

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: April 14, 2010
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 10-34
Adopt Revised Storefront Improvement Program Guidelines

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6784

ACTION SUMMARY

This action will adopt revised guidelines for the Storefront Improvement Program (Storefront Program) to enhance the Portland Development Commission's (PDC's) ability to support property and business owners in revitalizing commercial façades. These revisions will help strengthen the linkage between the objectives indicated in the Economic Development Strategy and those in the newly adopted Strategic Plan 2010. Some of the Storefront Program changes are targeted to enhance the Central City by applying to the *2009 Portland Downtown Retail Strategy* (Retail Strategy) core boundaries, while others increase access to investment along commercial districts throughout the city. The primary changes in the proposed guidelines are as follows:

1. Increase the maximum amount of permissible Storefront Grants in the downtown retail core from \$20,000 to \$100,000.
2. Provide limited exemptions from the general prohibition on granting funds to national for-profit corporations and national franchises.
3. Increasing the maximum number of hours of free architectural services that can be made available under the program.
4. Expressly permitting certain types of sustainability improvements as approved work under the Program.
5. Change the selection process from first come-first serve, to an award process based on an evaluation of the grants likely positive impact on program goals.
6. The adoption of these guidelines will replace the existing guidelines that were scheduled to expire on June 30, 2010, and the previous guidelines that were otherwise scheduled to take effect July 1, 2010.

Staff rationale for the above changes is found in the background section of this report.

PUBLIC BENEFIT

These changes will provide the following public benefits:

- allow more properties and business owners to take advantage of the Storefront Program by expanding access;
- provide an incentive to attract desired businesses to locate in the retail core and improve the downtown retail environment;
- continue to enhance commercial districts while keeping contactors and architects working even during a depressed economy; and
- strengthen the City of Portland's role as the sustainability leader in environmentally responsible community development, by funding items such as bio-swales and semi-permeable pavers.

This action will support the following PDC goals:

- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitive Region
- Effective Stewardship over our Resources and Operations, and Employee Investment

PUBLIC PARTICIPATION AND FEEDBACK

Staff regularly receives feedback and requests from stakeholders who desire access to the Storefront Program. Requests from locally based businesses of national franchises are frequent. However, PDC has also received input from local independent business owners who believe franchises have an unfair competitive advantage. These guidelines provide an opportunity to assist franchises/brands with limited locations within the City of Portland.

Also, changes have been made to the Program in response to the Retail Strategy, which was created with participation of the Downtown Vision Task Force and numerous stakeholders directly involved in downtown retail.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

The City of Portland's Economic Development Strategy calls for a "*Vibrant Central City*" as well as "*Building the Sustainable Economy*" citywide. These changes support the following objectives:

- Objective 2.2: "enhance the vitality and distinctiveness of the Central City to showcase our sustainable way of life and attract creative talent, and capturing job growth in Central City neighborhood"; and

- Objective 3: provide “continued and expanded support for neighborhood serving businesses is required for Portland to achieve its vision of 20 minute neighborhood, where residents have easy access to goods and services.”

PDC’s Strategic Plan 2010 focuses around five goals, and three of them are supported by the Storefront Program:

- *Sustainability and Social Equity* goal continues to demonstrate PDC’s leadership in promoting sustainability as well as investment for disadvantaged businesses and communities. The Storefront Program expands access to income and wealth-building opportunities.
- *Healthy Neighborhoods* goal focuses investment in urban renewal areas (URAs) and throughout the City to transform our communities in unique ways. The Storefront Program invests in projects that help stimulate additional public and private investment in Portland’s commercial districts.
- *Vibrant Central City* goal focuses PDC’s resources on the Central City by attracting public and private investment and developing key projects that showcase the Central City’s livability and unique urban experience.

Additionally, the 2009 *Portland Downtown Retail Strategy*, endorsed by the PDC Board of Commissioners (Board) on January 27, 2010 (Resolution No.6768), responds to the recognition that a strong vibrant downtown retail core is the cornerstone for a strong regional economy. Changes to the Storefront Program are in direct response to this Retail Strategy.

FINANCIAL IMPACT

In the Fiscal Year 2009-10 budget, Storefront Program funds are allocated in the following URAs: Lents Town Center, Gateway Regional Center, Interstate Corridor, Oregon Convention Center, Central Eastside, Downtown Waterfront, South Park Blocks, and River District, as well as citywide general fund and East Portland Action Plan funds targeted to outer Division Street.

A modest increase in demand for the Storefront Program may occur as more businesses will be eligible for the program.

RISK ASSESSMENT

The changes proposed in the guidelines do not increase risks to PDC. However, the perception of inequity is possible due to the additional funds focused in the downtown retail core. In addition, independent business owners may object to including locally based franchises based on the perception of their competitive advantage.

WORK LOAD IMPACT

No additional staff resources are needed to implement these changes to the Guidelines.

ALTERNATIVE ACTIONS

If the Board chooses not to replace the existing Guidelines at this time, staff would continue to administer the Storefront Program under the current guidelines through June 30, 2010, thus delaying an opportunity to support changes identified in the Retail Strategy as well as address the alignment of the Storefront Program with the Strategic Plan 2010.

The Board could also choose to revise the recommended guidelines, and the Storefront Program would be administered accordingly.

CONCURRENCE

These proposed changes were reviewed and discussed as part of the internal Storefront Rethink process, which included a cross-functional team from both Central City and Neighborhood Teams within the Urban Development Department. The Storefront Rethink team discussed how to make changes that were strategic and met the needs for areas citywide.

PDC's Finance Rethink team, which is an internal cross-functional team, was created to align all financial products with the Strategic Plan as well as the Economic Development Strategy. As part of that review process, the Finance Rethink Team reviewed the proposed changes to the Storefront Program to ensure that the program is in alignment with our current financial products.

On February 23, 2010, PDC's Loan Committee reviewed and approved the proposed revisions to the Storefront Program Guidelines.

BACKGROUND

PDC has administered the very popular and successful Storefront Program for the past 20 years. It began assisting property owners and tenants in Old Town / Chinatown, and then expanded to Martin Luther King Jr. Blvd. within the Oregon Convention Center URA. Currently eight of the ten URAs allocate budget to the Storefront Program. City of Portland has allocated general funds in the past two years for citywide projects, and in fiscal year 2009-2010 the East Portland Action Plan Advisory Committee allocated funds for outer southeast Division Street projects.

Over the past 20 years, 1,137 property and business owners have received more than \$15 million in Storefront Program grants. These grant dollars have leveraged over \$122 million in private investment (note that some projects received additional funds from other PDC projects). In many cases, the revitalization of small scattered sites was the catalyst for larger development.

The Storefront Program is a major component of the City's revitalization efforts, and has a notable track record. In neighborhoods across the city, the program has:

- helped new and established businesses attract customers;
- leveraged private investment from current owners and inspired improvements to neighboring buildings;

- enhanced the appearance and charm of commercial areas while building safer, more attractive, and more sustainable neighborhoods; and
- reestablished pride in some of Portland's oldest and best-loved neighborhoods.

The Storefront Program has been available to assist smaller projects that help to create the livable neighborhoods and desirable commercial corridors that make Portland unique. While the original intent of the program remains intact, strategic changes will create an even more effective program. Therefore, staff has addressed needs for a vibrant downtown retail core, focus on sustainability and historically appropriate improvements, increased access to locally owned franchises, as well as a continued need for a recession response.

