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City profile

Portland, Oregon

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Portland, Oregon took its initial growth as a port and regional metropolis serving the Columbia River basin and the Pacific Northwest. It remains a regional transportation, finance, and service center, to which has been added a substantial electronics industry. The city and its region are best known for innovative policy initiatives dealing with urban planning, regionalism, growth management, and community development and revitalization. The city-region is served by the only elected metropolitan government in the United States. That government, Metro, has authority to structure regional spatial planning and also administers an urban growth boundary to maintain compact and efficient urban form. Development within the City of Portland has been directed since the 1970s by an alliance of downtown business interests and older middle class neighborhoods that have benefitted from a strong urban core. Much of city policy and grassroots effort from the 1990s has focused on the challenge of extending the benefits of this alliance to lower-income neighborhoods through community development and affordable housing efforts.

Keywords: Portland, Oregon, electronics industry, city planning, regionalism, growth management, community development, affordable housing

From frontier outpost to "The best planned city"

Portland, the largest city and metropolitan area in Oregon, is located at the confluence of the Willamette and Columbia rivers, approximately 90 miles from the Pacific Ocean. First settled by Anglo-Americans in 1844–45 and incorporated in 1851, the city has depended on trade throughout its history. During the 1850s, it established its advantage over nearby towns by developing superior transportation facilities to tap the wheat belt of the surrounding countryside. It boomed by supplying food and lumber to California gold miners in the 1850s and then provided supplies to the miners of Idaho and Montana in the 1860s, as it did for Alaska and Klondike gold rush at the end of the 19th century. After the Civil War, the city drew the grain trade of eastern Oregon and southeastern Washington via Columbia River steamers and railroads (it gained a transcontinental rail connection in 1883) and exported farm and forest products. In 1905, the city sponsored the Lewis and Clark Centennial Exposition and Oriental Fair, the first world's fair on the American west coast. Its population surged from 17,000 in 1880 to 90,000 in 1900 and more than 200,000 in 1910.

Portland profited from shipbuilding during World War I and again during World War II. Portland's contribution to the latter war effort was the construction of more than 1000 cargo ships and small naval vessels at three large shipyards operated by industrialist Henry J. Kaiser. Shipyard employment topped 130,000 at its peak in 1943. To house the influx of war workers, the new community of Vanport, located between *Van*couver in the state of Washington and *Port*land) was created in 1942–43 to house more than 40,000 residents. The complex was swept away by Columbia River flood waters on Memorial Day, 1948.

A generation ago, Portland was nothing to write home about—or to attract visiting journalists, curious architects, and business delegations from around the country. It had inert leadership, a status quo mind set, and few attractions except its surrounding landscape. As late as 1970, journalist Neal Peirce (1972: 215) wrote that "if any west coast town could be said to have a monopoly on propriety and an anxiousness to keep things as they are, it is Portland, a town of quiet wealth, discrete culture, and cautious politics."

During the 1970s, 1980s, and 1990s, however, the city enjoyed substantial revitalization and earned a reputation for livability, (Fig. 1). Residents preserved and recycled older neighborhoods, began a light rail transit system, attracted reinvestment to the downtown, and contained new suburban development within an Urban Growth

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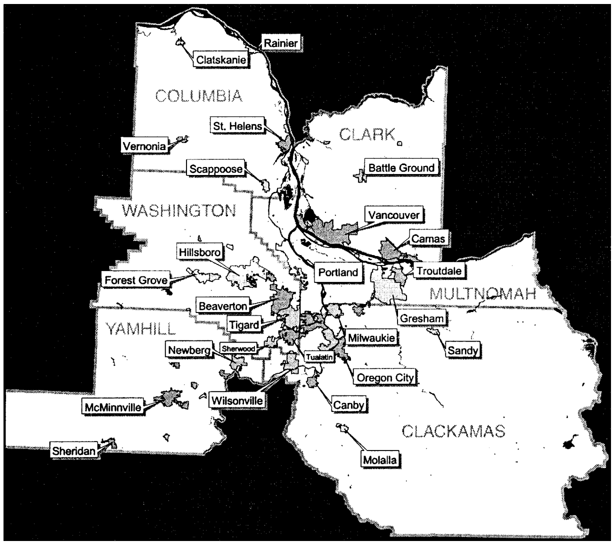

Figure 1 Portland–Vancouver Metropolitan Area. The six-county region includes Multnomah County (City of Portland), Washington, Clackamas, Yamhill, Clark, and Columbia counties. Clark County is in the state of Washington.

Boundary (UGB) required by state planning standards adopted in 1973. The first steps that changed a dowdy and unimaginative city into a national pace-setter came in the late 1960s. The Model Cities program of 1968–69 trained and empowered a generation of community leaders in its African–American neighborhoods. At the same time, middle class activists who were frustrated with the war in Southeast Asia turned their energy to local politics, particularly the defense of older neighborhoods from intrusive redevelopment. New environmental concerns—symbolized by the first Earth Day in 1970—brought others into the fray. These changes were behind a transition of political generations in the late 1960s and early 1970s, as younger activists sought and won local political office. Within the city, the changes are most closely associated with the regime of Mayor Neil Goldschmidt (1973–79), but they were also advanced by Mayor Bud Clark in the 1980s and Mayor Vera Katz in the 1990s.

Crucial for the city's revitalization was the Downtown Plan of 1972, a highly successful response to typical problems of "urban crisis." Downtown parking was inadequate, the private bus system was bankrupt, and a new super-regional mall threatened to kill off downtown retailing. In reaction, sophisticated citizen activists worked with city officials, downtown retailers, property owners, neighborhood groups, and civic organizations to treat previously isolated issues as part of a single comprehensive package. The result integrated solutions to a long list of problems that Portlanders had approached piecemeal for two generations. It was technically sound because its proposals were based on improvements in access and transportation. It was politically viable because it prescribed tradeoffs among different interests as part of a coherent strategy. Key points were improved access via a combination of public transit improvements and parking garages, retail reinvestment, and creation of attractive public spaces and streetscapes. The agenda of the 1972 plan was further advanced by a Central City Plan (1988) that recognized that the historic downtown is surrounded on both sides of the river by intensively developed districts that function as parts of the metropolitan core, (Photo 1). Many of the key projects have been funded by tax increment financing in downtown urban renewal districts administered by the Portland Development Commission, the development and reinvestment arm of the city government.

