

Sweet opportunity

A nonprofit coalition's acquisition of the blighted Sugar Shack could be the key to energizing Portland's impoverished Cully neighborhood

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Search Google Maps for "Cully," and the Sugar Shack is one of only a handful of businesses that appear in the northeast Portland neighborhood.

The irony is not lost on anyone familiar with the profound evolution that Cully, just south of the airport, has experienced in the past few years. The changes — from advocating for a \$5.4 million investment that rebuilt Cully Boulevard to building the neighborhood's first park in a former landfill site — are largely spearheaded by residents and neighborhood nonprofits who argue that Cully has been historically neglected by the city, the product of an out-of-sight, out-of-mind attitude held toward neighborhoods outside the central city and predominantly populated by non-white and low-income people.

The purchase of the Sugar Shack by a neighborhood nonprofit coalition is, by far, Cully's biggest victory and biggest opportunity to continue transforming Cully.

The Sugar Shack was a conglomeration of three strip clubs, a restaurant, an adult video store and a lingerie shop that has been called an "adult super center," an "adult sex shopping plaza" and a "mega adult entertainment complex." It operated from 1997 until May 2015, when a five-year federal investigation closed the strip club after prosecutors indicted owners Lawrence Owen and Gary Bryant on charges related to prostitution and evading \$1.5 million in federal taxes.

The neighborhood leaped to wrest control of the blight. Living Cully, a coalition of neighborhood nonprofits Verde, Hacienda CDC and the Native American Youth and Family Center, bought the property for \$2.3 million after raising \$60,000 from 300 people on Indiegogo and securing a loan from nonprofit lender Craft3.

"It was a big victory for our community," said Tony DeFalco, Verde's Living Cully coordinator.

"Everybody is so happy. So happy," said Brenda Reyes, a lifelong Cully resident and owner of Tienda Dona Maria, a Hispanic market across the street.

The space's future remains to be seen. Living Cully is exploring three options: selling the building with deed restrictions, leasing it "as is" to a developer who would pay for the build-out, or fully redeveloping the site and tailoring the building's services to the needs of the Cully community.

The L-shaped, two-story building takes up 26,000 square feet on a 96,000 square-foot lot that has a parking lot with 120 spaces. The property, bounded by Northeast Cully Boulevard, Northeast Killingsworth Street and Columbia Boulevard/Highway 30, sees some of the busiest traffic in Cully.

Residents know the space abounds with potential. They talk enthusiastically about opening a community center, a day care, a



At a Sept. 17 meeting at the former Sugar Shack, residents were invited to write on sticky notes their ideas about the future of the building, which was purchased by Living Cully.

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preschool, a grocery store, a coffee shop, an indoor soccer facility, a gym, a job-training program, a pediatric clinic, branch offices of the Department of Human Services or the Oregon Health Authority, a taqueria or other restaurants, a food production facility, or small businesses owned by residents.

"You name it. We need it all," DeFalco said. "Our challenge is how to meet those needs but in a practical way that we can afford."

The dream scenario is to completely redevelop the building. The price tag would come to \$6 million, a figure daunting to any nonprofit. It might not be possible given Living Cully's tight timeline. The coalition must submit a proposal to its Craft3 lenders by March 2016, and the Craft3 loan must be paid back in 2 1/2 years.

"Two and a half years for a project like this is like lightning," said Nathan Teske,

Hacienda CDC's director of community economic development. "If we commit now to getting \$6 million, it's a speculative venture. We don't have hundreds of thousands of dollars to lose."

The stakes are high financially, and socially. Cully is in an early stage of gentrification. Living Cully is working to reduce poverty without destroying the neighborhood's racial and ethnic diversity and without creating displacement. The Sugar Shack is Living Cully's biggest opportunity to do so.

"We've got to figure it out," DeFalco said. "Otherwise, Portland will just be a place for rich white people."

Cully is the most ethnically and racially diverse neighborhood in Oregon. In the space of a generation, the neighborhood's demographics have radically shifted.



According to 1990 Census data, Cully's population was 81 percent white. Today, more than half of Cully's residents are African-American, Hispanic, Latino, Native American, Somali, Kenyan and Asian. A quarter of residents live below the poverty line, compared with a regional average of 9.9 percent. Almost nine in 10 students living in Cully qualify for free or reduced-price lunch. The neighborhood's median income is \$10,000 less than the city average.

Cully's infrastructure is also impoverished. More than 10 percent of Cully's streets are unpaved, almost two-thirds of Cully's streets do not have sidewalks, the neighborhood has the least amount of park land per capita in the city, and there is only one grocery store, an Albertsons.

Living Cully was formed in 2010 as a vehicle to reduce poverty. The coalition collaborates to sponsor environmental and sustainability projects that Cully residents want to improve the neighborhood's livability, as well as create jobs and job training opportunities for Cully residents.

The coalition believes that environmental assets can create equity and wealth. A neighborhood's wealth is not simply defined by its residents' incomes but also by the neighborhood's amenities — its parks, green spaces, number of bike lanes, the availability of affordable housing, and the neighborhood's commercial retail and well-paying jobs. In other words, a neighborhood wealthy in resources.

"We are reinterpreting sustainability as an anti-poverty strategy," DeFalco said. "We are simply manifesting the will of the community in a way that other sectors haven't had any interest in doing. If they had, it'd look different out here."

Living Cully is guided by the thinking that Cully's residents can improve the neighborhood's livability themselves. Individual residents' lives improve because of the jobs they create. And if residents' incomes rise, they won't face the pressures of gentrification and displacement.

Making a neighborhood more desirable without making it more expensive and displacing its residents seems contradictory, maybe even impossible. A June 2013 report, "Not in Cully," written by students in Portland State University's Master of Urban and Regional Planning program, argues that strategic, neighborhood-level investments with the involvement of local organizations can stabilize a neighborhood and its residents' lives in such a way that people can continue living in their neighborhood.

Living Cully has sponsored more than a half-dozen projects. Its Neighborhood Revitalization Initiative, in partnership with Habitat For Humanity Portland/Metro East, performs basic home repairs and weatherization upgrades for low-income residents to avoid code violations, evictions,