The Retail Strategy was adopted by the Portland City Council on December 9, 2009. One of the recommendations of the Retail Strategy for improving the vitality of the Central City and the downtown retail core was to have PDC increase the cap on Storefront Grants in the downtown retail core to \$100,000. This change will adopt the recommendation of the Retail Strategy and help enhance the Central City as an economic driver for the City of Portland, a goal of Portland's Economic Development Strategy. A copy of the Retail strategy is attached as Attachment C.

The Storefront Program has historically focused eligibility on locally owned businesses. To align the Storefront Program with the Retail Strategy, national corporations and franchises located in the Retail Strategy boundary will now be eligible for the Storefront Program. In addition, locally based business owners of national franchises or brands may be eligible for the Storefront Program, as long as there are no more than three locations of the same brand within the City of Portland. This change will increase access to wealth building opportunities for minority entrepreneurs offered by franchises.

Storefront Program applicants are currently eligible to receive 30 hours of free architectural assistance. However, in order to assist applicants that are required to submit a City of Portland design review application, staff may, at their discretion, add an additional ten hours of architectural assistance to the project for this purpose.

The new guidelines expressly permit program funds be used for certain sustainability improvements such as bio-swales and semi-permeable pavers.

In addition, the prior guidelines anticipated that PDC's share of total project costs would be reduced from 75 percent to 50 percent in July of 2010. However, since access to capital remains a major problem for local business owners in this current economy, staff recommends the Storefront Program match remain up to 75 percent.

ATTACHMENTS:

- A. Project Summary
- B. Storefront Improvement Program Guidelines (redlined changes)
- C. 2009 Portland Downtown Retail Strategy

PROJECT SUMMARY

Project Name:	Revised Storefront Improvement Program Guidelines
Description:	Matching grant program for exterior renovations of commercial buildings within designated boundaries
Location:	In Fiscal Year 2009-10 budget, the Storefront Improvement Program was allocated funds in the following URAs: Lents Town Center, Gateway Regional Center, Interstate Corridor, Oregon Convention Center, Central Eastside, Downtown Waterfront, South Park Blocks, and River District, as well as citywide general fund and East Portland Action Plan funds designated for outer southeast Division Street
URA:	Same as above
Current Phase:	Amending program to address needs: <ul style="list-style-type: none">• a vibrant downtown retail core,• sustainability and historically appropriate improvements,• access to locally owned franchises, and• continued recession response
Next Milestone:	Update communication materials; notify the URA Advisory Committees as well as the Downtown Retail Core Strategic Advisory Team
Completion Target:	The Storefront Program is an ongoing program. However, the next milestones will be completed by June 30, 2010.
Outcome:	Enhanced program applicability
Site/Project Map:	See website for boundaries

Storefront Improvement Program Guidelines

STOREFRONT IMPROVEMENT PROGRAM

The purpose of the Storefront Improvement Program is to provide a matching grant of up to \$20,000 to assist property owners and lessees in rehabilitating their storefronts.

An extra incentive up to \$100,000 grants may be approved for clients who are delivering key projects that fulfill the vision of the 2009 Portland Downtown Retail Strategy^[1]. If the storefront grant is greater than \$20,000, tie additional match funds primarily to be used to increase street-level transparency, and other pedestrian oriented enhancements to the property, while meeting criteria regarding the type of retailer. Project proposals are evaluated on program goals such as commercial area revitalization blight elimination, project geography and synergism with surrounding projects, neighborhood livability enhancement, and physical condition of building.

Funds may not be available for all eligible applicants.

Eligible Work

Rehabilitation of street-facing building facades including storefronts, cornices, gutters and downspouts, signs and graphics, exterior lighting, canopies and awnings, painting and masonry cleaning, and limited security and accessibility improvements. Permit and design review fees can be reimbursed through the program.

The following non-facade work is allowed as long as the repairs are part of work occurring directly affecting the façade: landscaping, fences, seal coating and re-stripping of parking lots, bike racks and interior window display lighting. In addition, sustainable elements such as bio-swales and semi-permeable pavers may be included in the larger project.

The following work is not allowed: roofs, structural foundations, billboards, security systems, non-permanent fixtures, interior window coverings, personal property and equipment, security bars, razor/barbed wire fencing, sidewalks and paving.

Deleted: Program goals are to revitalize neighborhood commercial areas, eliminate blight and enhance the livability of surrounding neighborhoods

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^[1] Portland Downtown Retail Strategy adopted by PDC Board January 27, 2010.

Eligible Grantees

Property owners or lessees with written authorization of the property owner are eligible.

The following entities and properties are not eligible:

- National franchises/for profit corporations that are not headquartered in the State of Oregon or Clark County Washington; except in the case where the franchisee or brand has a locally based owner, and the brand has no more than three locations within the City of Portland. (However, national for-profit corporations and franchises located within the Downtown Retail Core Boundary are eligible for the program);

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- Buildings in excess of 80,000 square feet (unless located in the Central City, Urban Renewal Areas located within the Central City Plan District¹ (Central City), as long as work is primarily focused on the first two floors of the building);

Deleted: Downtown Waterfront, River District or South Park Blocks

- Government offices and agencies (non-governmental tenants are eligible);

- Businesses that exclude minors 24 hours a day, (unless located in Downtown Waterfront, South Park Blocks, and River District URAs);

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Deleted: Urban Renewal Areas

- Properties that are solely residential use (except home-based businesses will be evaluated on a case by case basis to ensure no undue benefit for the residence).

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Service Area

- All Urban Renewal Areas with Tax Increment Funds, subject to availability of funds.
- City-wide with General Fund allocation, subject to availability of funds.
- Because funds are limited, Portland Development Commission (PDC) may focus the use of the Storefront Improvement Program grant in certain areas to ensure maximum public benefit, as shown on the Business Services section of the PDC website (http://www.pdc.us/city_wide/storefront/index.asp). Applicants can also call PDC at (503) 823-3200 and ask for the Storefront Improvement Program Coordinator.

Field Code Changed

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¹ [Portland Zoning Code 510.10](#)

Maximum Amount

The maximum grant available for each building is up to 75 percent of the cost of eligible work up to \$20,000. An applicant may apply more than once as long as the total maximum amount for the building does not exceed \$20,000. An extra incentive up to \$100,000 grants may be approved for clients who are delivering key projects that fulfill the vision of the 2009 Portland Downtown Retail Strategy. The maximum grant will be available again after a five-year time frame.

If a building is sold and the new owner wishes to apply for the grant, the five year time frame still applies. The five-year time frame begins at the date the improvements are completed. Buildings less than five years old are not eligible except in the case of signage for tenants.

Commitment of Funds

PDC will review and approve proposed work and ensure all other conditions are met prior to issuing a Commitment Letter and allocating funds to the project. The Commitment Letter will outline additional terms and conditions of the matching grant, and will serve as the legal commitment of both parties as to the scope and quality of work and the amount of funds committed.

Approval of Work

PDC has the sole authority to determine eligibility of proposed work and confirmation of completed work. Certain work may be required or precluded as a condition of funding. Careful attention will be made to designs that affect the historic/architectural integrity of each building.