Framing this work has been a powerful alliance between downtown business interests and residents of older neighborhoods. At the same time that downtown was struggling, older neighborhoods were at risk from concentrated poverty, racial inequities, and schemes for large scale land clearance. Many cities understand this situation as a zero-sum game in which businesses and homeowners battle over a fixed pool of resources. In Portland, the two interests came together in a lasting political marriage that was facilitated and symbolized by establishment of an Office of Neighborhood Associations (now the Office of Neighborhood Involvement) in 1974 to support the work of independent and often feisty neighborhood groups.

The basis of the Portland alliance has been the recognition of mutual benefits from job concentration and transit. Better public transit can improve air quality, enhance the appeal of older neighborhoods, and bring workers and shoppers downtown. In turn, a vital business center protects property values in surrounding districts and induces residential reinvestment. Middle-class families who remained or moved into inner neighborhoods patronize downtown businesses, and prosperity supports high levels of public services. Unlike many of its US peers, Portland has neighborhoods where the old streetcar shopping strips are alive, where movie houses screen features suitable for family viewing, and where infill housing is a reality rather than a planners' dream. The positive impacts were felt first in older middle class neighborhoods close to downtown. They have gradually spread to working class neighborhoods and those at a greater distance from the center.

Acting on the transportation segments of the alliance, Portland leaders in 1972 decided to rip out a six-lane riverside freeway that skirted the downtown in favor of a downtown waterfront park. They chose to abandon plans for a radial freeway through the southeast side in1975, rejecting a massive community-killer in favor of maintaining affordable housing. Federal highway funds were diverted to construction of a 15-mile light rail line from downtown to Gresham. The rail system has been augmented by an 18-mile westside light rail line, an extension of the eastside line to the airport (2001) and a six-mile north side branch (to open in 2004). Also in the 1970s, the city dedicated two downtown

Photo 1 Looking west from Washington Park to downtown Portland. Mt. Hood is in the distance

streets for use by buses to facilitate to improve efficiency.

Important suburban interests are also participants in the transit strategy. Portland and key suburban cities agreed in the later 1980s to share the benefits of a multi-spoke light rail system. The cities of Gresham to the east, Hillsboro and Beaverton to the west, and perhaps Vancouver to the north see that light rail to downtown Portland offers strong development potential for secondary activity centers. With visions of Walnut Creek and Bethesda glimmering in the future, leaders in these communities have chosen to pursue a role as outlying anchors on radial transportation lines rather than as beads on a beltway

Population and demographics

The Portland Primary Metropolitan Statistical Area now includes five counties in Oregon and Clark County, Washington, north of the Columbia River. Population of the six-county region in 2000 was 1,918,009, an increase of 26.6% over the 1990 figure. A larger Consolidated Metropolitan Area adds two additional Oregon counties, including the state capital of Salem, and had a population of 2,265,223 in 2000—ranking the area 23rd among all US metropolitan areas. The central city of Portland had 536,240 residents, substantially outweighing the larger Oregon suburbs of Gresham (91,420), Beaverton (77,170), Hillsboro (73,200), Tigard (43,040) and a dozen smaller municipalities with between 10,000 and 40,000 residents. Vancouver, Washington is a distinct case as a historically independent business center for southwestern Washington that has found itself increasingly tied to Portland by commuting patterns.

The Oregon population is divided roughly equally between the east and west sides of the Willamette River. In aggregate, the west side population has a higher average level of education, a higher percentage of workers in professional and managerial jobs, and higher average income. It contains the neighborhoods of highest status along the crest of the West Hills that separate the Willamette river from the broad valley of Washington County. The proximity of these neighborhoods to the downtown core (many have views over the central city) have helped to hold many of the business and professional elite within the city and provided a constituency for revitalization efforts. The east side, which experienced most of its development in the first three quarters of the 20th century, is a mosaic of neighborhoods at all socioeconomic levels. They are mixed at a relatively fine “grain,” in contrast to more recent west side growth that largely followed standard American suburban patterns in the 1970s, 1980s, and 1990s.

Portland in the 19th century attracted many Chinese and Scandinavian immigrants, and smaller numbers from eastern and southern Europe. In the 1880s it had the second-largest Chinese community on the west coast, after San Francisco. In the early 20th century, residents could identify distinct Chinese, Japanese, Italian, Croatian, Polish, and Jewish neighborhoods, but immigrant communities were less prominent in social patterns and politics than in the large cities of the eastern United States. The African–American population jumped from around 2000 to more than 20,000 during the 1940s because of the demand for labor in wartime shipyards, and has continued to grow more slowly since that time.

Like many other US cities, Portland has experienced accelerating immigration since the Immigration Reform Act of 1965 opened US borders to larger numbers of newcomers from Asia and Latin America. The 2000 census reported 51,424 African–Americans in the six-county region (2.7% of the total population), 16,857 American Indians (0.9%), 87,940 Asians (4.6%), and 142,444 people of Hispanic or Latino heritage (7.4%). The most rapid growth during the 1990s was among Asians (up 36,000, or 68%) and Latinos (up 92,000 or 181%).

Although the numbers of newcomers are too small to create compact ethnic neighborhoods, there are clear patterns in new immigrant settlement. Vietnamese (19,002 in 2000) are most likely to live in eastside neighborhoods 3–6 miles from the center of Portland. Russians, Ukrainians, and other immigrants from eastern Europe share these same districts, as well as favoring Clark County. Koreans (10,232 in 2000) have established a substantial presence in Beaverton and other Washington county communities. Hispanics have settled in aging suburban areas and on the rural fringe of the urbanized area, reflecting their role as workers in labor-intensive Willamette Valley agriculture. Residents of Chinese (17,692), Japanese (8527), and Filipino heritage (9135) are more evenly distributed through the city of Portland and its surrounding counties.

