

# The Urbanophile Interview: Portland Mayor Charlie Hales

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**Aaron M. Renn:** Hello I'm Aaron Renn of the Urbanophile, [www.urbanophile.com](http://www.urbanophile.com), and I'm here today with Charlie Hales, Mayor of Portland, Oregon. Mayor Hales, thank you for joining me today.

**Mayor Charlie Hales:** Thank you very much, Aaron.

**Renn:** Portland is a city that punches well above its weight in the national consciousness. It has a population of 603,000 in a region of 2.3 million. That makes metro Portland the 24<sup>th</sup> largest region in the country. But it's really a far more influential city than that. Really known is the exemplar of what a city that size can be when it comes to urbanism, Portland is known for its urban growth boundary, its transit system, bicycling, artisanal everything, outdoor activities, so much more – frankly, it's probably a city that needs no introduction.

Mayor Hales is a Democrat in his first term as mayor, but he's not new to Portland politics, having previously served on the city council both before and after stints in the private sector. So once again, Mayor Hales, thank you for joining me.

**Mayor Hales:** You bet, thank you.

**Renn:** I hear they call you “Choo-Choo Charlie.” What's up with that?

**Mayor Hales:** I wear that proudly because I've had a bit to do with Portland's transit success story. There've been a lot of us who were parents of that success. But in fact I was city commissioner in charge of transportation when we opened the first modern streetcar line in America, and was also really involved in several of the light rail projects that defined our city and have shaped a lot of our growth. So I wear that label proudly for my municipal work. And then I also spent the last 10 years, one of those stints in the private sector, working for a large engineering firm, HDR, and helping cities all over the country develop their first light rail or street car system. So we've exported that idea from Portland to a lot of other cities and they're either building them or opening them at a great rate now.

**Renn:** Well that's what I say about Portland being an exemplar. You go to everywhere – Cincinnati, Indianapolis, where I live – every mayor has been here. They do the pilgrimage to Portland to see what's going on.

**Mayor Hales:** We tried some things first and I think one of the great benefits of this dialogue around the country is that we did try some of these things first. They worked, and Portland's not that different from all those other cities. In fact, there's a wonderful citizen activist in Cincinnati, a guy named John Schneider, who's been bringing delegations from Cincinnati to Portland for the last decade – hundreds of them. He's buttonholed civic leaders and corporate folks, and said, “You've gotta come see Portland.” And he makes the point that, look: these are both river cities, they're about the same size, they have a downtown waterfront. If you look at the physical similarities and then some of the big cultural icons like universities, and there's a lot of commonality between Portland and Cincinnati, but Portland's done this and we've not and let's see what the delta is and maybe we should do some of what Portland's doing. So it's been a

valuable dialogue I think. And in that dialogue Portland's learned from other places as well. It's not like we've always been the teacher in this conversation. We've learned a lot from Vancouver, British Columbia about high density housing and parks. So I think it's really healthy for cities to compare notes.

**Renn:** I think that's one thing that's different about Portland versus say New York City. I mean, New York City is one of a kind. It's so huge. It's so different from everywhere else. You're going learn from New York, yeah, but Portland's example applies to a lot more places.

**Mayor Hales:** That's right. I mean there are world cities, and then there are cities that might have a global connection like we do, but are cities of their own place. And Louisville, Cincinnati, a lot of those cities are parallel to us in that sense.

You know, we also are involved in the C40 group of cities around the world that are trying to do something constructive about climate change because our national governments aren't moving very fast. And Portland's in that group for the same reason. Like you said, we're punching above our weight. Because of that we're in there with folks like Sao Paulo and Johannesburg and Berlin and London, and we're there because we have actually been effective on that front. We've reduced per capita carbon emissions by over 30% in Portland – and total carbon emissions by 11% even in the city that's growing quite fast. We've done that with transit – those choo-choos – and other things. But we've also done that with green buildings. We're a national and international leader in green buildings and in managing storm water effectively and a hundred other things that we've done as a city to try to live in concert with our natural environment better and use a lot less energy to get around.

**Renn:** A lot of those sorts of things people know about because everybody's read articles about Portland. Everybody's got this idea about Portland from the many, many articles that have been written on it, so many of these pilgrimages, or they've watched Portlandia. How does the real Portland differ from this idea of Portland that everyone has in their heads?