Disbursements

The matching grant is paid upon completion of pre-approved applicant-paid work. Grant funds will not be disbursed for work completed before a Commitment Letter is issued to the applicant. All completed work will be reviewed by PDC staff and reviewed for compliance with the Commitment Letter.

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Design Assistance

PDC has a number of pre-qualified architects on retainer to provide design assistance to participants in the program for rehabilitation of exterior building facades and storefronts. Up to 30 hours of free architectural services are available per project from this pool of architects. In the case the design of the project requires City of Portland

design review approval; the program coordinator may provide an additional 10 hours of architectural assistance to meet this need.

If the applicant chooses to use an architect not on contract with PDC, the applicant may receive a maximum reimbursement of 15 hours of the average* architect fee if the applicant receives the Commitment Letter from PDC, and the PDC Storefront Coordinator is included in the design process. (* average architect fee is ascertained by the average principle rate of all current storefront architect flexible services contracts.)

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General Conditions: The following general conditions apply to all projects:

- Improvements funded by the grant will be maintained in good order for a period of at least five years; graffiti and vandalism will be dutifully repaired during this time period.

- Property taxes must not be delinquent, when the Commitment Letter is issued.

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- Must be in compliance, with the City of Portland Business License requirements.

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- Applicants will be responsible for obtaining necessary regulatory approvals, including where applicable, the City Design and Landmark Commissions, the State Historic Preservation Office, the City of Portland building permits and any other necessary permits. All work must comply with City, State and Federal regulations.

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- The applicant must complete, sign and submit a W-9 for disbursement of funds.

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- All projects will display signage indicating PDC's involvement in the improvement work.

- Construction Contract: All contractors must be licensed by the State of Oregon. All construction contracts will be between the applicant and contractor.

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- Properties that have used Storefront Improvement Program funds are eligible to participate in the Signage and Lighting Improvement Program (SLIP). In the case, a property has received a Storefront grant in the past, eligible, SLIP work may be reimbursed at 60 percent up to a maximum of \$12,000.

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- MWESB: Applicants are encouraged to hire Minority, Women-Owned, Emerging Small Business, (MWESB) certified contractors.

Deleted: minority, women-owned, emerging small business



Portland Downtown Retail Strategy 2009

Implementation Approach to Create *The Signature Retail District*
in Portland's Central City



— Acknowledgements —

We would like to thank the following individuals for their participation and support:

Physical Realm Subcommittee

Scott Andrews - Melvin Mark Properties
Greg Baldwin - Zimmer Gunsul Frasca
Mike Bernatz - Ashforth Pacific
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— Introduction —

A vibrant downtown is the cornerstone of a healthy regional economy. Downtown is the face of the city, presenting residents and visitors with an enduring sign of the city's vitality. It is the common neighborhood for all residents, providing Portlanders with the best cultural amenities, the highest concentration of jobs, and the center for civic life. Comprising only one twelfth of one percent of the region's geography, the central city is home to 13 percent of the regional employment base, generates 15 percent of the City's property tax revenues, and 4 percent of the region's low income housing stock. Consequently, much attention has been paid to reinforce downtown as the economic, cultural, and transportation center of this region. Starting with the 1972 Downtown Plan, Portland has devised strategies to keep downtown healthy and attractive for its citizens and visitors. Once again, this vital and distinctive Central City requires renewed focus on the essential elements that make downtown successful, like a vibrant retail core.

Downtown needs economic development, safety, housing, and tourism; a vibrant retail core helps advance these goals and reach overall downtown success. The City's new Economic Development Strategy calls for creating 10,000 new jobs in the city in the next five years. Portland's distinctive downtown helps

attract the young, educated talent that is critical for recruiting new industries to the region. Retail adds to the city's distinctiveness because it is the most visible element of the central city. Further, according to the Portland Business Alliance 2008 Business Census and Survey, proximity to businesses, including retail and restaurant amenities, is among the top five reasons firms locate or remain in the downtown area. A healthy retail core is also important for maintaining safe streets in the central city. According to Crime Prevention through Environmental Design guidelines (CEPTED), businesses on the ground floor provide "eyes on the street" and deter criminal activity. Retail also helps stimulate housing development in the downtown area, as it provides essential services to the city's residents. According to the PDC Housing Inventory, the number of housing units within the central city has grown by 36% since 2002. This can be partially attributed to the vibrancy that retail adds to downtown's streets. Finally, a strong retail core helps attract tourists from around the world. Tourists invest significant amounts of money into Portland's economy, which supports businesses and their employees. Further, Downtown is home to many independent retailers and restaurants, so when the tourists are shopping downtown, they are supporting the growth of small businesses.



— Introduction —

Conversely, negative fluctuations in the retail market and the resulting vacant storefronts immediately affect the street environment and eventually weaken the vitality of the downtown core. Therefore, retail issues are not just retail issues – they are a critical part of sustaining the health of the downtown, the city, and the region.

Recognizing the synergistic link between healthy downtown retail and a healthy city, the public and private sectors continue to prioritize policy and investments that work to maintain a vigorous retail core. Portland has invested billions of dollars in a world class transit system, which ensures easy accessibility into the downtown core. Millions more have been used to transform surface parking lots into exceptional public parks and squares, enlivening a vital retail environment and enhancing the city’s vibrancy and sense of place. The 2002 and 2007 Downtown Portland Retail Strategies laid out an action plan for the future of retail in downtown Portland. The strategies resulted in major public and private investments in the core, including the retention and recruitment of key retailers, the redevelopment of the Meier and Frank building, and the nearly completed Transit Mall revitalization project.

This momentum must continue, as there are significant challenges and opportunities for strengthening the retail core. For example, the current economic crisis has negatively affected retail sales, which has inevitably created more empty storefronts in the retail core. These vacancies undermine the retail continuity in the district, which makes it more difficult to fill these spaces and negatively impacts the vitality of the central city. Conversely, national retail trends point to the declining viability of traditional malls and lifestyle centers built within suburban markets. Urban infill properties are uniquely positioned to outperform these traditional retail locations, as trends show them to be more attractive for consumers. Further, Portland’s success at attracting new high-end condos and apartments within the central city helps drive additional demand for infill retail properties. However, because retail changes its face, image, and character every five to seven years, existing retail space within the central city is currently outmoded and in need of reconfiguration.

By exploiting changing retail trends and making concerted investment to address the challenges facing the retail core, the city will ensure the viability of downtown. The following strategy addresses the present challenges of the economic downturn, positions downtown as a world-class destination, and capitalizes on the significant policy and infrastructure investment made by Portland’s citizens. In effect, this strategy will support the growth of living-wage jobs, increase the tax base which improves the level of services provided by the city and county, and foster an increasingly attractive destination for prospective residents, tourists, and private-sector investment.

BACKGROUND:

In October 2008, Mayor Adams convened a Downtown Vision Task Force to define a signature retail concept for the Downtown Retail Core, an area bounded by 3rd and 12th Avenues and Washington and Salmon Streets. The Mayor directed the Task Force to focus initial efforts on a signature street or streets, thereby creating a retail anchor for the city that will draw residents and visitors downtown. The Task Force was also charged with identifying transformative development opportunities that will:

- » *Strengthen the Signature Streets;*
- » *Connect the various districts that comprise downtown;*
- » *Stimulate downtown as an overall economic generator*

During the visioning process, the Task Force divided into two subcommittees which were charged with building a plan from the recommendations and best practices outlined in Leland Consulting Group’s *Action Items in Support of the Downtown Portland Signature Retail Vision* (2009). The purpose of forming the subcommittees was also to build support for the resulting vision among those charged with adopting and implementing the plan recommendations. Throughout the subcommittee process, members of the Downtown Retail Task Force built consensus and ownership for each of the recommendations within this document.