Of all the large, ethnic and racial subgroups, African–Americans remain the most concentrated in older neighborhoods in north and northeast Portland. These are areas that were identified as black neighborhoods as early as the 1930s and 1940s, and they have continued to receive a majority of black newcomers. Suburban counties became more open to black residents in the

1980s and 1990s than before, but 73% of African–Americans in the metropolitan region still live in Multnomah County.

River city: economic and social geography

The central business district of Portland developed at the original point of settlement, on the west bank of the Willamette River. A circle of three-mile radius drawn around the retail core of the downtown still includes nearly all of the important regional institutions and civic facilities, (Fig. 2). On the west side of the river are theaters, a performing arts center, art and history museums, Portland State University, Oregon Health and Sciences University, Oregon Zoo, and minor league baseball stadium as well as major banks business headquarters. On the east side are the Oregon Museum of Science and Industry, Oregon Convention Center, and a professional basketball arena. Local, regional, state and federal office buildings are interspersed on both sides, (Fig. 4).

Employment remains closely linked to Portland's rivers. The downtown core added 30,000 new jobs in the 1980s and 1990s and now counts roughly 120,000 workers. It has maintained its share of regional office space; office vacancy rates were lower for downtown in 2002 than in suburban office clusters. Downtown in turn is part of a vast riverside employment corridor. Within one mile of the Willamette River in Multnomah, Washington, and Clackamas counties in 1997 were found 214,000 jobs, or 39% of all employment in Multnomah, Washington, and Clackamas counties.[1] Because of the strength of downtown and the port, the river corridor houses half of tri-county jobs in finance, insurance, real estate, transportation, and public utilities. The city of Portland has also adopted an "industrial sanctuary" policy to protect established warehousing and light industrial districts close to the central business core, excluding big box retailing and housing in order to hold industrial jobs close to potential workers.

The area's economy is supported by the traditional trade and service functions of a regional metropolis and by a fast-growing high technology sector. Principal employers in the 1990s were wholesaling, transportation, health services, finance, education, and professional services. Portland continues to thrive as the regional transportation hub and trading post for Oregon and much of Idaho and Washington. Major exports that move through its marine terminals include wood products, farm products, minerals, and electrical machinery. Leading imports are Korean and Japanese automobiles, petroleum, and miscellaneous manufactures. On the whole, it handles cargos with high tonnage but relatively low value compared to other west coast ports and functions in the shadow of Seattle–Tac-

[1] Employment data from Metro, aggregated by Tom Sanchez.

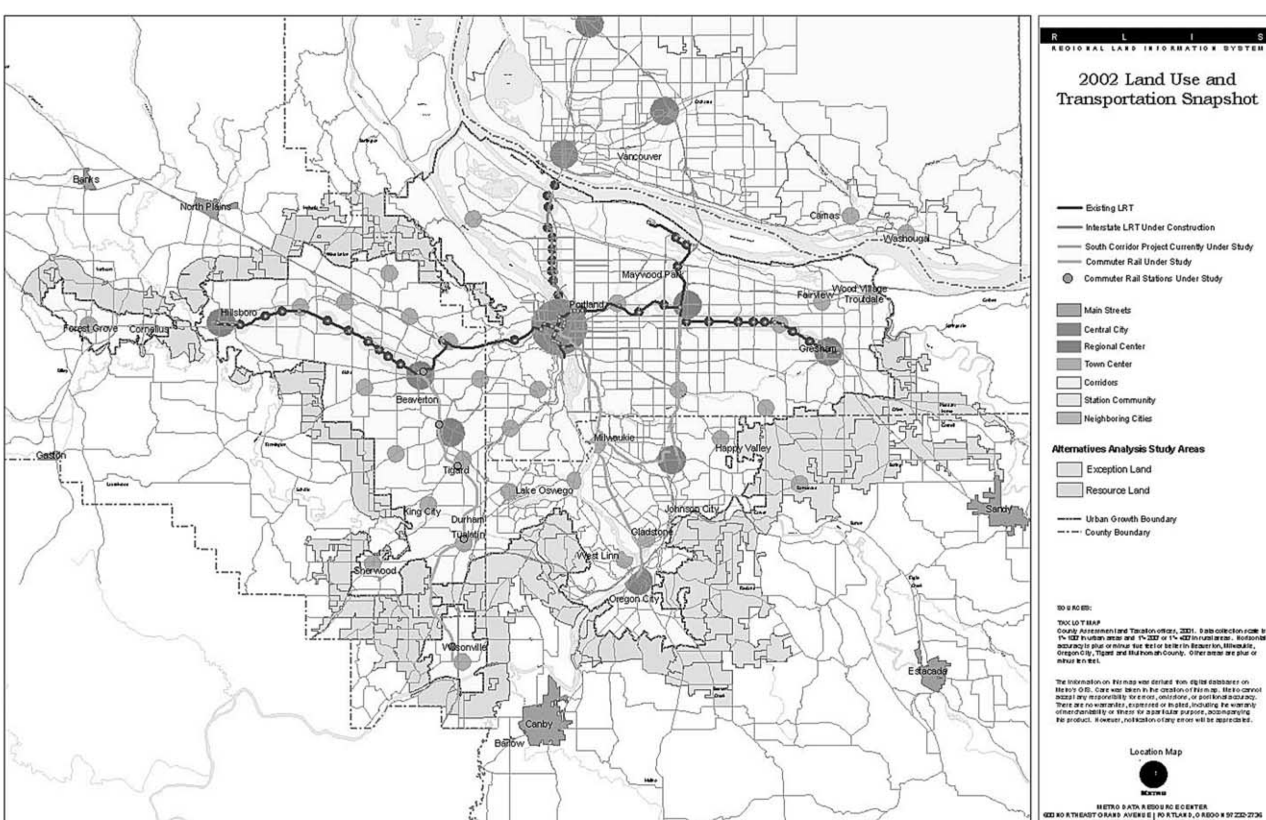

Figure 2 The Urban Growth Boundary is shown in this "2002 Land Use and Transportation Snapshot," produced from the Regional Land Information System at Metro

oma, Oakland, and Los Angeles–Long Beach.

