

DATE: September 10, 2014
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 14-40
Update on PDC-Owned Property at NE MLK Jr. Blvd & Alberta Street in the Interstate Corridor Urban Renewal Area

No action is requested; information only.

SUMMARY

The purpose of this report is to update the Portland Development Commission (PDC) Board of Commissioners (Board) on positive progress regarding development of the 1.79-acre PDC-owned property at NE Martin Luther King, Jr. Boulevard and Alberta Street in the Interstate Corridor Urban Renewal Area (Property) (see Attachment A for a site map). On August 28, 2014, Portland Mayor Charlie Hales announced that a letter of intent has been signed between Majestic Realty Co. (MRC) as site developer and Natural Grocers as the new anchor tenant in a future development on the Property (see Attachment B for the press release). Staff is not requesting that the PDC Board take any action at this time but would like to provide an update on current status and next steps.

BACKGROUND AND CONTEXT

On November 13, 2013, the PDC Board through Resolution No. 7033 authorized the Executive Director to execute a Disposition and Development Agreement (DDA) between PDC and MRC for the conveyance of the Property to MRC for the proposed construction of an urban retail shopping center with an anchor grocer tenant. After anchor grocer tenant Trader Joe's backed out, Mayor Charlie Hales convened a group of North/Northeast community stakeholders in March 2014 and committed to development at the site that would benefit the residents of Northeast Portland, support neighboring businesses, introduce Portlanders to a high-quality, affordable grocer and revitalize a parcel of land that has sat dormant for 15 years. Mayor Hales directed 1) PDC to continue the development process with MRC (and Colas Construction as the prime contractor) and to work with MRC to find a new anchor tenant; and 2) PDC and Portland Housing Bureau (PHB) to allocate an additional \$20 million of tax increment funds for affordable housing in the Interstate Corridor Urban Renewal Area. PHB is conducting a community involvement process to develop a [North/Northeast Neighborhood Housing Strategy](#) to help direct that investment.

In spring 2014, MRC began negotiations with Natural Grocers, a Colorado-based grocer with stores in 14 states. Natural Grocers currently has seven locations in Oregon, including four in the Portland metro area, as well as a new store set to open in Eugene on September 23. Natural Grocers is founded on the principles of providing nutrition education and supporting the efforts of nonprofits in the community towards the betterment of health and the environment; only offering quality natural products at

affordable pricing for customers; and offering employees excellent benefits and opportunities to grow with the company. The two parties have signed a letter of intent to proceed toward a formal development agreement. As currently contemplated, MRC will construct two buildings, one for Natural Grocers and one with space for four to 10 smaller commercial/retail businesses (Project).

In order to provide the community with a formal mechanism for input as the Project moves forward, PDC is creating a Project Working Group (PWG) that will invite community representatives to provide advice and guidance into two crucial components of the Project:

1. Provide feedback on building and site design; and
2. Contribute in developing a Community Benefits Agreement (CBA).

Project Next Steps and Milestones:

- PWG: The PWG will be formed in September, with the first meeting occurring in early October. PWG members will self-select into the two sub-groups described above and their work will be completed by no later than mid-December.
- Due Diligence: Discussions with MRC, Colas Construction, and the Project architect have begun. PDC staff has also begun working with City staff to determine the best and shortest path forward to address alley easement.
- DDA: The original DDA was not executed in large part due to uncertainty over the anchor grocer tenant. Staff anticipates bringing a revised DDA with Natural Grocer as the anchor tenant to the PDC Board in January 2015. At that time staff will also present the elements of the CBA.
- Construction: Groundbreaking is tentatively scheduled for spring 2015.

ATTACHMENTS

- A. Site Map
- B. August 28, 2014 Press Release
- C. PWG Timeline

Site Map





Office of Mayor Charlie Hales
City of Portland



PRESS RELEASE

THURSDAY, AUG. 28, 2014

PORTLAND, OR – Mayor Charlie Hales and Kemper Isely, co-president of Natural Grocers, announced today that property owned by the Portland Development Commission at Northeast Martin Luther King Jr. Boulevard and Alberta Street will be the site for a new community-centric grocery store that focuses on free nutrition education and healthy food.

Three months ago, Mayor Hales and PDC staff urged the project developer, Majestic Realty Co., to remain committed to the project and to find another anchor tenant for the 1.79-acre property, following the decision by Trader Joe's not to locate a store on the site.