**Mayor Hales:** It does in some ways. I mean, like all good caricatures, Portlandia makes fun of some things about us that are true. I mean, we do love localism, so Colin the Chicken is somebody that we would care about here in Portland. So everybody's seen that bit on Portlandia. And we are relentlessly earnest about our values. But I think the deeper part of that is that this is a place that people come to because they know they can actually live their values. If you are a creative, young professional and you want to live in the city that's actually connected to nature, but also connected to the global economy, and to software development, and film and video, and a lot of the things that those creative people are working in, they know that they can actually live the way they hope in Portland. So we resemble the caricature in that sense.

There some other ways that we don't. We're still an industrial city. We're a big hands, port industrial city. We build boxcars and barges. We just cut the ribbon on the biggest dry dock in North America last weekend. So we employ a lot of welders and steel fitters and plumbers and pipe fitters, and all those hands-on trades. We build trucks here. We build boxcars. We build – we make – steel pipe. There's a lot of traditional “old economy” industry here. Oh, but we still need boxcars and we still need pipe. So I'm happy about that part of Portland, and that doesn't show up in the caricature at all.

Another part of Portland that doesn't show up in the caricature is there are a lot of great neighborhoods in Portland, where you really can walk to the farmers' market, and go to a local movie theatre, and there's a brew pub right down the street, and all those parts that you expect in a great urban neighborhood are there. That's only about half the neighborhoods in the city. The other half of the neighborhoods are places that were half-baked suburbia when they got annexed into the city. And we're trying to make them complete communities with a local economy in that neighborhood and those kind of services that you can walk to. And, oh yeah, in many cases, there aren't even sidewalks, and there's no neighborhood park. So, we're spending a lot of effort and money on trying to retrofit those suburban parts of Portland, to not be physically identical to the old neighborhoods, but have those ingredients of a complete neighborhood that Portlanders like to see.

**Renn:** When I was flying in, especially along the rivers, you notice massive quantities of industrial lands, including a lot of petroleum storage depots and things like that that you don't associate with Portland.

**Mayor Hales:** That's right. And we're a big commodities exporter. We export more wheat than any city in the world. We export minerals here. We even export oil to other U.S. ports. Domestic oil – it comes in on railcars. So I think people again don't have that image of Portland, that we're a port industrial city. Now we're a clean industrial city. We have strong environmental regulations in Oregon. So you can fish in the river right there by that port facility. In fact, you can swim across the river in downtown Portland now because it's so clean that it's safe to do that. And that wasn't true five or ten years ago. We spent a billion and a half dollars cleaning up our river to get the sewers from overflowing into it. So we've done our work of being a green city. But we haven't lost our industrial base in the bargain. And few American cities have accomplished that.

**Renn:** Is the industrial base long for this world, though? Because you see a lot of industrial territory in Portland that's rapidly being converted into condos. I mean, construction just all over the city – it's like sheets going out. And one of the things I clearly see in these creative business – ad agencies, architecture firms, transit consultancies – those places employ relatively few people. Very high skilled, trading around the world at the highest level, but don't have that pyramid or that tail that gives a future to the B+ grad of your local high school who may not be going to college and may be qualified but isn't that [high skilled]. Is that industrial kind of sustainable for the people who aren't in the creative elite?

**Mayor Hales:** We think so. And in fact, there are a lot of jobs in the creative world that are good ones for people without a college degree too. We have this great new program now underway in Portland called Code Oregon where a local business – a local software company called Treehouse Software – is partnering up with our workforce agency, Worksystems, to create 10,000 free slots for people to go online to develop the skills to be coders. Now not everyone has the personality or the skills set to do that work, but it's open to all. So we're aiming particularly at people that might not want to go all the way through college or might just have a high school degree, but want to work in that technology field.