The interrelated complex of finance, insurance, transportation, and wholesaling accounted for 14% of Portland area jobs in 1994, a proportion one third greater than in the United States as a whole. A closely related growth sector in the 1990s was high-end competitive business and professional services. Most commonly, law firms and accounting offices aim at regional clients, but a few of its service firms in the 1990s have national and international clientele.

The other drive wheel of Portland prosperity is now export-oriented manufacturing. The six-county metropolitan area reported 150,000 manufacturing jobs in 1996, more than Pittsburgh or Cincinnati. Forty-five thousand were in aluminum, steel products, transportation equipment, and other metal goods. However, growth in manufacturing in the 1990s centered on the high technology complex of computers, electronic and electrical machinery, instruments, and computer services. These industrial categories accounted for more than 70,000 workers in 1997, roughly double the number a decade earlier. The two largest firms in 1998 were Intel and Tektonix, both of which have functioned over the past 25 years as centers of innovation and seedbeds for new, specialized high tech firms. Statewide, high tech employment passed timber-related employment in the mid-1990s, explaining the Portland–Salem CMSA ranking (1996) as tenth in the nation in the value of its exports at $9.2 billion (Read, 1997).

High tech industry shows a marked pattern of concentration. The more sophisticated technology firms are concentrated in Washington County, creating an industrial district that boosters dubbed the "Silicon Forest" in the 1980s. Silicon wafer and semiconductor plants are more widely scattered in Portland, Gresham and Clark County. In contrast, software and multimedia firms cluster in central Portland, in proximity to advertising, publishing, art galleries, and financial services. Telecommunications scholar Mitchell Moss (1998) used the registered location of commercial Internet domains (.com addresses) at the end of the 1990s to assess the relative standing of 85 cities as Internet information centers. Portland's location quotient of 3.11 placed it a satisfying 16th, several steps up from earlier in the decade. Another comparison by the Progressive Policy Institute in 2001 placed Portland 13th among 50 large metropolitan areas in its engagement with the "digital economy." The development of digital and information businesses helped to transform the northern fringe of downtown Portland into a district of expensive converted loft apartments, new upscale condominiums, and stylish restaurants. This "Pearl District" can be viewed as a small scale version of the South of Market district in San Francisco.

The Portland economy at the start of the 21st century faces two challenges. One we can term the "branch plant problem." Much of the increase in electronics manufacturing employment in the 1990s came through investment by East Asian companies, leaving the region vulnerable to layoffs and shutdowns in the depression of 2001–2002. Indeed, metropolitan unemployment of 7% in early 2002 was one of the highest rates in the United States. In the same vein, the region has experienced an inexorable loss of locally headquartered businesses as banks, utilities, and manufacturing companies have been acquired by larger corporations, shifting the locus of economic decision-making to other cities San Francisco, Houston, Minneapolis, Tacoma) and nations (Scotland, Germany).

At the same time, the regional focus of Portland's economy is a weakness as well as a strength. Portland continues to be the financial, commercial, and services center for Oregon, much of southern and eastern Washington, and southwestern Idaho. This regional role provides a stable economic base, as seen in bulk exports of regional products. However, Portland also functions within the shadow of Seattle, which is better networked nationally and globally. With an edge in population, professional services, and direct air connections, Seattle has tended to attract more regional offices and branches than Portland. Although Portland State University and Oregon Health and Sciences University have made important strides as research centers, they cannot compare with the massive research sector in and related to the University of Washington in Seattle, with its capacity to attract ancillary activities.

Government: anachronism and innovation

The city of Portland operates under the commission system of governance. Voters selected four commissioners and a mayor in non-partisan, at-large elections. These five officials constitute the City Council, the legislative body of the city. At the same time, they also have executive responsibilities, for each manages a set of city agencies and bureaus. The mayor under this system is a first among equals, with the authority to prepare the annual budget for consideration and to assign bureaus to the various commissioners. However, the mayor has only a single vote in Council decisions and no veto power or comprehensive management authority.

Commission government, which is traced to experiments in Galveston, Texas following its disastrous hurricane of 1907, was very popular in US cities in the early 20th century. Portlanders adopted the form in 1913 by a margin of 292 votes out of more than 34,000 cast. The background was a nearly a decade of battles that had pitted entrenched political interests against moral and political reformers who were embarrassed by the city's flourishing vice businesses and its lax and corrupt administration. Supporters came from the broad middle class and social reformers. The narrow margin for victory came from the new middle class neighborhoods on the east side of the Willamette which wanted to distance themselves from the west side working class and the Republican political machine that those districts sustained.

In the years since 1913, most cities have abandoned commission government, but Portlanders have defended it against repeated efforts at modification or replacement. The retention of the commission form reflects the general conservatism of Portland voters as well as the effectiveness and efficiency of city services in recent decades. Critics of the system point to the difficulty of finding individuals who are qualified both as political leaders and public managers, and they argue that at-large elections leave many communities unrepresented. Advocates point to Portland's ability to define a broad civic interest, worry about parochial politics arising from district representation, and point out that Portland has many existing avenues for neighborhood and citizen input. In May 2002, voters showed their continuing satisfaction by resoundingly defeating a ballot measure that would have converted the city to leadership by a strong mayor and city council elected by districts.

The Portland region has the nation's only elected multipurpose regional government. Voters created Metro in 1978 by merging a regional planning agency and a weak metropolitan service district into a new unit of government with an elected executive and a council elected by districts. Metro now operates under a home rule charter (adopted 1992) and covers the urbanized portions of Multnomah, Clackamas, and Washington counties. Voters eliminated the separate executive branch as of 2002, and the agency now operates with a six-member council elected by districts and a council president elected at large. Over its 25 year history, seats on the Metro council have become increasingly important political positions.

