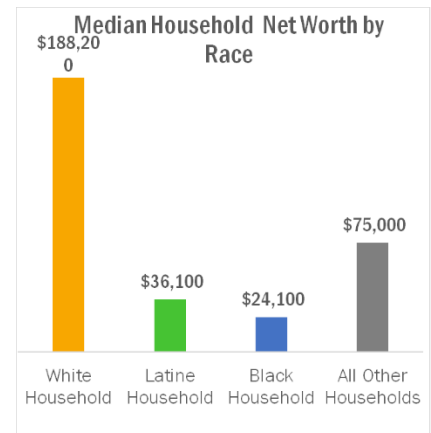


OBJECTIVE 2: PROMOTE EQUITABLE WEALTH CREATION

The United States continues to experience a staggering racial wealth gap: median white households have 7.5 times greater wealth than median Black households, 5.2 times more wealth than Latinx/e households, and more than twice the median of all other households. Multigenerational wealth created from property and business ownership drives much of this disparity; even gains in employment and income show little progress in erasing differences in wealth.



Increasing participation in business and property ownership, and especially in growth sectors and districts, is both critical and effective: Black entrepreneurs have a median net worth that is 12 times higher than Black non-business owners.¹ **The actions in this objective focus on growing wealth more equitably via inclusive networks and partnerships with Black, Indigenous and all entrepreneurs of color to increase business ownership and growth in opportunity-rich industries as well as property ownership and development across Portland.**

A strong entrepreneurial climate is necessary for continued job growth and greater economic impact. Small businesses make up 92% of private firms in the city of Portland, account for almost 40% of the city's reported employment, and generate \$2.3 billion in wages. Small businesses have been and will continue to be key to the fabric of the community and primary contributors to creating the path for inter-generational wealth. Diversity of small business ownership matters because more diverse founders employ more diverse workforce, and more diverse companies lead to greater productivity and economic competitiveness as those companies expand.

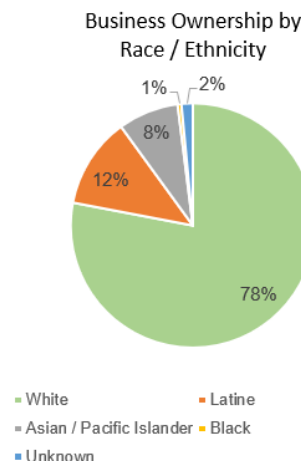
Historical policies and practices – from redlining and exclusionary access to financial capital to undervaluation of assets in appraisal – have also hindered wealth creation through property ownership within communities of color. Nationally, Black households own significantly less commercial real estate (3%) as compared to white households which own 8%. Access to property ownership and development opportunities and the value created via new construction and redevelopment are important avenues to building wealth both nationally and in Portland.

OVERVIEW: *Business ownerships and entrepreneurial ecosystem*

BIPOC business owners remain underrepresented – and likely undercounted – compared to their proportional representation within Portland's population. According to the latest US Census Business survey, as of 2017, Black-owned businesses represent 1% of business ownership in the Portland Metropolitan Statistical Area while making up 4% of the population. Latinx/e owners represent 12% of

local business ownership and represent 13% of the Portland's population. API businesses make up 8% compared to 10% population. The inverse is true for white-owned businesses which represent 78% of Portland's business ownership, but only 69% of our population.

Portland has a strong entrepreneurial climate with positive perception and support from the local community. The city's small businesses provide goods and services to residents and contribute to unique culture and character of commercial districts. The region also has a wide range of supports and resources for entrepreneurs – and substantial innovation activity, particularly in software, clean tech, and apparel (reflected by strong indicators such as high level of patent activity, VC investment, SBIR/STTR grants).



However, despite the breadth of available services, the landscape is fragmented and, for many entrepreneurs, neither easily accessible nor navigable, lacking centralized resources and clear connections and pathways between services. There are elements of the existing ecosystem that could be enhanced or further capacitated and gaps that need to be addressed to build a more cohesive and supportive system to grow the local entrepreneurial environment. Industry-specific program offerings that support businesses wanting to scale are lacking in many sectors (e.g. Food and Beverage Manufacturing) and financial products targeted for growth activities are not as widely available as resources to help launch and stabilize businesses.

Prosper Portland created the Inclusive Business Resource Network (IBRN), a funding partnership with community-based organizations providing culturally specific and culturally responsive business technical assistance across a diverse range of industries. Although seen as a best practice for collective impact, historically IBRN services were focused on serving entrepreneurs at the earliest stages in a range of service categories (e.g. business planning, accounting basics, legal support).

The network was reset in October 2022 with an intentional focus on providing more supports to businesses looking to grow and scale their operations. And while there are industry-specific supports for the childcare, construction, food and beverage and consumer product industries, entrepreneurial supports need to be better aligned with identified industry clusters and growth sectors. There is a gap in services and capital for scale-ups or growing small businesses that need more industry-specific support (e.g., assistance with product certifications, accessing specialized capital and specialized R&D, supply chain and logistics)².

