

Economic Development



Introduction

Seattle is the vital center of the Puget Sound economy and is a leading West Coast hub. Over the past fifty years, Seattle's economy has successfully transitioned its focus from timber, shipping, aerospace, and the military to more diverse sources that reflect traditional industry, emerging technology, and innovation-driven sectors. After a challenging decade that included the Nisqually earthquake, impacts from September 11, and the Great Recession, Seattle's economy recovered more quickly than that of many other cities. By 2013, Seattle had regained the 35,000 jobs lost during the recession, pushing unemployment below 5 percent for the first time since 2008. The highest job growth occurred in the services sector. Although the number of jobs in the city's two manufacturing/industrial centers has shrunk, they still account for 16 percent of all jobs in the city.

The City is anticipating an additional 115,000 jobs over the next twenty years. The urban village strategy identifies the geographic areas best suited for job growth—urban centers,

urban villages, and manufacturing/industrial centers. Some businesses and jobs are best suited to the mixed-use, walkable urban centers and villages. Others require unique features, services, and targeted land uses that fit best in manufacturing/industrial centers. Seattle must balance these varied demands in order to sustain existing businesses while also anticipating the needs of emerging businesses and industries.

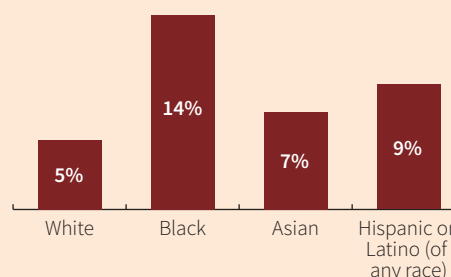
The purpose of the Economic Development element of this Plan is to provide direction about how to maintain and grow Seattle’s vibrant, diverse, and increasingly global economy to benefit individuals across income levels, as well as business, industry, and the city’s diverse communities. As Seattle grows, the City will strive to reduce income inequities and to identify and address policies that contribute to or create inequity.

Seattle is an attractive place to live, giving it a competitive advantage. Seattle’s beautiful physical setting, thriving cultural scene, walkable neighborhoods, diverse restaurants, unique shopping, access to nature, and historic locations generate direct economic benefits to residents. These attributes also contribute to the high-quality of life that draws businesses, people, and tourists to the city. Seattle also benefits from the way leaders from public and private sectors work together to encourage innovation and to support business formation, retention, and expansion.

However, not all residents have shared in Seattle’s economic prosperity. Communities of color, for example, have higher rates of unemployment, lower incomes, and less education when compared to the city as a whole. Unemployment rates in Seattle have remained higher for people of color than for whites in the wake of the Great Recession. The 2011 to 2013 American Community Survey found that close to 14 percent of African American residents in Seattle were unemployed during that time span. This is over twice the unemployment rate for whites. More recent data shows lower overall unemployment in Seattle, and national statistics show that unemployment among African Americans is also declining. However, current data about African American unemployment in Seattle is not available.

Widening gaps in income and opportunity hurt Seattle’s future prospects. Closing these gaps will require, among other things, more training and education for the city’s marginalized populations. Improving education and job skills within these communities will reduce the need to import workers from elsewhere. Community-led economic development in underinvested neighborhoods can spur small-business start-up and growth. It can also provide economic opportunities for current resident, immigrant, and refugee entrepreneurs. Shared prosperity is not just about what low-income communities need—it is about what they can contribute.

Unemployment Rates for Seattle Residents Age 16 and Over



Source: 2011–2013 ACS, US Census Bureau

The **Land Use Appendix** shows the number of jobs in each urban center and urban village.

Commercial Districts

Discussion

Seattle enjoys an attractive, flourishing Downtown core that houses about 30 percent of all jobs within the city. Outside of Downtown, a network of long-standing, distinctive, walkable places (known as hub urban villages and residential urban villages) exists. This is where small businesses thrive, communities come together, and many local jobs are created. About 12 percent of Seattle's jobs are located in these areas.

GOAL

ED G1 Encourage vibrant commercial districts in urban centers and villages.

POLICIES

- ED 1.1** Enhance the Downtown core as the economic center of the city and the region, and strengthen its appeal as home to many of Seattle's vital professional service firms, high technology companies, and regional retailers, as well as cultural, historic, entertainment, convention, and tourist facilities.
- ED 1.2** Promote a comprehensive approach to strengthening neighborhood business districts through organization; marketing; business and retail development; and clean, safe, walkable, and attractive environments.
- ED 1.3** Prioritize assistance to commercial districts in areas of lower economic opportunity.
- ED 1.4** Enrich the vibrancy of neighborhood business districts through the integration of design, public art, public space, historic preservation, and cultural spaces and programming.
- ED 1.5** Support independently owned and operated retail and restaurants in commercial districts to reinforce local neighborhood and cultural identity and strengthen the local economy.
- ED 1.6** Pursue strategies for community development that help meet the needs of marginalized populations in multicultural business districts, where small businesses are at risk of displacement due to increasing costs.

Industry Clusters

Discussion

Seattle's best prospects for future economic growth are in its key "industry clusters"—concentrated networks of interdependent firms in a defined geographic area that share common markets, technologies, and a need for skilled workers. Examples of Seattle's industry clusters include manufacturing, maritime, biotech and life sciences, global health and health care, clean technology, information technology, tourism, and film and music.