The remainder of this report recommends specific strategies to meet the goals laid out by the Task Force and establish a unified vision for the future of the Downtown Retail Core.

FOUR STRATEGIES GUIDE THE FORMATION OF A SIGNATURE RETAIL DISTRICT WITHIN THE CENTRAL CITY

Strategy	Why?
1 Designate Morrison and Yamhill as the Signature Streets within the Retail Core	- These streets together act as an organizational spine for the district. - They are already home to a number of high-end retailers and regional anchors. - Action items help drive private sector investment along these streets.
2 Establish a Retail Overlay District	- The overlay will direct investment throughout the district but will concentrate resources along the signature streets. - Action items call for visual cues in the built environment, improved continuity within the retail core, better connections to other retail districts, and housing which will provide 24-hour activity to the streets.
3 Create a Unified Identity and an Effective Marketing Strategy for the District	- Visual cues in the built environment and branding need to define the district. - Consistent marketing will improve the perception of downtown retail.
4 Employ a set of Tactical tools to Implement the Retail Spine	- Coordinated management, regulation, financial incentives, and technical assistance will ensure the success of the downtown retail district and the signature streets.

— Strategy —

I. DESIGNATE MORRISON AND YAMHILL AS THE SIGNATURE STREETS WITHIN THE RETAIL CORE.

Morrison and Yamhill are the signature streets within the retail core. While Yamhill is already home to a number of high-end retailers, including Saks Fifth Avenue, Tiffany & Co., Louis Vuitton, Banana Republic, and the proposed Nike Store, opportunities to reinforce the retail core are more present along Morrison. Together these streets act as a spine for the retail core, organizing connections to other districts within the central city. These streets are home to the highest performing retailers, which generate significant foot traffic and draw people from throughout the region. Morrison and Yamhill are the signature streets

because the built environment lends to this reasoning: when considering the low-rise structures and public spaces between these streets, the south-facing buildings along Morrison and the north-facing buildings along Yamhill act as walls in an outdoor room (see figures below). Throughout the day sunlight brightens the south-facing walls along Morrison, contributing significantly to the attractiveness of the Signature Streets. Reinforcing these positive qualities with active retail uses along these streets will help increase the viability of the signature retail concept and the entire downtown retail core.