Addressing these gaps will require strong partnerships and coordination with other technical assistance funders like Business Oregon. The Regional Innovation Hub Planning effort led by PSU is scanning the innovation entrepreneurship ecosystem in Portland, identifying gaps, and recommending next steps for

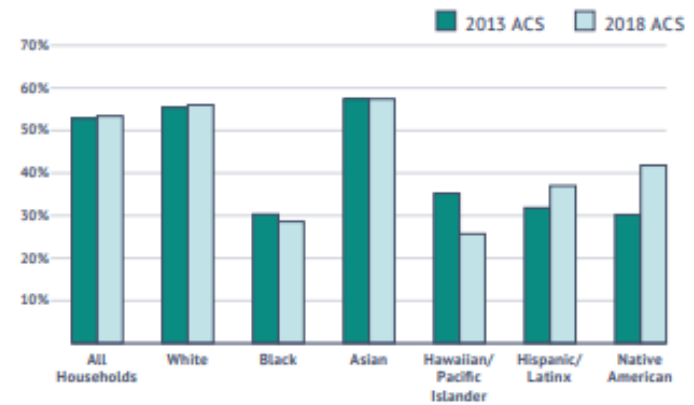
² Information for this section was sourced via RW Ventures Report and Interviews, Interviews carried out by project consultant Camille Trummer, and a 2019 Founders of Color Study commissioned by Prosper Portland

an Innovation Hub should funding be made available by the Oregon Legislature as part of an ask to fund Business Oregon’s 2021 Innovation Plan.

OVERVIEW: *Property ownership, development, and entrepreneurial ecosystem*

Last year, the Urban Land Institute (ULI) one of the nation’s most well-known and largest networks of cross-disciplinary real estate and land use experts, completed the “10 Principles for Embedding Racial Equity in Real Estate Development.” Within this report, ULI offers ten principles across public, private and nonprofit sectors to provide guidance for how to integrate racial equity into the development life cycle – from concept to land ownership to financing to asset ownership – and notes that “the industry is recognizing that an elevated focus on equity can have benefits for financial and social returns.”

Fig 1.09 Homeownership Rate by Race and Ethnicity



Source: U.S. Census Bureau—2014 5-year ACS Estimates, 2018 5-year ACS Estimates
Notes: Race Alone Data, Hispanic-Latinx can be of any race

Unfortunately, data related to commercial property ownership and development is not collected or readily available for Portland or the metropolitan region. We do, however, have a strong set of indicator data by looking at homeownership rates in Portland. And, as the Portland Housing Bureau’s 2021 report makes clear, “Communities of Color continue to experience disproportionately low homeownership rates compared to white households and the population as whole.”

The report provides a further disaggregated breakdown as shown in the graph below. Given the important role homeownership plays in leveraging new investments and generation new wealth creation opportunities – from small business ownership, to starting up a new business, to accessing capital to buy and develop additional properties – we presume a similar, if not more extreme discrepancy exists on the commercial property ownership side of the equation.

While there is a history of long-standing efforts between the public and private sector to support diversity within the construction industry, commensurate efforts have not been made to diversify land or asset ownership opportunities throughout the development life cycle. The City of Portland’s most recent commitment to pursue a new contracting disparity study, pilot programs, and partner on a regional workforce equity agreement to diversify firms doing business with the City of Portland provides an important foundation for this work. Similarly, Prosper Portland requires Business and Workforce Equity Policy goals for all public-private partnerships, including sale of Prosper Portland-held properties when no public funding is invested. These efforts provide a strong but incomplete basis for how to scale generational wealth creation, first through construction-related entrepreneurship and business ownership into direct property and asset ownership post-vertical development.

Looking forward also requires looking back and acknowledging the historic disparities and inequities that have been created and perpetuated within the development industry. As the ULI's 2022 report states, "Understanding both historical and current structures—including policies, programs, and practices with a racist impact—that shape the project, community, and team provides the context necessary to mobilize the development team's ability to promote racial equity and to inform how the industry moves forward."

There are multiple tools and interventions that can be used to increase representation within BIPOC communities in wealth creation and wealth building. All these approaches exist in Portland to some degree, but improvements and better cross-sector alignment are needed:

- Coaching and technical assistance
- Connection to mentors and industry knowledge
- Flexible and mission-aligned capital, including for asset acquisition and ownership
- Support of science, engineering, and development industry-related talent pipelines, including in growth sectors identified in Objective 1.
- Public regulatory and financial tools to help address displacement within neighborhoods experiencing changing market dynamics and open opportunities for economic inclusion
- Support for more business owner-occupied buildings
- Culturally responsive programming and support

This lack of ownership opportunity stymies BIPOC entrepreneurship and the ability to grow business and personal wealth. In addition to building wealth, businesses that own their own properties can be more resilient in the face of gentrification and during macro events such economic downturns, natural disasters, and public health crises.