“The challenges this development has faced have been well documented,” Mayor Hales said. “But thanks to the determination of the public and private partners involved, we’re now able to present a development that will benefit the residents of Northeast Portland, support neighboring businesses, introduce Portlanders to a high-quality, affordable grocer and revitalize a parcel of land that has sat dormant for 15 years.”

In March, the mayor committed an additional \$20 million in urban renewal funds to affordable housing in North and Northeast Portland to complement commercial development efforts on Martin Luther King Jr. Boulevard. The Portland Housing Bureau, led by Commissioner Dan Saltzman, is conducting a community involvement process to develop a North/Northeast Neighborhood Housing Strategy to help direct that investment.

Natural Grocers is a Colorado-based chain with stores in 14 states. The company currently has seven locations in Oregon, including four in the Portland area, as well as a new store set to open in Eugene on September 23.

“We have felt instantly at home in Oregon and the Portland area and are very excited to partner on this new development and start building a lasting and beneficial relationship with the community on Portland’s Northeast side,” Isely said. “The values Portlanders embrace around fresh, local food; resource conservation; and community involvement are perfectly aligned with the business model we’ve had in place since my parents founded the company nearly 60 years ago.”

Beyond a place to buy healthy food, the new store brings many additional benefits to the Northeast Portland community, including: an on-site credentialed nutritional health coach, provided at no charge, to answer questions, help with meal planning and provide one-on-one nutrition counseling, along with other free nutrition education options like cooking classes and demonstrations, and lectures on topics of interest to the community. “We work hard to make healthy options affordable so that customers feel empowered in our stores,” Isely added. “We are deeply committed to our neighbors and we look forward to being part of the Portland community for years to come.”

Preliminary design work will start in early September. In addition to Natural Grocers, the development, when complete, will include commercial and retail space to house between four and 10 businesses.

A community benefits agreement and elements of the project design will be developed by a project working group. The group will include representatives from nearby neighborhood, business and community associations and will be formed in the next few weeks. Their work will inform the overall project design and development.

Colas Construction of Portland was selected in January as project general contractor. “I grew up and now reside in North Portland and I am honored to have Colas Construction lead a project that will deliver real jobs, real amenities and real opportunities for neighborhood residents,” said Andrew Colas, president of Colas Construction. “I want to thank Majestic Realty for the commitment to us, to this neighborhood and to this project. I am so excited to break ground.”

Work on the project is expected to begin in late fall.

Project Working Group (PWG) - Proposed Meeting Schedule*

*Day of the week for each meeting to be determined

Task Name	9/1	9/8	9/15	9/22	9/29	10/6	10/13	10/20	10/27	11/3	11/10	11/17	11/24	12/1	12/8	12/15	12/22	12/29	1/5
PWG Membership Formation	[Blue bar]																		
CBA facilitator selected	[Blue bar]																		
Meeting 1 (entire group)	[Blue bar]																		
Meeting 2 (Design)	[Green bar]																		
Meeting 2 (CBA)	[Orange bar]																		
Meeting 3 (Design)	[Green bar]																		
Meeting 3 (CBA)	[Orange bar]																		
Meeting 4 (Design)	[Green bar]																		
Meeting 4 (CBA)	[Orange bar]																		
City Design Review Process Starts	[Red star]																		
City Permitting Process Starts	[Red star]																		
Meeting 5 (CBA)	[Orange bar]																		
Meeting 6 (entire group)	[Blue bar]																		
Meeting 7 (As needed)	[Blue bar]																		

The role of the PWG members is to:

- I) provide input on project design which could include building and site design issues; and
- II) develop a Community Benefits Agreement (CBA).

PWG Membership Opportunities:

PWG membership will range from 20-25 members representing the list of expertise/experiences/affiliation.

Preference in membership selection will be given to i) former PWG members; ii) local small business/property owners; iii) project neighbors; and iv) neighborhood association representatives.

Stakeholders are invited to propose a representative.

Please contact Susan Kuhn at Kuhns@PDC.US or 503.823.3406 to nominate individuals.

Expertise / Experience / Affiliation
Business:
N/NE Small business owners
Business Association
Business Technical Assistance Provider
Long-Time Property Owners
Neighborhood Associations
Garfield Street Neighbors
Affordable Housing Neighbors
Community Leaders
Workforce training
Construction / Subcontracting
NED Leadership Group
Former Vanport PAC