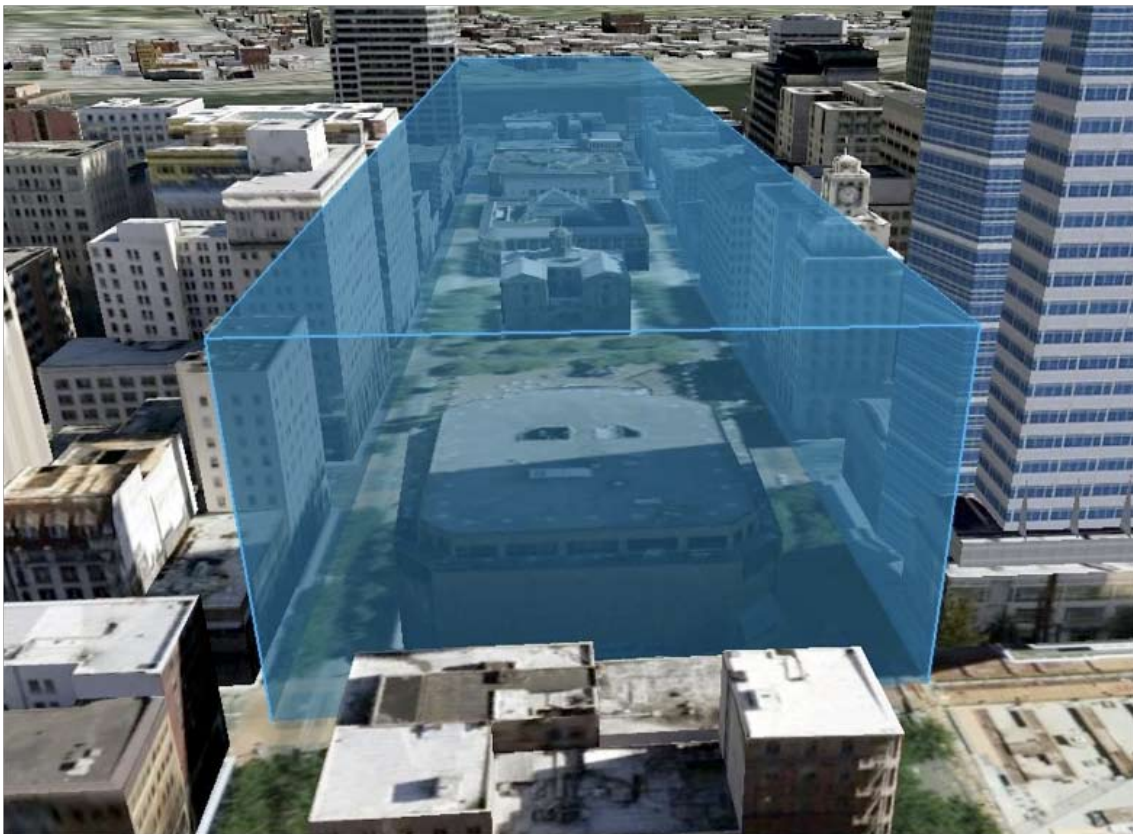
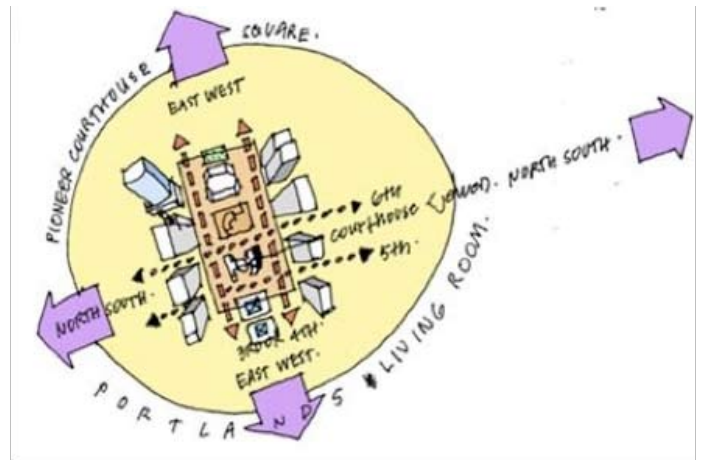
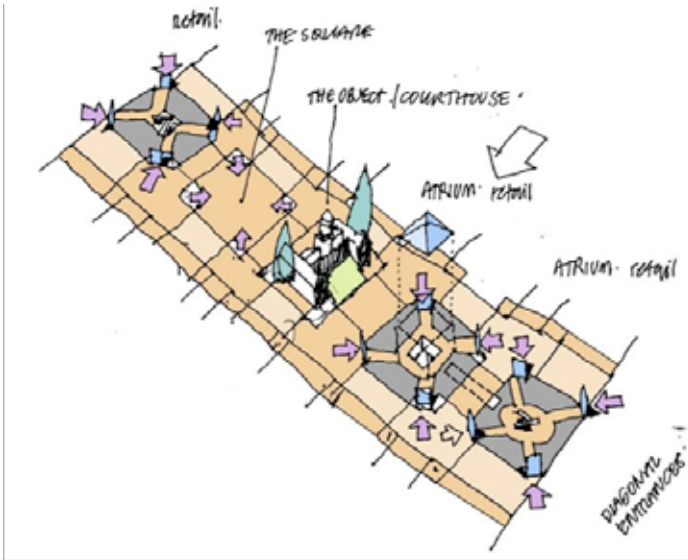
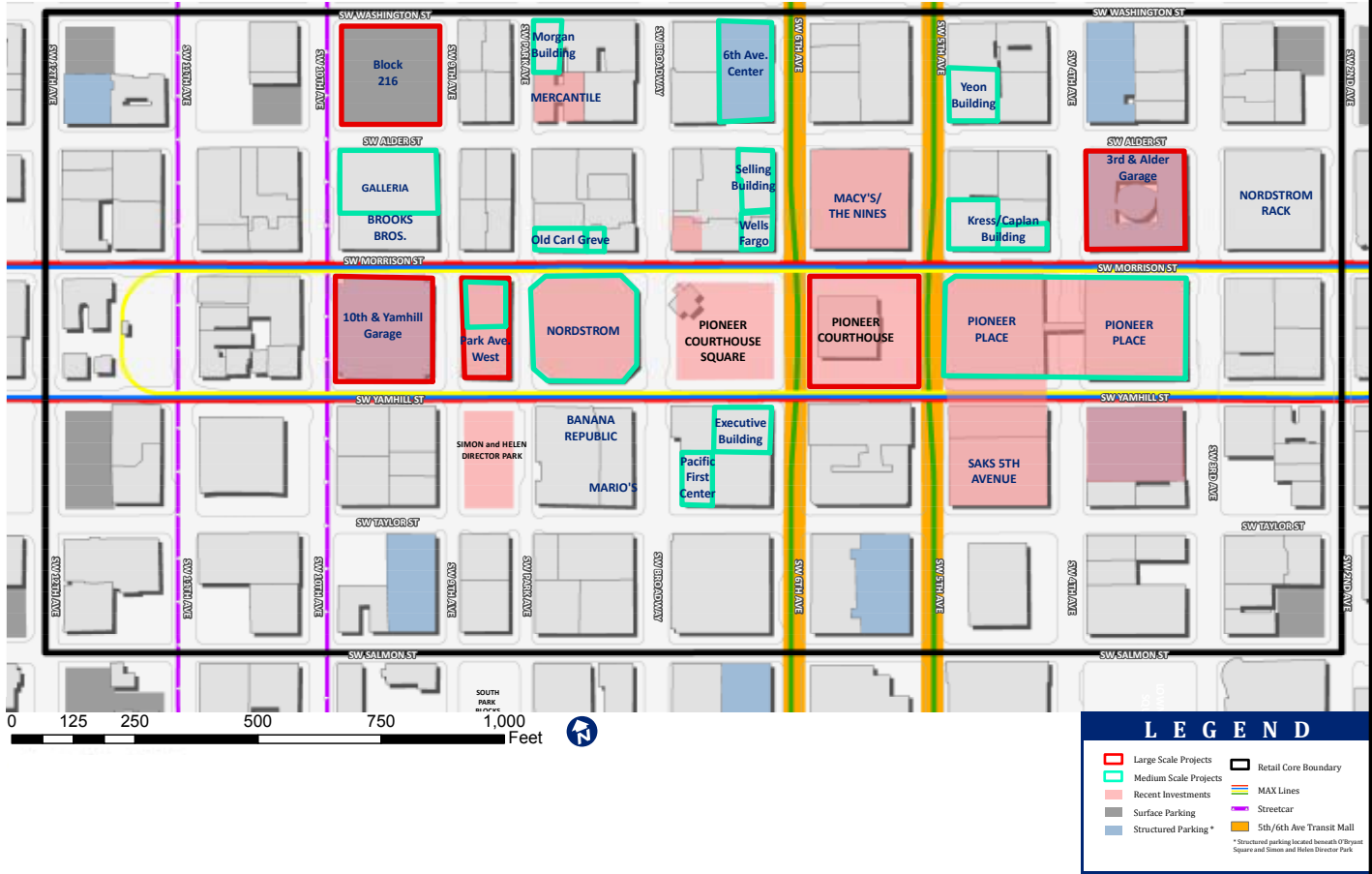