Metro functions as a land use and transportation planning agency. It is the official "metropolitan planning organization" required by federal law for the distribution of federal transportation funds. It has the authority to adopt regional land use plans and require local jurisdictions to mesh their own land use plans and regulations with its regional plans. Metro also provides several environmental services (garbage disposal, regional open spaces, Oregon Zoo). Other regional services are provided by separate agencies with boards appointed by the governor. the Tri-County Metropolitan Transit District (Tri-Met) operates bus and light rail service. The Port of Portland, also a three-county agency, operates airports, marine terminals, and industrial parks.

Planning and growth management

Over the last decade, efforts to manage growth at a metropolitan and regional scale—both *by means* of its Urban Growth Boundary and *within* the UGB—has been Portland area's greatest policy accomplishment and a source of sometimes bitter debates, (Fig. 3).

Metro defined the regional UGB defined in 1979, as required by statewide land use planning regulations for all municipalities and metropolitan areas. For Portland, the single UGB includes parts of three counties and all or part of 24 municipalities. The original boundary was drawn generously. State rules at the time, and formal legislation added in the 1990s, require UGBs to embrace a 20-year supply of developable land in different major categories. Expansion of the developable area became an issue in the 1990s as increasingly rapid growth began to push the supply within the initial limits and Metro engaged in systematic planning to gauge needed expansions.

The UGB has clearly worked to increase the density or urban development. Between 1950 and 1970—the first two decades of unimpeded automobile based suburbanization—the area of urbanized land exploded while the average population density fell by a third. From 1970 to 1980, the subdivision frontier continued its rapid expansion but the decline in average density slowed markedly. Since the Urban Growth Boundary was put into place, the area of developed land has increased much more slowly and the downward trend in average residential density actually reversed. From 1980 to 1994, the metropolitan population increased by 25% but the land devoted to urban uses increased only 16%. In contrast, the population in the Chicago area rose 4% from 1970 to 1990 but urbanized land by 46%. In 1994 the Portland area was building new housing at a density of five dwelling units per acre. By 1998 the density of new development averaged eight dwellings per acre, actually exceeding the 2040 Plan target. The average new lot size in 1998 was 6200 square feet, down from 12,800 square feet in 1978.[2]

The Metro Council adopted the "Region 2040 Growth Concept" in December 1994, outlining broad spatially defined goals for accommodating anticipated growth over the next half century. Its deliberations drew on more than 17,000 responses to a mail-in questionnaire about regional planning

[2]Until these very recent changes, as documented by Metro, the Portland region was growing more compactly than many other metropolitan areas but not more densely.

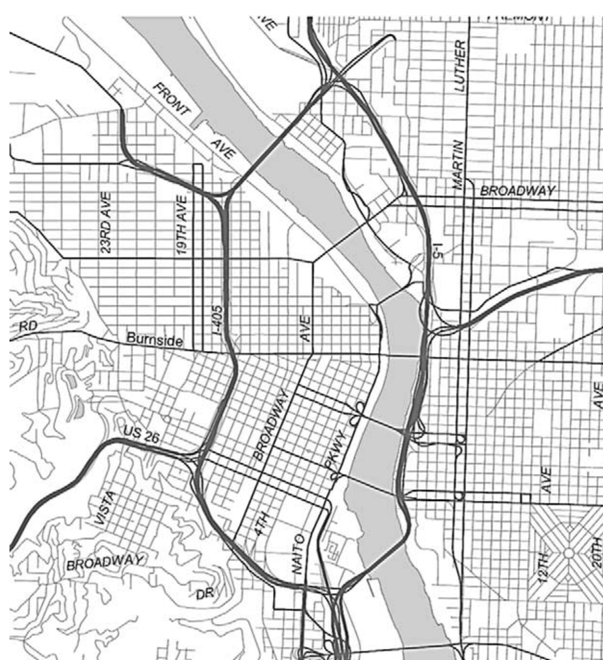

Figure 3 Central City Portland. Note eight bridges crossing the Willamette River. Grid pattern reveals the 200-foot blocks that make Portland a walking city

Figure 4 Endelea Court is an example of rental housing designed to meet the needs of large families with incomes less than 50% of the area median. Developer: Sabin Community Development Corporation. Architect: Church and Merrill

issues; half the responses included additional write-in comments. The feedback strongly favored higher densities, smaller lots, and transit-oriented development, all of which were incorporated in the 2040 Plan. The document matches the national professional belief in compact cities by proposing to focus new jobs and housing on downtown Portland, urban and suburban centers, and transportation corridors; by identifying rural reserves to remain permanently outside the UGB (including farm and forest land and prominent natural features); and by adapting transportation improvements to the land use goals. The 2040 plan anticipates sharply increased population density in central Portland, in six regional growth centers, and along transit corridors. It anticipates that the UGB will be expanded, but with small, incremental additions.

Metro followed with two further bureaucratic steps. In October 1996 it adopted an Urban Growth Management Functional Plan to allocate nearly half a million new residents and jobs anticipated by 2017 *within* the Urban Growth Boundary. In turn, the goals of the functional plan are part of a charter-mandated comprehensive Regional Framework Plan that Metro adopted in December 1997. Under Metro's 1992 charter, local jurisdictions must modify their own zoning and land use regulations to implement "functional plans."[3] Between them, Gresham, Hillsboro and Beaverton anticipate 47,000 new housing units and Portland anticipates 70,000, a vivid demonstration of the strength of the city–suburb coalition around compact growth.

By limiting the amount of developable land, the UGB potentially impacts housing affordability and thereby raises an important issue for growth management. Rapid population growth, perhaps combined with a limited supply of undeveloped land, led to rapid housing price increases in 1990s. Through that decade, Portland's "underpriced" housing market, in part a result of severe recession and stagnant population in the early and middle 1980s, caught up with other metropolitan markets on the west coast. Portland in the late-1990s was a tight housing market for new households and work-

[3]The provisions of the Urban Growth Management Functional Plan include: (1) housing and job targets for each of the area's 24 cities and incorporated portions of three counties that will require higher overall densities; (2) requirements for minimum development densities for new housing averaging 80% of the zoned maximum; (3) exclusion of big box retailing from industrial zones; (4) minimum and maximum parking ratios for new development; (5) a requirement that Metro develop specific affordable housing goals; (6) a provision for UGB expansion if enough communities demonstrate that the targets won't work. Critics argue that the plan actually involves substantial and unworkable increases from the density increases approved in the 2040 Growth Concept.

ing class families. In the aggregate, housing prices had risen rapidly in the 1970s, dropped during Oregon's prolonged recession in the early and middle 1980s but recovered and escalated rapidly in the 1990s. In constant dollars, the median sale price of a single family house in the Portland area increased by 50% from 1988 to 1995, finally passing the previous high of 1979, according to Harvard's Joint Center for Housing Studies (1997). Housing prices continued to rise rapidly for the next several years, but slowed in 1999 and 2000.

