals. During the next two to three years, 600 more middle-income units will be built. New downtown housing is proving very popular with renters. A Portland Development Commission study shows the downtown occupancy rate at 97 percent for apartments with monthly rents of \$500 or more.⁵⁸

The 1990s will likely bring many changes with regard to downtown's low-income housing situation. Well-manged SRO's offer an option to the untreated and homeless on downtown streets. Poorly managed SRO's tend to discourage middle- and high-income development. The majority of these SRO's are in Old Town and can discourage adjacent development. One reason that so many low-income units are concentrated in Old Town is the concentration of social service agencies there.

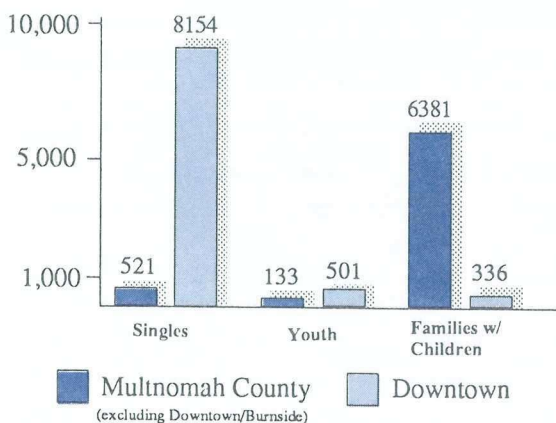
Currently, three different agencies and jurisdictions independently establish housing policy and management responsibilities affecting downtown housing. Consequently, no single agency is accountable for housing development in the area. A successful downtown housing policy must include a rational strategy coordinating the efforts of these three major agencies, as well as the myriad other social service and housing providers.

Population estimates for the decade indicate high growth in the metropolitan area. Downtown has demonstrated its success in building quality housing for all incomes. However, because of land costs and design constraints, residential construction is more expensive downtown than in other areas. The recent national savings and loan crisis could make it difficult to find financing for future projects.

8

Number Sheltered 1989

Multnomah County vs. Downtown/Burnside



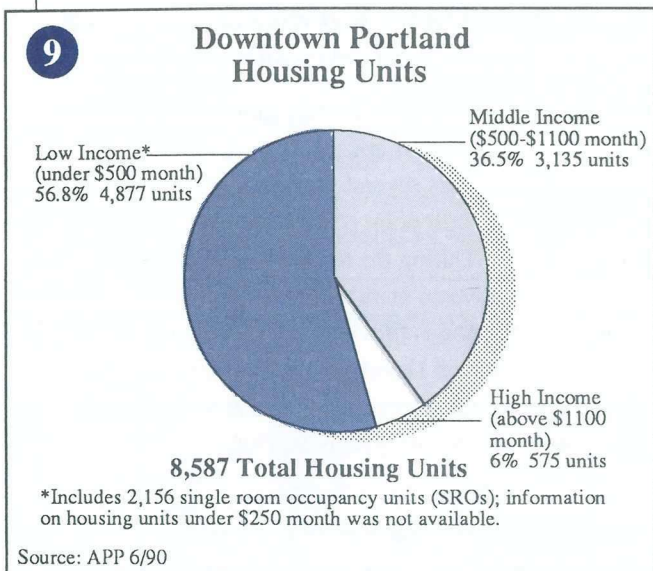
Source: Burnside Projects Inc. 6/90

HOUSING

The Central City Plan, which the City Council adopted in 1988, calls for development of 5,000 housing units in the Central City by 2010.⁵⁴ This ambitious goal recognizes that a strong and diverse central city housing base is crucial to creating a vibrant urban life. Central City living offers tenants numerous opportunities. It provides easy access to the city's transportation, business and cultural attractions, all of which are located in the downtown core area.

To date, Portland's downtown has 8,587 housing units. Of these, 4,877 (56.8 percent) are low income

A healthy and diverse housing stock is a key element in downtown's development strategy. However, the majority of low-income housing and SRO's are being built downtown and not in other parts of the city -- with the potential result of discouraging other types of housing development in the area. To prevent such conflicts, the city should coordinate resources and organize a central body responsible for developing low-income housing in the city.



QUALITY OF LIFE

Portlanders take pride in their city. But what makes it a special place and what makes people happy to be here? Many people say that factor is the city's "quality of life." Cultural events, parks, museums, street fairs and festivals, urban design qualities including pedestrian amenities, clean streets, and human scale give the city this quality. Downtown Portland's river setting, with a backdrop of the West Hills, adds to this quality. It is important that the city work to maintain and improve its attractiveness in the years to come through thoughtful planning, urban design and a commitment to keep the high quality of life for its citizens.