But back to the core of your question, we don't regard that traditional industry as just a quaint antique that's going all get displaced by condos and brew pubs. In fact, we actually have specifically protected the land on which all that industry sits. You're right, there are some areas in the city that are converting from old warehouses full of machine parts to old warehouses fixed

up full of software designers. That's intentional and we've done that by planning. But we also have huge industrial sanctuaries in the city that are just that. No, you can't get a zoning change there. In fact, there was even a notorious land use case about ten years ago where someone proposed to put a Costco in the middle of one of these industrial sanctuaries. They spent a million dollars on consultants and lobbyists and they still lost at the city council. And now it's a giant roofing supply company. So that site is reserved for industrial use and that's what ended up there. So we're pretty resolute about keeping that industrial base. And again, the new dry dock last weekend that's going to be able to work on thousand-foot long cruise ships is a good sign that we still do have calloused hands here even if we've got our brain in the new economy.

**Renn:** You mentioned something about older neighborhoods without proper infrastructure and sidewalks. I know this has been one of your big topics. And you've proposed a street fee on buildings, commercial and residential, in order to help pay for that. If you look at America, we've got vast amounts of infrastructure that we cannot afford to maintain with the current revenue streams. I mean, I'm talking about maintain, I'm not talking about building anything else. We have lots of neighborhoods across America – they're like what you described: older, built in an era when standards were low, don't have everything. And we don't really have a plan. You've got your street fee. That's obviously been highly controversial. Do we just need to have a frank and candid conversation about infrastructure in America that we're just not having right now?

**Mayor Hales:** Yeah, we need to have that conversation – but we also need to do what we're doing here in Portland. We're going to, I believe, enact that street fee next month and have it in place and start putting that money into those urgently needed street repairs, and in some cases, additions of things like sidewalks that were never there in the first place. We're doing that because we have the political will to do so, and we're not going wait on Congress to do their job. I wish they would do their job. I wish they would pass a transportation reauthorization bill. I wish they would move the gas tax from where it's been stuck for 21 years at 18 cents. That's crazy. What did \$0.18 buy 21 years ago versus now? Well, not as much asphalt. I can tell you that. So Congress is inert and running for cover, and those of us at the local level are going have to step up on this stuff. So cities and state legislatures are going have to do the hard thing and pass tax increases to maintain this stuff. It's not beyond our ability. I mean this street fee that we're going be imposing in the city of Portland – assuming it passes the council this month –is going be about eight bucks a month for the average family in Portland. Well, that's pretty bearable, really. And compared to the cost of the decline, it's a bargain.

**Renn:** Do you think this fee is sufficient to cover all these streets and maintenance? Guys like Charles Marohn from Strong Towns have basically said the math just doesn't work in America. We're just going have to “declare bankruptcy” on some of this infrastructure. What's your take on that?

**Mayor Hales:** You know, incrementalism has its place. And this is an increment. You're right. This is not going solve the whole problem. We're not going be able to dust off our hands and say “Ok, we got our streets taken care of. We don't care what Congress ever does.” No, Congress still needs to act, and our state legislature still needs to act. But at this rate, we'll at least be able to do a better job of maintaining our local streets, and hope that the feds and the state do their job to maintain the infrastructure that they own.

My point here is that this is about political will. It is not inevitable or immutable that America is going watch its infrastructure decline. It's a choice. It's a bad choice to dither and do nothing. And it's a good choice to step up and do something. And I think you'll see more cities doing what we're doing here in Portland. Which is to say, we're going act locally, and then keep the pressure on Congress and the State House to do their part too.

**Renn:** There was another article in the New York Times recently about Portland. Basically, "Portland, where young people go to retire."

**Mayor Hales:** Right, right.

**Renn:** The idea is people come to Portland and they can't find jobs. How hard is it really to find a job in Portland?

**Mayor Hales:** Not hard. In fact, I think it's 4.8% - the unemployment rate - among 25-34 year olds here – lower than New York, lower than a lot of places. We're the 3<sup>rd</sup> greatest city in terms of college educated immigrants moving here deliberately. They move here, and then not long after, they find work. Or they create work by starting their own business because we're a very entrepreneurial city as well. I did this in 1979. It's not an original thing for Portland. In fact you could say it's been happening since Lewis and Clark that we - that people immigrated here from elsewhere because they saw some opportunity here. We've been absorbing those people as they come to Portland. They find work. But that's the value set of that 25-34 year old cohort. They care about quality of place, quality of life, and what they're going do when they're not working. And that doesn't include, say, sitting in traffic in suburbia. So they like the idea of living in Portland, and they come here and try to make it work. And most of them do. Again, we have a better employment situation for those folks than New York City does. So it's not true that young people come here and are stuck in jobs that they're way over qualified for indefinitely. That happens for a while to some of them, but again we've got software jobs going begging here. I just talked to a local entrepreneur who's adding a bunch of new engineering positions in their tech company. And they're going import most of those people to Portland because we don't have enough of those folks walking around with those degrees in Portland today. So I would say to any young person who's contemplating that, "Yep, do it. You know, the mayor did it – worked for him."