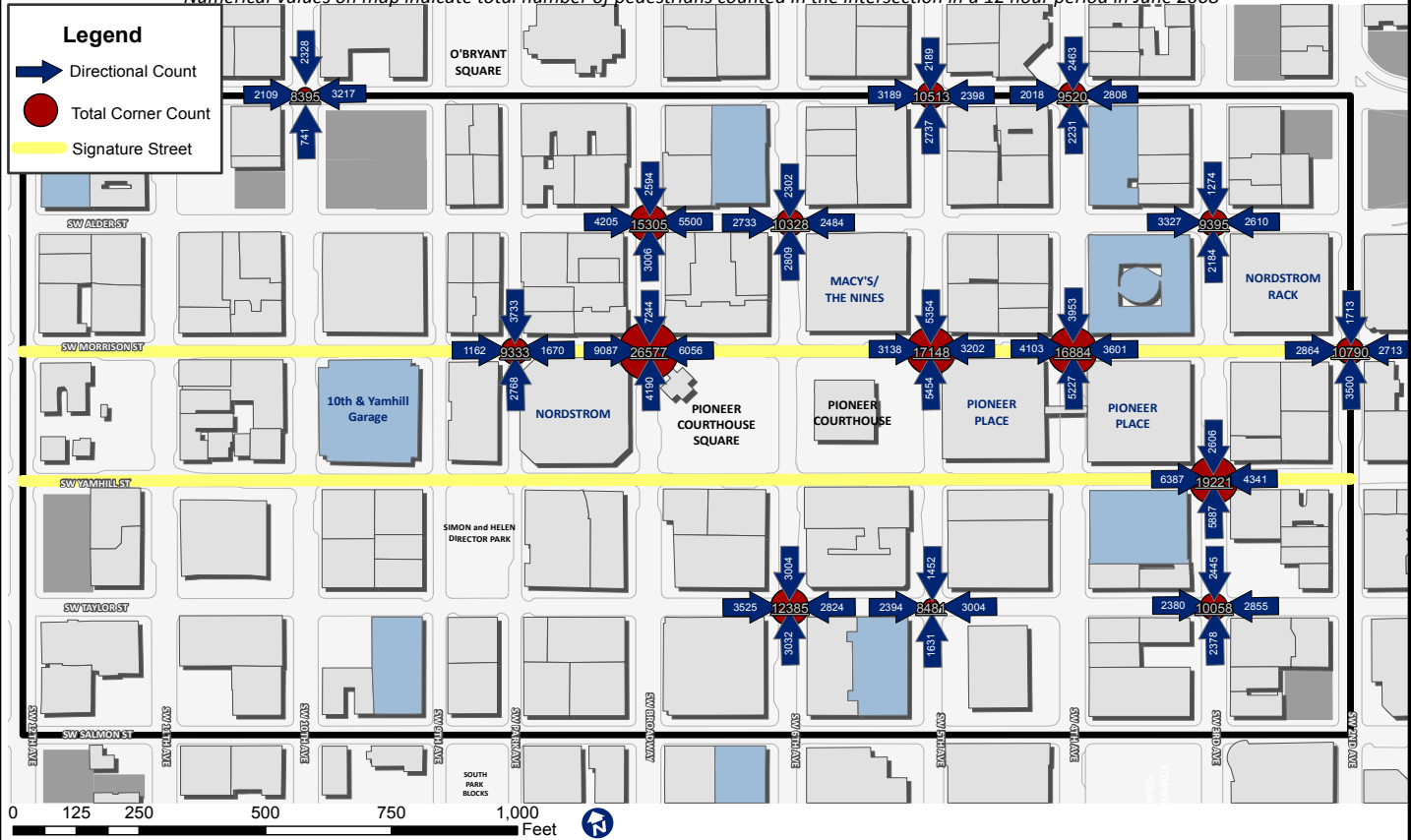
Image Source: Google Earth 2009

Redevelopment Opportunities



Pedestrian Counts

Numerical Values on map indicate total number of pedestrians counted in the intersection in a 12 hour period in June 2008



— **Strategy** —

I. DESIGNATE MORRISON AND YAMHILL AS THE SIGNATURE STREETS WITHIN THE RETAIL CORE.
Implementation

1. Drive private sector investment along Morrison and Yamhill and encourage the creation of a contiguous retail spine by deploying the following resources and incentives:

- » Financial
 - » Regulatory
 - » Marketing
- (These will all be discussed in further sections)*

2. Utilize large scale redevelopment opportunities to catalyze signature retail streets and medium and small scale projects to strengthen the continuity in the district:

- » Small, medium, and large-scale redevelopment opportunities within the retail core can potentially catalyze retail streets and the pedestrian environment. The map on the preceding page and tables below present these findings.
- » Program supportive uses into large-scale transformative sites that include housing, retail along the street level, and any other uses which further activate the pedestrian realm. Additional studies that address specific programmatic issues and challenges should be undertaken as the redevelopment timeline becomes clearer

Large Scale Development Projects (Cost > \$1M)	
Priority	
10th & Yamhill	1st
3rd & Alder	2nd
Block 216	3rd
Park Ave. West (in case construction languishes)	4th

Medium Scale Projects (\$50K < Cost < \$1M)		
Priority		
High	Medium	Low
Former Carl Greve	Yeon Building	Morgan Building
Kress/Caplan	Pacific 1st Center	6th Ave Center
Pioneer Place	Executive Building	Nordstroms
Galleria	Selling Building	Wells Fargo Bank
Park Ave. West (retail vacancy)		

Small Scale Projects (Cost < \$50K)	
Priority	
High	Medium
Storefront Improvements	Streetscape/Landscaping
Marketing	Lighting
Safety	Signage
Garage Cleaning & Maintenance	

— Strategy —

I. DESIGNATE MORRISON AND YAMHILL AS THE SIGNATURE STREETS WITHIN THE RETAIL CORE.

Implementation

3. Designate PDC to manage the RFP/RFQ process for all publicly owned or financed development opportunities to integrate priorities and recommendations into the development program. This will ensure these projects contribute to the overall vision for the retail core.

4. Extend Block-by-Block Initiative to Morrison and Yamhill.

- » Identify key storefronts needing renovation, key vacancy sites, and blank walls to bring greater transparency to the retail core. Consider extending the program to improve lighting and signage.

5. Streetscape Improvements on Morrison and Yamhill.

- » Extend funding to Portland Mall Management Inc. (PMMI) to repair and maintain streets and sidewalks along Morrison and Yamhill. This effort should complement the funding garnered by Trimet to improve these streets.

6. Target Key Tenants and Merchandise Categories.

- » Private sector buy-in is key to the implementation of this retail vision. Tenancing a space within the retail core with a use that contributes to the signature concept, activates the ground floor, and supports continuity will reinforce the appeal of the district to targeted retail tenants. Therefore, incentives apply specifically to landlords and tenants that help strengthen the retail mix and contribute to the overall vision for the district. Incentives for tenant or storefront improvements should be targeted and used as a recruitment tool for these types of retailers, as well as for restaurants, cultural activities, and other uses that bolster pedestrian activity throughout the entire day.
- » Targeted Categories for Recruitment and Retention:

Existing retailers expanding or relocating in the Retail Core

Retailers at risk of displacement from the Retail Core

Fast Fashion:

- Retail destinations that offer a fashion concept at a reasonable price point
- Larger scale concepts (10,000 square feet or greater)
- Destination retail with high volume traffic potential
- Exclusive, first-to-market outlets in Portland metro area
- Examples:
 - » Zara
 - » H & M
 - » Uniqlo
 - » Top Shop
 - » French Connection

Indigenous Retail:

- Continue prioritization of recruitment and retention assistance programs for locally based retailers

Restaurants:

- Recruit successful independent indigenous restaurant concepts from the neighborhoods and reconfigure into downtown platform
- High Volume, mid-tier option with an established brand
 - » Cheesecake Factory
 - » Houston's
 - » Kona Grill
 - » Maggiano's Little Italy
- First-to-market higher end restaurants
 - » Capitol Grille
 - » Oceanaire Seafood Room

Public Market:

- Tourist and lunchtime destination

Other Supportive Commercial Services:

- Cosmetics- Sephora, Ulta
- Home Furnishings- Crate and Barrel, CB2
- Electronics- Best Buy, Sony Store
- Sports Equipment
- Shoe Stores- Cole Haan, Geox

Services:

- Downtown Concierge in Smart Park Garages- Dry Cleaning, Grocery Delivery
- Local Package Delivery- to car/Smart Park, home, garage
- Take out food delivery
- Daycare: Attended play area (similar to IKEA) for downtown shopper convenience

— Strategy —

II. ESTABLISH A RETAIL OVERLAY DISTRICT.

In order to concentrate limited resources and implement the retail vision, incentives will be tied to a new Retail Overlay District. The District will span the entire Downtown Retail Core; however, the highest amount of resources within the overlay will be directed along the signature retail spine, decreasing as one moves further from these streets. The purpose of stair-stepping the incentives is to strengthen the signature retail concept first, which will increase foot traffic and the overall reputation of the area, thereby bolstering the health of the entire retail core.

Implementation

1. Create hierarchical system of delivering matching incentives.

- » Match private investments that support the adopted development strategy for the signature retail spine with publicly provided incentives. Private investments along the signature spine will receive the highest levels of assistance. Assistance levels will decline as investments move away from the spine.

2. Integrate visual cues in the built environment to make the Retail District and the Signature Streets legible and distinctive.

- » While the center of the core will receive the greatest amount of private-realm incentives, certain public realm improvements need to be spread throughout the district, particularly along the edges. Simple elements like signage and lighting treatments can be used to form the boundaries of the retail core (similar to the Cultural District, Skidmore/Old Town, the Alphabet District, etc). Additionally, entry and exit points at key connections can be better defined utilizing decorative streetcar and MAX overhead catenary system poles or other such minor treatments to public realm elements. Gateways should be permeable and flexible to respond to changes in the retail district boundaries over time.