Downtown is the center of Portland's cultural life. In addition to 10 museums, downtown Portland is home to nearly 50 galleries and many works of outdoor art. Downtown also plays host to the Portland Performing Arts Center, the Civic Auditorium, Civic Theater, and numerous other theaters. Downtown Portland has 17 parks, from Tom McCall Waterfront

Park to the North and South Park Blocks to Mill's End Park, the world's smallest.⁵⁹

Each year, more than one million people attend various events downtown, ranging from operas and concerts to Artquake and the Rose Festival.⁶⁰ All of these facilities and events create a very active street life, and event patrons contribute greatly to the downtown economy. Transportation access in downtown is further enhanced by a Fareless Square zone encompassing the boundaries of the central business district.

In the future, downtown will have to work hard to maintain its range of cultural opportunities. Arts budgets increased dramatically in the 1980s. The Oregon Symphony's budget, for instance, rose from \$2 million in 1980 to \$7.4 million in 1990.⁶¹ At the Oregon Art Institute, which includes the Art Museum, the budget rose from a 1980 level of \$2.4 million to \$5.4 million in 1990.⁶² Arts organizations rely increasingly on corporate support. According to the Oregon Arts Index, an increasing number of businesses are following a national trend by seeking partnerships with the arts that produce tangible, bottom-line results. In 1989, almost 70 percent of all cash contributions to Oregon arts organizations came from the banking and utility industries.⁶³ As the economy tightens nationally, there is some question whether this level of support can be maintained.

Downtown Portland also wins national and international accolades for its urban design and prudent implementation of planning practices that enhance and enrich our downtown core. Attractive design enriches the livability of our city through ease, convenience and accessibility. The projections of increased growth in population, employment, and development certainly affects planning strategies for downtown. The Central City Plan encompasses 2,750 acres of land. Fourteen hundred of these acres are developable land with an additional 1,000 acres consisting of public right-of-ways. The Willamette River constitutes the remaining 350 acres. Significant downtown land usage are as follows: 39% devoted to the public right-of-way, 16% commercial usage; 13% for both industrial usage and the Willamette River; 6% off-street parking; 4% each residential, institutional and vacant land and building usage with the remaining 1% devoted to parks, plaza and open spaces.⁶⁴

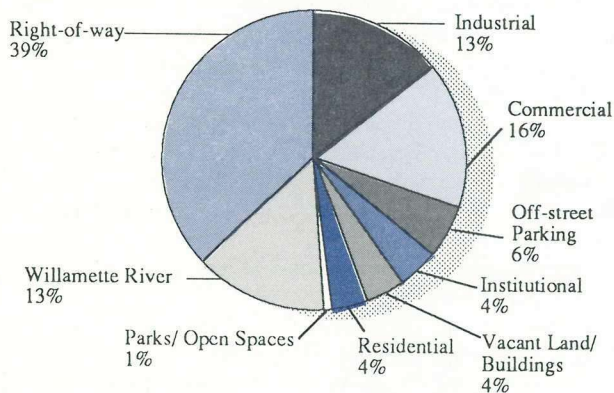


The planning issues that will need to be addressed in the coming decade are to keep the existing height limit of 460 feet to preserve scale and vistas from downtown; continue to place emphasis on the waterfront for public activities, attractors and recreational opportunities; improve and support access into the central city; continue to enhance the natural environment through guidelines for air quality, cleaner streets; and, finally, to encourage designers to protect downtown's human scale through the development of buildings, streets and open spaces (refer to graph number 10).⁶⁵

Another key component is maintaining the environmental standards that protect our natural environment. Over the decades, the pollution in the Willamette River has been significantly reduced⁶⁶ and our air quality has significantly improved over the last

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Central City Land Usage



Source: Bureau of Planning 1988

twenty years.⁶⁷ As we move into the next decade, APP needs to monitor and work with other agencies to keep our environment pristine for future generations.

The future of downtown's quality of life is built on a sound basis, given a stable or slightly rising economy and an increase in workers downtown, plus the goal of building more housing in the next 20 years. Downtown Portland is known for its unique natural setting. With predicted future growth, the city must work to ensure that it maintains its clean air and water and that development benefits, rather than hinders, the city's quality of life.

CONCLUSION

The APP is using this preliminary data to initiate and develop policies designed to meet the challenges facing downtown in the '90s. The 1970 Downtown Plan was very successful in addressing the physical changes for downtown, i. e., building design, urban design, and development guidelines. The Downtown Plan for the 1990's needs policies and programs to protect the investment made in the last two decades. By continuing to be a reservoir for downtown information and initiating policies beneficial for downtown, APP will be the catalyst in meeting these challenges.