Advocates of growth management and proponents of untrammeled markets can agree on many facts but not the cause. The Metropolitan Home Builders Association and market advocates argue that a tight Urban Growth Boundary artificially constricts land supply and drives up the price of undeveloped land, with serious consequences for home prices. They argue that Metro has been much too slow and cautious in expanding the UGB. Growth managers, and Metro in specific, think that the essential problem is one of booming demand as Portland enjoyed flush times and what may have been a one-time influx of capital from a wave of California in-migrants in the early 1990s, creating a speculative "bump" in the housing market. They cite Urban Land Institute data that price increases for residential building lots in Portland for 1990–95 were in line with increases in numerous comparable cities from Albuquerque to Indianapolis to Charlotte; the increase in the later 1990s was less than in unbounded cities such as Denver, Phoenix, and Salt Lake City. An analysis by Bay Area Economics in 1999 noted that housing prices in Portland were still below those in most other west coast metropolitan areas, suggesting that competing metropolitan housing markets have been moving toward equilibrium. Believers in a compact Portland also argue that any substantial expansion of the UGB would be a temporary fix at best, with much land freed by such an expansion being used for large lot developments. Utilizing the national literature on the costs of sprawl, they argue that a compact city promotes affordability by reducing infrastructure costs and by encouraging small lot development, infill, and accessory units.[4]

Poorer residents may *benefit* from bounded growth in several ways. The housing requirements of Oregon's land use planning system have kept rental housing very affordable. The tilt toward rental construction meets the needs of many small households and the large supply of new apartments also keeps rents relatively low. At the end of 1999, the average rent for a one-bedroom apartment in the Portland market was 87% of the US average. Average apartment rents increased only 33% during the 1990s; adjusted for inflation, the increase was only 5% (Oliver, 1999). There is little doubt that maintaining a tight growth boundary maintains the equity of working class homeowners by interrupting the classic trickle-down approach to affordable housing. Compact development also supports the viability of older industrial and warehouse districts by reducing the options for relocation. For the 1990s, Metro reported that 37% of new jobs were located on infill and redevelopment sites. A result is amelioration of the jobs-housing mismatch that plagues so many cities. It also helps to preserve at least a bit of the edgy, gritty, funky, and cheap space that is so important for economic and cultural innovation.

By promoting greater density and infill, Portland's growth management regime creates a second problem of community resistance on the part of residents who prefer the status quo of low-density suburbs and/or the "loose weave" of some of the city's older, poorer neighborhoods. Within the city, neighbors have begun to resist the loss of vacant lots and the appearance of sets of attached dwellings on blocks of detached houses. In working class districts on the east side, this concern is coupled with fear of gentrification because of the increasing popularity of older, close-in neighborhoods. At the same time, several exclusively middle class suburbs south and southwest of the city have no desire to be "cured" of large-lot single-family development. Like their counterparts around the country, many residents in Milwaukie (population 20,000), West Linn (23,000), and Tigard (38,000) fear both the local environmental costs and implied social diversification of compact growth. Milwaukie voters recalled several city council members because of their support of light rail and 2040 housing targets. "Metro planners moan about the suburbs as if they were a disease," complained a West Linn City Council member 22 in 1996, "and do their best to plan us out of existence with their 'urban village' concepts, functional plans and density dictates." The mayor of Tigard objected that the 2040 plan precludes large-lot, upscale developments and other "lifestyle opportunities that Tigard has always had the opportunity to provide" (Jackley, 1996).

In May 2002, voters faced two competing ballot measures in reaction to the tensions of increased population density. One measure, placed on the ballot by property rights advocates, would have essentially have wiped out Metro's ability to develop and coordinate regional land use planning, returning all control of zoning choices to individual cities and counties (as is the norm in most states). The other, backed by Metro itself, promised to protect the character of single family neighborhoods within the larger framework of planning for compact growth. The success of Metro's measure indicated basic citizen support for growth management, while the percentage of votes in favor of the first measure (42% overall and roughly 50% in Clackamas and Washington counties) is a good measure of the level of dissatisfaction with the current growth management regime.

Housing and community development

Portland-style ingenuity in land use and transportation planning has carried over to housing and community development. The Housing Authority of Portland (HAP), initially created to deal with the housing needs of thousands of war workers who came to build ships during World War II, now provides housing and supportive services to

[4]For a discussion of arguments about the urban growth boundary and housing affordability, see Abbott, 2002. For opposing explanations of price inflation, also see Staley and Mildner, 1999; Goodstein and Phillips, 2000; and Downs, 2002.

more than 30,000 low-income people. It is considered one of the best public housing authorities in the United States, one of three in the nation granted full discretion over its budget by the United States Department of Housing and Urban Development. It earned this reputation by being entrepreneurial in housing development and asset management, using its authority to issue tax-exempt bonds to finance its own housing development and to purchase existing buildings. It has the largest affordable housing portfolio in Oregon, with 3100 housing units it developed or purchased, and another 2800 public housing units. It also provides monthly housing assistance to 6600 households with Section 8 certificates and vouchers, and assists another 835 households with project based subsidies, mostly in the form of Single Room Occupancy (SRO) buildings in center city. Yet there are over 3500 households waiting to get into the Section 8 program and another 2000 households waiting to get into public housing, indicating the degree to which the need goes unmet.