**Renn:** When I looked at the stats, Portland's unemployment rate was above the national average, in aggregate, for 14 years. And then 2013 it went below the national average. Now, you're below the national average. What changed in that period – is driving like the uptick in the economy? Because the people I know who had trouble finding work in Portland, it was in 2007-2008, when the economy really fell off a cliff nationally. What's changed in the economic dynamic since then?

**Mayor Hales:** I think it's already changed pretty significantly. One is that our software and tech industry really has grown and has reached critical mass. Secondly, the flight of the suburbs for office employment really was a round trip, and the suburban vacancy rate in Portland is quite high and the urban vacancy rate is crazy low. And that's a pattern you see around the country. Our downtown office vacancy rate is under 1%, which is essentially completely full. And people are building new office buildings to respond to that situation. Meanwhile it's 12% or 13% in the suburbs. So the pattern of shifting to the urban core, of valuing quality of place and quality of life, those values and preferences have started to create major currents that send economic

activity our way. I don't think that's a short term phenomenon. We're not going through another real estate bubble here. We're going through a sea change in how the economy works. It is more urban. It is more about the creative and intellectual pursuits, of software and engineering and medicine. And Portland's well positioned for that.

We're also on the cusp of becoming a medical research center, which Portland has never been. That's always been true of Boston. It's always been true of some other cities. But Phil and Penny Knight, the founders of Nike, created this amazing challenge to our medical university, Oregon Health and Sciences University. They said, we'll give you half a billion dollars if you raise the same amount. And now OHSU is within \$60 million of meeting that challenge. And I think you'll see us really accelerate as a center of medical research and medical technology, which we would never said was part of our economic strategy. But guess what? Just like those software engineers, those doctors and researchers care about quality of life and quality of place as well. They can work in lots of places. They've got skills sets that are in demand. Let's see, should I sit in traffic in Atlanta? Or could I be on my bicycle on Portland on my way to work? I think we win in that contest.

**Renn:** What's your vision for the future of Portland?

**Mayor Hales:** More of the same. That sounds a little tepid, but remember there's only half of our neighborhoods that fit the archetype or the stereotype of how great it is to live in Portland - tree lined streets, nice bike lane, farmers' market, great local artisanal food, and the locally owned restaurant on the main street. That's true in half of Portland. It's not true in the other half.

It's also a city of two tiers when it comes to economic vitality. We have a lot of folks in Portland who are doing very well, making good incomes, able to afford those great old houses and those great old neighborhoods. And we also have a lot of people who are struggling. We have a lot of hunger in Oregon and here in Portland, too. We have schools where 80% of the kids are on free and reduced lunch. So we've got a national problem of income disparity. And we have it here, too. And I think Portland is going be a leader now in that human equation of how is it that the city can beat the national odds of people getting left behind, just like we solved the urban equation differently in the last few decades. It used to be true that cities were in decline, everybody was stuck in traffic, urban schools were no good, and there was no real cure for that except just spreading out further.

**Renn:** Leave.

**Mayor Hales:** Yeah. Portland proved that wrong. No. Invest in transit. Invest in great public schools. Restore your great old urban neighborhoods. Preserve the old buildings. Build the parks. Clean up the river. And the world beats a path to your door. So we proved the prevailing paradigm wrong that American cities were in decline. Well now I think we have a role to play - maybe again fighting above our weight - in proving the American paradigm wrong: the richer are always going get richer, and the 99% are going keep falling further behind. I think we can, in our communitarian Portland way, show that, no, we're actually capable of thinking about our neighbors, devising economic strategies that lift more people up to a quality of life that some of us already enjoy. And I'd love for that to be the reason for the tours to be coming to Portland 10 or 20 years from now.

**Renn:** Thank you very much mayor. I appreciate your time.

**Mayor Hales:** Thank you.