These clusters certainly help the associated businesses, which benefit from the rapid exchange of information, leading to innovative and efficient operations. The clusters are also an asset to the overall economy. Generally, businesses in industry clusters pay higher than average wages, bring new capital into the economy, are environmentally minded, and add variety to the economic base. By identifying key sectors of the economy in which Seattle has a competitive advantage, the City can better shape industry clusters and help achieve a vibrant, balanced, and diversified economy that benefits individuals across all income levels.

GOAL

ED G2 Enhance strategic industry clusters that build on Seattle's competitive advantages.

POLICIES

ED 2.1 Improve linkages between industry clusters and research institutions, hospitals, educational institutions, and other technology-based businesses.

ED 2.2 Encourage collaboration among businesses within and across industry clusters in the areas of marketing, research, capital and talent acquisition, job training, and expansion of highly skilled jobs.

ED 2.3 Improve the ability of industry clusters to transfer technology in cooperation with other jurisdictions and with major education and research institutions.

ED 2.4 Encourage industry clusters to have workforces that are representative of Seattle's racial and socioeconomic groups.

ED 2.5 Promote coordination of economic development and community development among City departments, as well as with all levels of government, the business community, and nonprofits, to strengthen industry clusters.

Business Climate

Discussion

A city's business climate is determined by how well it attracts and sustains businesses. The external factors that shape this climate include quality of the workforce, taxes, regulations, incentives, and other government policies and investments, as well as overall quality of life in the city. Seattle is renowned for its mild climate, extraordinary access to recreation and natural resources, and diverse cultural offerings. Seattle's collaborative culture is another economic advantage. However, some aspects of Seattle's business climate pose challenges for business, such as complex development regulations, earthquake risk, and underfunded transportation and education systems.

GOAL

ED G3 Encourage a business climate that supports new investment, job creation, and resilience and that values cultural diversity and inclusion.

POLICIES

- ED 3.1** Promote the expansion of international trade within Seattle and throughout the region.
- ED 3.2** Strive to make the business climate more competitive through use of transparent and predictable regulations, efficient approval processes, and reasonable taxes, fees, and utility rates.
- ED 3.3** Foster partnerships between the public and private sectors to improve business climate.
- ED 3.4** Improve coordination of information and services between city, county, regional, state, and federal agencies to develop and implement economic-development policies and programs.
- ED 3.5** Address the needs of culturally relevant businesses most vulnerable to redevelopment pressure and displacement.
- ED 3.6** Consider the needs and priorities for long-term economic recovery in postdisaster recovery and mitigation planning.
- ED 3.7** Evaluate taxes, regulations, incentives, and other government policies and investments to determine the benefits and burdens for marginalized populations.

Workforce

Discussion

The success of industry clusters depends on a skilled and competitive workforce. However, many employers have noted a lack of qualified job applicants for some positions in Seattle. This includes a variety of industries that have been unable to find enough local college graduates to fill jobs in certain engineering, computer, and life science fields, as well as traditional industries looking to replace an aging highly skilled workforce. As a result, many employers look to attract talent from elsewhere. Better education and training of local workers can connect displaced workers, disadvantaged youth, and recent immigrants to highly skilled job opportunities.

GOAL

ED G4 Maintain a highly trained and well-educated local workforce that effectively competes for meaningful and productive employment, earns a living wage, meets the needs of business, and increases opportunities for social mobility.

POLICIES

- ED 4.1** Create a coalition of business, labor, civic and social service agencies, libraries, and educational institutions that can develop and expand education and training programs targeted to the needs of business, especially for high-demand science, technology, engineering, and mathematics skills.
- ED 4.2** Increase job training, internships, and job placement to overcome barriers to employment and to achieve greater racial and social inclusion in the workforce.
- ED 4.3** Encourage all businesses to pay a living wage, provide necessary employment benefits, and hire local residents.
- ED 4.4** Explore opportunities to coordinate community-development activities with place-based workforce-development opportunities in communities with high unemployment.
- ED 4.5** Promote programs aimed at reducing unemployment among people of color in Seattle.
- ED 4.6** Support efforts that connect youth to internships and other education and career opportunities.

Entrepreneurial and Small Business Development

Discussion

Our city is home to major national companies such as Trident Seafoods, Filson, Cascade Designs, Starbucks, Amazon, Tableau, and Nordstrom, to name a few. However, most Seattle businesses are much smaller and have fewer than ten employees. Sectors with an especially high proportion of small businesses include construction, wholesale trade, manufacturing, retail and related services, and increasingly, start-ups in technology and other creative industries. In addition, food growers, processors, and distributors are a quickly expanding presence within the local economy.

As technological advances continue to lower the cost of starting new businesses, the rate of new entrepreneurs will rise. In addition to attracting new types of businesses, we must redouble our efforts to retain the small, culturally diverse businesses that support equally diverse communities.

GOAL

ED G5 Strengthen the entrepreneurial environment for start-ups and small businesses.

POLICIES

ED 5.1 Encourage institutions of higher education toward commercialization of research innovations to fuel the growth of start-ups.

ED 5.2 Enhance arts and culture activities in order to attract creative-class workers, living wage employers, and tourists to Seattle, as well as to enrich our overall culture of innovation.

ED 5.3 Expand the network for technology and innovation entrepreneurs to learn about services and jobs, build relationships, and find resources—all of which will help enable their businesses to flourish.

ED 5.4 Establish incentives to encourage property owners and building owners to offer affordable spaces for start-ups and small businesses.

ED 5.5 Reduce barriers to business start-up and entrepreneurship, especially barriers that confront marginalized populations, immigrants, and refugees.

ED 5.6 Promote the growth of local small businesses.