Since 1974, the Bureau of Housing and Community Development (BHCD) has administered the federally funded Community Development Block Grant (CDBG) for the City of Portland. BHCD's main activities include the production and rehabilitation of housing and neighborhood streets, parks, and infrastructure; the provision of a safety net for low income and homeless people; and community economic development.

Central City Concern was one of the first non-profit housing providers BHCD contracted to provide services in the 1970s. Since 1979 it has innovated in providing housing and services to those with alcohol/substance abuse, low-income, and mentally ill populations. After urban renewal destroyed over half the SRO housing units downtown from the mid-seventies to the mid-eighties, more than 1000 units have been preserved and developed by Central City Concern. This agency provides drug treatment, health services, and employment: currently about half of the employees are former clients. It has been able to buck the trend toward downsizing faced by many non-profits, by successfully running businesses such as a second hand store and a painting company to generate resource support.

Portland's first neighborhood-based Community Development Corporation or CDC, REACH Community Development, was organized by community activists in 1982 as a response to housing conditions. It now provides services to seven inner southeast neighborhoods. Largely supported through rents, REACH has helped to revitalize neighborhoods and local business districts. It has 788 housing units, including apartment buildings for the homeless, elderly, and mentally ill. REACH currently engages in the difficult work of providing services to its tenants. This kind of community building is resource-intensive—yet not as easy to fund as bricks and mortar projects.

The number of CDCs in Portland began to grow in the late 1980s to combat blight in inner Northeast and outer Southeast neighborhoods. Gretchen Miller Kafoury, a former state legislator, ran for City Commissioner on a housing platform. In charge of housing policy for the city from 1990 to 1998, Kafoury (2000) has commented that conditions were so bad in inner Northeast that "we couldn't imagine a situation in our lifetime where there wouldn't be vacant land and abandoned properties." Kafoury used community block grant funds and building code enforcement to begin improving the housing stock. She was able to capitalize on pressure from the Portland Organizing Project, a neighborhood-based Alinsky-style organization to persuade the City to create a $30 million Housing Investment Fund to support affordable housing. Several CDCs flourished quickly with financial and technical assistance from the City and intermediaries such as the Enterprise Foundation and the Neighborhood Partnership Fund. Combined, housing production by non-profit housing groups in Multnomah County totaled 5100 units in 2001, about 90% of which is rental housing, (Photo 2).

Although the community development "industry" was in full force by the mid-1990s, the booming economy, growing population, and pent-up demand hit the poorer areas by 1996. They began to gentrify. From 1990 to 1999, the average home price in the Portland region rose 97% from $96,000 to $188,600. In some previously redlined areas prices increased 150 or 200% in five years. Non-profits now compete for land with private developers and speculators in neighborhoods that ten years ago had negative property tax assessment values. This new environment has forced the City and housing organizations to shift from a strategy of neighborhood revitalization vis a vis housing development to a strategy of low-income housing preservation. In order to prevent about 500 low-income units from becoming market-rate (due to expiration of federal subsidy) Portland passed a preservation ordinance in 2000. This involved an intense struggle with the private developers. In anticipation of further pressure to develop low-income units, they convinced state legislators to outlaw voluntary inclusionary zoning laws at the local level. Currently, only three jurisdictions in the region have this important tool in their repertoire. Portland's central city has been the site of intense redevelopment in the last decade; luxury apartments are going up in formerly industrial areas. Scarce land on the West side is fueling the conversion of low-income units to high-income units. In response, activists pressured the City to pass a No Net Loss ordinance that requires one for one replacement of low-income housing. Now neighborhoods in North and Northeast Portland are worried about gentrification and displacement.

Current housing challenges

Although real per capita income in Portland is seven percent above the national per capita income, housing affordability is now a major problem for the region. Household income increased at only half the rate of home prices during the late 1980s and early 1990s. Roughly 40% of renters cannot afford a two-bedroom apartment in the region, and only 34% could afford the median priced house in 1997 at $155,000 (Bureau of Housing and Community Development, 2000). Those populations on fixed incomes, such as the elderly, have a disproportionately high housing burden, paying more than 35% of their incomes on rent (often much more). The consoli-

Photo 2 Downtown Portland, as seen from the east side of the Willamette River

dated plans from Clackamas, Multnomah, and Washington counties also identified the disabled and low-income populations as having the greatest housing needs (Metro, 2000).

Of major concern for the City of Portland are the very low-income and the homeless. The housing shortage is greatest for those with household incomes ranging from 0 to 30% of the median ($34,559 in 1997). The available rental units fell short of this group's need by 50% in 1997, or approximately 10,000 units.[5] Portland's shelter and transitional housing capacity increased during the 1990s: a comparison of one-night counts in 1993 and 1999 revealed that 745 more people were sheltered in 1999, an increase of 53%. However 466 persons were turned away from shelter that night in 1999, 40% of whom were children. For those without family or friends to share housing with, doorways provide a mean alternative. A group of about 70 homeless people formed a tent city in late 2000 as an alternative to the shelter system. Modeled after Dome Village in Los Angeles, this mobile encampment of homeless folks has been moved from site to site. They reject the shelter system; and neighborhoods reject them. Determined to create a different solution to the housing crunch (one leader said the answer "is called nylon and it comes in the form of tents") residents are hoping that the City of Portland will allow their experiment in self-governance to become permanent. Like those in Dignity Village, most local housing advocates do not want more temporary shelters—they want more permanent solutions too, but in the form of housing that is better able to withstand the Northwest rains than tents.

Other jurisdictions in the region have not embraced the need for affordable housing as fully as the City of Portland. By 1998, the City had 60% of the publicly assisted affordable rental housing in the region but less than 30% of the overall population. As housing affordability problems in Clackamas and Washington counties became more apparent during the 1990s, local governments began to consider the need to develop their "fair share" of affordable housing. Suburban towns in Washington County such as Beaverton and Hillsboro are straining under the pressure of rapid growth due to the high-tech boom of the 1990s. Besides the general reluctance of these cities and other small towns to embrace affordable housing, these cities are very late to the housing development game, and lack Portland's skill in securing funds from the federal government. In eastern Multnomah County, the City of Gresham received an influx of low-income population residents in recent years; worried about the concentration of poverty in apartment buildings, it placed a moratorium on multi-family housing.