3. Improve continuity within the Retail Overlay District.

- » Continuity within the core is extremely important to reinforce the pedestrian realm, strengthen the signature streets and the downtown retail concept. Strategic steps include filling key vacancies and redesigning storefronts to be transparent and open to the street; activating the edges around Pioneer Courthouse (projects like the restored retail space on the southwest corner of the site for example); and targeting incentives toward both retailers who activate the street level with engaging facade and storefront designs, and those converting non-retail space into active storefronts.

— Strategy —

II. ESTABLISH A RETAIL OVERLAY DISTRICT *Implementation*

4. Reinforce connections to other districts within the central city. *(see map on following page)*

- » Make intersections distinctive where spine crosses Broadway, Transit Streets, and Park/9th Avenue.

Broadway:

- *While not specifically called out as a signature street, Broadway is a regional connector with a ceremonial scale. With Morrison and Yamhill acting as the spine for the district, Broadway could be considered the shoulders and arms that extend outward to Portland State University and other redevelopment opportunities extending from the Broadway Bridge (e.g. USPS site). Making the signature streets particularly distinctive at the Broadway intersections would take advantage of the greater visibility these highly trafficked streets generate.*

Transit Streets:

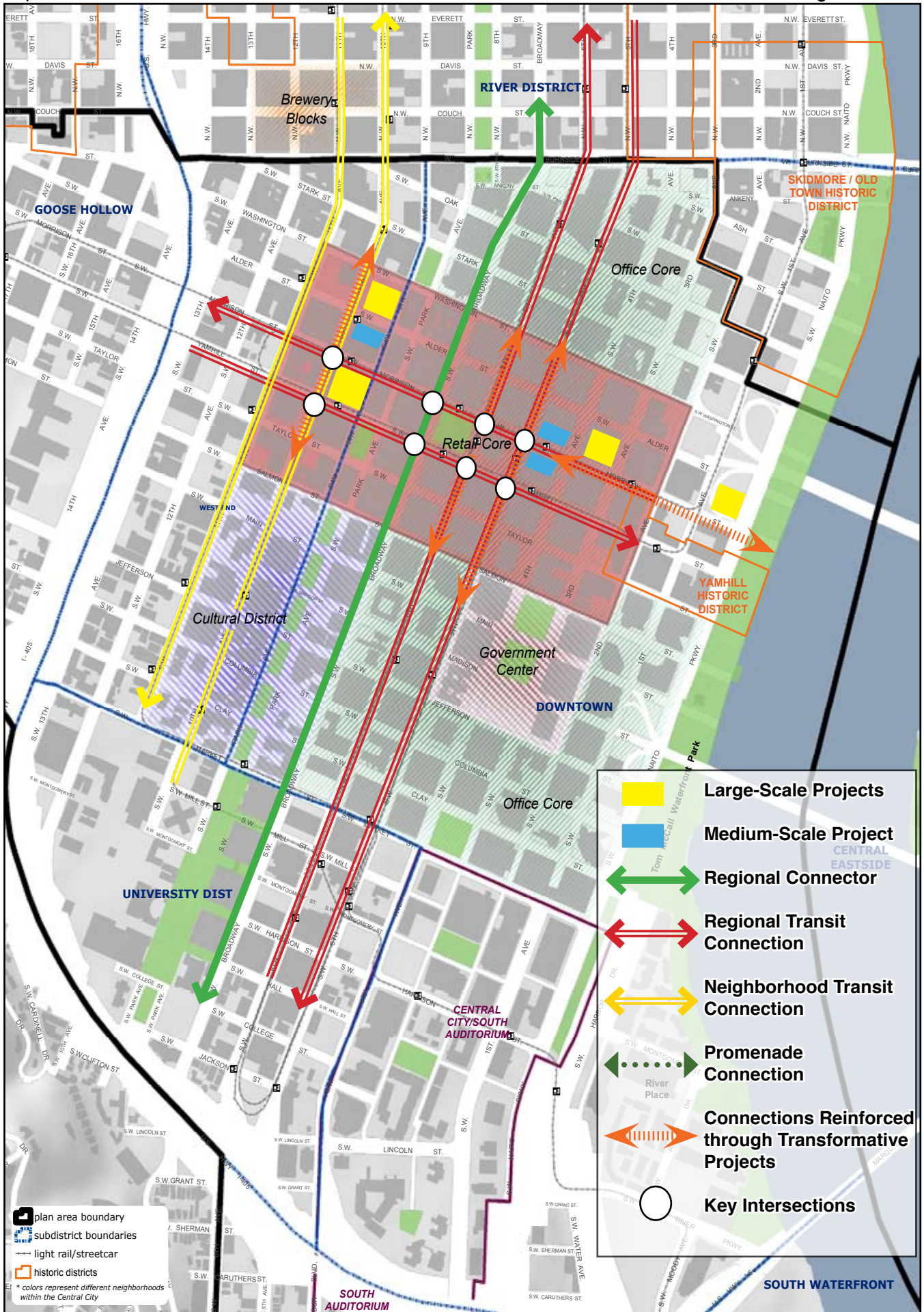
- *As the new transit mall along 5th and 6th comes online, a significant amount of foot traffic will move to and from the MAX and bus stations. These transit connections, along with the street car connections along 10th and 11th, significantly expand the pedestrian realm and draw people from the entire region into the retail core. At the same time, transit enables pedestrians to easily move between housing centers and other retail districts in the city. This strategy should address ways to exploit and reinforce these connections.*

Park/9th Avenues:

- *Capitalize on the Park Avenue Urban Design Vision and reinforce connections that promote more leisurely pedestrian activity. These streets are primary links to the Cultural District, which are populated by pedestrians before and after events. Directors Park, Park Avenue West, and the new streetscape improvements planned for this area will further strengthen the promenade-like feel.*

- » Ensure transformative projects enhance linkages between the retail core and adjacent districts.

Large and medium scale projects identified in the previous section should be developed in a way that enhances the connections in the retail district. For example, the 10th and Yamhill Garage, the Galleria, and Block 216 together create a key opportunity to establish a stronger connection with the Pearl and the newer developments in the West End. Additionally, the Kress/Caplan building, Pioneer Place, the 3rd and Alder Garage, and with a longer timeframe, the Morrison Bridgehead, can collectively link the retail core with the waterfront and the Skidmore/Old Town District.



— Strategy —

II. ESTABLISH A RETAIL OVERLAY DISTRICT
Implementation

5. Encourage the development of market and workforce housing in the Retail Core and adjacent districts.

- » A sizable residential population is critical to the success of the Signature Retail District. Therefore, continued support should be provided to developers wishing to construct market-rate or workforce housing. Surface lots and underdeveloped buildings within the retail core should be viewed as potential spaces for housing. Additionally, 10th & Yamhill, 3rd & Alder, Block 216 and other catalytic or publicly owned sites should contain housing as a significant component in the development plans. Finally, reinforcing transit connections within Fareless Square will expand the pedestrian realm and enable those residing in adjacent districts to easily reach the Retail Core.