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OUTLOOK

• JUNE 1990 •

EXECUTIVE SUMMARY

A PRELIMINARY ANALYSIS OF EMERGING ISSUES FOR DOWNTOWN PORTLAND

Office Space

Portland's office market has recovered from a glut of space in recent years, but major challenges from suburban markets directly threaten downtown's future. After an overbuilding phase in the early 1980s, the downtown office market has stabilized and the Class A vacancy rate has dropped from 13% one year ago to 10.5% today. The downtown absorption rate should level off at 200,000 square feet this year. Suburban competition could create a serious problem for downtown office space. Several factors, including parking availability, land costs, and perception of downtown traffic congestion may prevent downtown from luring new businesses and retaining existing ones.

Transportation

With the defeat of Ballot Measure 1 in May, regional transit faces an uncertain future. In order to accommodate downtown's economic and physical growth, the City must tackle two important issues. First, it must improve bus and rail service to downtown. With forecasts of thousands of new employees downtown, it is essential that Tri-Met adjust to the changing transit needs for the area. The second issue the city must address is the traffic circulation system downtown. A well-planned network for rail, buses, and cars will help maintain the accessibility of downtown to suburban areas and also improve accessibility within it.

Infrastructure

In analyzing the vitality of a community, people often overlook a city's infrastructure. The streets, sidewalks, bridges, walls and lights that make up Portland's \$1.6 billion transportation infrastructure are the least glamorous parts of development; yet, without a well-maintained infrastructure, new development would be impossible. Currently, costs of "unmet needs" for the city's urban transportation infrastructure total \$55.3 million. Funding sources for replacement and repair have shifted over the last few years. The result of these changes has been an increase in unmet needs, specifically in paved streets, structures and traffic signals. Overall 59 percent of all infrastructure elements are in "good" or "very good" condition, while 90 percent of city street lights and retaining walls are rated in "good" condition.

Parking

With the adoption of the Downtown Parking and Circulation Policy in 1975, the City imposed a limit on the number of parking spaces downtown. Since then, the number of workers downtown has increased considerably. At the same time, many surface parking lots that once served those workers have been lost to new construction. As a result, a substantial increase in parking will likely be necessary to accommodate future downtown growth and to preserve parking for B and C buildings. It is possible to expand the parking supply without compromising regional air quality standards; however, a new policy needs to be adopted to meet current needs. If no new policy is adopted in the next two years, it will lead to serious downtown parking problems and will impair downtown's ability to retain and attract business. This will drive more development to the suburbs, where infrastructure and public transportation systems are virtually non-existent.

Retail

Downtown Portland is Oregon's leading shopping area. The addition of Pioneer Place gives downtown approximately 4,100,000 square feet of retail - more gross leasable space than Washington Square, Jantzen Beach, and Clackamas Town Center combined. Although Portland's area ranks 41st nationally in population, it is 23rd in per capita retail sales. The trend towards two-income households is also increasing the number of hours stores are open to accommodate this shift. Retail businesses will also be affected by the national savings and loan bailouts as they will likely have more difficulty now in obtaining loans.

Crime Prevention

APP's Portland Guide program has been very successful in deterring downtown crime. The threat to downtown's future is that the police may be unable to maintain a high level of service downtown. There is a need for more jail beds, an efficient criminal justice system, more police officers for the community policing program, and solutions to the drug menace threatening the public's safety. It is essential that the city, together with the downtown community, search for long-term solutions in order to eradicate crime in Portland.

Social Services

Portland has become a national model for its social service programs and programs for the homeless. However, funding problems and the inability of service agencies to find leasable space pose serious threats to programs for the homeless in Portland. According to a report by the Portland Future Focus Task Force, some national trends will affect the future of Portland's social services. Inadequate federal funding of social programs, an aging population, more emphasis on community-based programs, and the lack of affordable health insurance are some of the problems that will affect Portland.

Housing

A healthy and diverse housing stock is a key element in downtown's development strategy. However, the majority of low-income housing is being built downtown and not in other parts of the city. The city should organize a coordinating body and marshal resources for developing low-income housing throughout the city.

Quality of Life

The future of downtown's quality of life is built on a sound future—given a stable or slightly rising economy, an increase in workers downtown, and that housing projections are met in the next 20 years. Downtown Portland is known for its unique natural setting and livability. With predicted future growth, the city must work to ensure that it maintains its clean air and water and urban design amenities.

Conclusion

The APP is using this preliminary data to initiate and develop policies designed to meet the challenges facing Downtown Portland in the '90s. The 1970 Downtown Plan was very successful in addressing the physical changes for downtown, i.e., building design, urban design, and development guidelines. The Downtown Plan for the 1990's needs policies and programs to protect the investment made in the last two decades. By continuing to be a reservoir for downtown information and initiating policies beneficial for downtown, APP will be the catalyst in meeting these challenges.