A regional livability group that combines environmental and community activists, The Coalition for a Livable Future, encouraged Metro to include affordable housing in its Regional Framework Plan.[6] In June of 2000, Metro published the Regional Affordable Housing Strategy, which projected a long-range unmet housing need of 90,000 units for low-income households (less than 50% of median) in the region by 2017. More realistic five-year production goals were set at 10% of the total need. Still, the *annual* gap between the estimated cost and current resources is $97 million. About 70% of the 90,000 units are needed in Washington and Clackamas Counties. Therefore, the regional strategy recommended training and support to improve capacity of local governments to finance and develop housing. Special attention must be paid to populations such as the elderly, single-parent families, large families, and farm workers in these counties.

Affordable housing was recently the subject of a study by the City Club, a long venerated civic institution. At a City Club luncheon on February 8, 2002, long-time housing advocate Susan Emmons declared that although the community had accomplished much, the problem in 2002 is worse than it was in 1992. The housing shortage is greater now, more families are doubled up, seniors must choose between food and shelter, and many pay 70% of their income for rent. She declared that we are in a "fork in the road" and must tackle the problem with a "collective sense of urgency."At the same meeting, Commissioner of Housing Erik Sten argued that affordable

[5]Multnomah County median household income in 1997 was $34,559. The Portland Area's Department of Housing and Urban Development Office (HUD) suggests that this is an overestimate of met need because those who can afford higher priced units often occupy units at lower rent levels. They estimate a shortage of 20,000 units. Data are from Bureau of Housing and Community Development, 2000.

[6]Goal 10: Housing and Goal 14: Urbanization of Oregon's statewide planning program mandate the provision of housing.

housing is not "just charity", but "done right—is good for the economy."

Strategies to meet regional affordable housing needs fall into three categories: cost reduction, land use and regulatory, and regional funding (Metro, 2000). Examples of cost reduction strategies include reducing fees imposed by local government for infrastructure and permitting. Land use and regulatory strategies include incentives for incorporation of low- income units in private market development via density bonuses, voluntary or mandatory inclusionary zoning, and the use of accessory-dwelling units.[7] And lastly, examples of regional funding strategies are a real estate transfer tax or employer sponsored housing programs. In the last few years, there is a sense in Portland that in order to provide for the collective good of the region, civic leaders and citizens must break the impasse between private sector stakeholders (developers, bankers, real estate) and the public sector stakeholders (government, non-profits developers and providers). Resistance to the notion of a real estate transfer tax (0.75 per $1000) on all home sales transactions in the region is lessening (National Housing Conference, 2001). It is clear that federal and state funding is falling short of meeting the need, and that innovation in the development of a housing trust fund is necessary. Some advocate a national housing trust fund. Will Portland now broaden its legacy from land use to affordable housing?

Appendix: Sources on Portland

General

Terrence O'Donnell and Thomas Vaughan (1984) opens with an extended historical essay that captures the character of Portland. E. Kimbark MacColl (1978) and E. Kimbark MacColl and Harry Stein (1988) examine the politics of economic development in Portland's first century. Larry Price, ed., (1985) is a collection of essays on spatial and economic patterns prepared for an annual meeting of the Association of American Geographers in Portland. Carl Abbott (2001) places the metropolis in historical and regional context.

Politics and policy

Paul Lewis (1996) compares the development of regional governance in Portland and Denver. Jeffrey M. Berry, Kent Portnoy, and Ken Thomson (1993) compare neighborhood activism in Portland with other cities and draws positive conclusions about the Portland system. Howard Hallman (1977) is an earlier comparative description of the neighborhood association system. Mathew Witt (2000) critiques the bureaucratic dynamics of neighborhood politics while Steve Johnson (2002) argues that Portland has built a complex and elaborate network of groups for citizen involvement over the past three decades. Brent Walth (1996) is a fast-paced political biography of Tom McCall. Carl Abbott, Deborah Howe, and Sy Adler (1994) contains a series of essays on the origins and implementation of the Oregon land use planning system. Gerrit Knaap and Arthur C. Nelson (1992) and Jerry Weitz (1999) are other examinations of Oregon planning. Mark Bello (1993) examines the politics of downtown planning. Portland figures in Myron Orfield (1997), David Rusk (1999), and Alex Marshall (2001). Christopher Leo (1998) highlights Portland. Martha Bianco (1994) analyzes the transition from privately-owned to publicly-operated transit.

Architecture and planning

Carl Abbott (1983) examines the political setting and results of planning from the 1900 through 1980. Thomas Vaughan and Virginia Ferriday, eds. (1974) is a two-volume collection of insightful articles about rural and urban architecture and landscape. Virginia Ferriday (1984) examines the early 20th century buildings that still dominate downtown. Gideon Bosker and Lena Lencek (1985) is an idiosyncratic survey of leading architects and their work. William Hawkins III and William Willingham (1999) places residential architecture in context. Robert A. Jones (1999) examines the transformation of the downtown fringe into a stylish neighborhood. The website *www.pdxplan.org*, developed by former Portland planning director Ernie Bonner, houses a wealth of interviews and documents about planning in the 1970s.

Social dynamics

William Toll (1982) and Steve Lowenstein (1987) examine ethnic assimilation. Amy Kesselman (1990) and Manly Maben (1987) explore the social impacts of World War II. Chris D. Sawyer (1984) looks at the residential environment of transient workers. Rose Wong (1994) looks at the Asian immigrants who occupied much of the same territory. An ethnographic study of a group of Portland workers is William W. Pilcher (1972). Richard White (1996) examines the Albina Ministerial Alliance and Portland Organizing Project.

Economic development

Scholarly analysis of the recent Portland economy is limited. However, see Tom Harvey (1996), Gordon Dodds and Craig Wollner (1990), and Chris Ertel (1997).

[7] Inclusionary zoning is zoning that requires the inclusion of low-income and/or moderate- income housing units and well as expensive housing within new developments. Accessory units are small apartments allowed as second dwelling units on single-family lots.

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