Image Source: Google Earth 2009



The image above depicts the retail core in the violet field. Surface lots, underdeveloped buildings, and identified catalytic sites are represented in blue as potential locations for housing.

— Strategy —

III. CREATE A UNIFIED IDENTITY FOR THE DISTRICT AND AN EFFECTIVE MARKETING STRATEGY *Implementation*

1. Develop a consistent look for the Retail Core

- » Improve pedestrian and shopper comfort by immediately renewing the Sidewalk Access For Everyone (SAFE) program and the Sidewalk Obstruction Ordinance and provide ongoing maintenance and cleaning to the city-owned parking garages.
- » Reinforce the signature concept with standards for storefronts, lighting, public realm elements like trash receptacles, planters, benches, and signage and integrate into city plans and codes for the retail core.
- » Utilize vacant storefronts as billboards to communicate key messages about downtown. Such repurposing of vacant storefronts will create a friendlier pedestrian environment and a sense of retail continuity.
- » Extend the Broadway Unique Sign District regulations to all buildings on designated signature streets. Incent retailers/landlords to match funds to upgrade existing signage.

2. Develop a cohesive communication strategy through the Downtown Marketing Initiative (DMI) on key initiatives:

- » Fold Downtown Marketing Initiative into Travel Portland and merge efforts to create consistent messaging and leverage marketing resources.
- » Create an identity and brand for the district and reinforce with all marketing efforts.
- » Identify ways to integrate brand into the built environment through public realm features.
- » Devise a marketing or communications strategy to increase the perception of safety.

3. Implement Marketing Strategy

- » Promote positive messages about downtown and highlight unique downtown events and offerings through multi-channel marketing that includes television, print media, outdoor billboards, and public relations efforts.
- » Identify and dedicate consistent funding source to the downtown marketing strategy.
- » Appropriate specific funds within the DMI budget to market the signature streets.
- » Travel Portland and DMI should explore additional private revenue streams, including retailers, housing developers, property owners, and other commercial sponsorships to fund programs.

— Strategy —

IV. EMPLOY A SET OF TACTICAL TOOLS TO IMPLEMENT THE RETAIL SPINE

These tools and programs will be designed to match private investments made to retail properties along Morrison and Yamhill; the amount of matching funds available will taper at a rate to be determined later in the retail strategy.

Implementation

Management

1. Coordinate programs and leadership of all downtown management entities to reduce overlap, maximize efficacy, and streamline operations.

- » Convene quarterly meetings of the Downtown Management Coordination Council to accomplish the following:
 - » *Identify "lead organization" for managing ongoing downtown programs, operations, and services.*
 - » *Collaborate advocacy efforts on:*
 - » Public safety issues including implementation of the Sidewalk Management Plan, adequate funding for programs like Hooper Detox/Sobering station, Downtown Service Coordination Team, the reinstatement of the downtown Drug & Prostitution Free Zones, and ensuring the city-owned garages are maintained and cleaned.
 - » Implementation of the Downtown Retail Core and the Signature Retail Concept, including adequate funding for the Downtown Stewardship Plan, continued urban renewal resources in the retail core.
 - » Supportive services for the hospitality industry, including the implementation of the Headquarters Hotel.

Regulatory

1. Establish a Retail Compact

- » Develop a Retail Compact brokered among property owners, retail brokers, and public sector leadership. This agreement will stipulate which types of retailers contribute to the signature concept and why it is necessary for all property owners to prioritize investment and leasing to the target retail list. The compact will lay out the incentives available to those that follow the recommendations laid forth in the agreement. Disbursement of financial tools, assistance and other incentives is contingent upon the project reinforcing principles laid out in the compact.

2. Establish a series of zoning incentives

- » Consider increasing building heights and FAR allowances within the Retail Overlay District for new development that includes large floor plate retail space.
- » Consider allowing property owners to receive a FAR bonus for existing buildings that are remodeled or reconfigured for new retail. Allow any unused FAR from the existing building to be sold and used elsewhere in the downtown for new developments.
- » Establish regulatory incentives that promote retail space with active and transparent retail frontages and high quality facades. Offer a greater match of financial assistance when façade designs promote increased retail continuity, and the signature retail image (to be defined).

— Strategy —

IV. EMPLOY A SET OF TACTICAL TOOLS TO IMPLEMENT THE RETAIL SPINE *Implementation*

Financial Incentives

1. Establish a Landlord Improvement Program

- » This incentive will enable landlords to develop their retail space into a “raw” or “rough” shell. This would include seismic upgrades, floor leveling, electrical upgrades, and providing HVAC capacity for the space (does not include distribution of electric/HVAC).
- » Additional funding mechanisms beyond Tax Increment Financing need to be identified to fully support this program.

2. Establish Tenant Improvement Program

- » Enables retailers to meet their particular interior space needs.
- » Additional funding mechanisms beyond Tax Increment Financing need to be identified to fully support this program.

3. Strengthen the existing Storefront Improvement Program

- » The current Storefront Program administered by the PDC caps the matching incentive at \$20K. According to brokers, the cost of storefront improvements for national tenants can be in excess of \$100K, which doesn't include the cost of signage. Adjustments to the Storefront Program are recommended as follows:
 - » *Raise cap within the retail core to \$100K*
 - » *If greater than \$20K is required, tie additional match to design guidelines which require a greater degree of transparency (i.e. % of glass to linear square foot of frontage)*

— Strategy —

IV. EMPLOY A SET OF TACTICAL TOOLS TO IMPLEMENT THE RETAIL SPINE *Implementation*

Funding Sources

1. Regenerative Funds:

- » Sequester all or a portion of Business License Tax revenues that are directly generated by the businesses in the Retail Overlay District and use it as a revenue source for financial assistance in the District. Could be used as a direct fund or could be leveraged for bond sale, operating similar to a tax increment financing model.
- » Waive or reduce Parks and Transportation SDC of all new development/significant tenant improvements in the Retail Overlay District and use this savings as a financial incentive to promote financial feasibility for new development.

2. Tax Abatements:

- » 5 year or 10 year tax abatement for new development when new development program meets requirements, i.e. number or type of jobs created, green building, etc.

3. Tax Increment Financing:

- » Existing TIF resources available are limited. Recommend resources that are legally uncommitted in South Park Blocks, Downtown Waterfront and River District be allocated to priority projects in the Retail Overlay District (needs quantitative specifics)
- » Establish a new downtown urban renewal district that incorporates the signature retail spine and the Retail Core.
 - » *Remove land equal to ~40 percent of the assessed value of the existing South Park Blocks, and ~30 percent of the assessed value of Downtown Waterfront that includes the downtown retail core area.*
 - » *Incorporate the removed land into a new urban renewal district.*
 - » *Allocate resources over the life of the new district to adequately fund projects and programs that implement the signature retail spine and supporting areas in the Retail Overlay District.*

Technical Assistance

1. Retail Ombudsman

- » Designate a Retail Ombudsman to guide retailers through the permitting, signage review process and financial incentive process through PDC. This could be a hybrid Block by Block/Downtown Retail Advocate effort.

2. Fast track permitting

- » Fast track permitting and design review timelines for projects in the Retail Overlay District that implement the goals and objectives of the Downtown Retail Vision.

3. Library

- » Create a library of images that can be used to communicate how facades and storefronts could look within the Signature Retail District.