

Big Broadway Decision

Council to pick developer, subsidies for downtown core

On March 12 the Eugene City Council will make a decision that will have a big impact on downtown Eugene.

That's when city staff expect the council to choose among four developers and a downtown tenant for concepts to revitalize the dead heart of the city with housing, shops, theaters, grocery stores and/or hotels.

All the developers who submitted proposals for a downtown that's struggled for three decades are from out of town. "Folks from outside the area maybe have a lot more favorable view of downtown than we do," said Eugene development manager Denny Braud. "They see an opportunity."

That opportunity could cost taxpayers huge, unprecedented subsidies in the form of parking garages, tax breaks, and buying out current land owners, according to the proposals.

A redevelopment advisory committee selected by city staff recommended proposals by KWG and Beam after meeting behind closed doors, but the council will make the final decision. Here's a run down of the proposals and a look at the many hurdles they'll face in enlivening Eugene's long dead downtown.

KWG Development Partners of Portland has experience developing suburban shopping malls but also has worked on Portland's downtown Pioneer Place mall.

For Eugene, KWG proposes an "ambitious" plan to redevelop more than two full city blocks of downtown along Broadway and across from the library into a lively mix of housing, retail, large grocery store, restaurant, nightclub, high-end hotel and 12-screen cinema in three to five story buildings. About a quarter of the nearly million square foot project would be underground parking.

The 400 housing units would be a mix of rentals and condos of varying sizes appealing to a variety of ages and income levels. Condos could sell for up to \$325,000, but the project would also include 172 affordable rentals at 60 percent of median income and 45 loft condos sized and priced for those at median income.

For the redevelopment, KWG expects the city to pay a steep price in subsidies. The developer wants the city to pay for the underground parking (estimated cost roughly \$27

million), all or most of the property cost (about \$16 million), and 10 years of residential property tax breaks (about \$10 million). With off-site, utility relocation, and possible affordable housing subsidy costs KWG also expects the city to pay, the total taxpayer subsidy could top \$60 million.

Beam Development's proposal is more modest. The Portland developer specializes in historic urban restorations of mid-size apartment buildings and converting warehouses into offices.



Midtown proposal

Beam proposes to renovate and restore the historic Center Court and Washburne buildings on the south side of Broadway between Olive and Willamette with ground floor retail and offices above and build a new one floor retail building with surface parking in the adjacent pit. A possible future phase would tear down the buildings across Willamette for a new building with ground floor retail, an embedded parking garage and one or more floors of upstairs offices.

The proposal would meet city historic preservation and green building goals. "The reuse of existing buildings is perhaps the biggest sustainable design move one can make in development," Beam points out.

Beam doesn't want the city to build more parking, but does want the city to spend about \$5 million to buy the property for the \$17 million project. Beam said it could repay the city from profits from reselling the buildings after they are filled with tenants. But it appears the city would be out the money if the project didn't succeed.

The other two proposals from Midtown Development and CenterCal Properties offered fewer details.

Midtown, a Utah developer with casino, hospital, mixed use and office experience, proposed two massive eight story buildings on either side of Broadway between Willamette and Olive streets.

The buildings with one level of underground parking would include ground-level retailers with condos, hotel rooms and offices above. Midtown offers to donate \$1 million to local schools contingent on a \$1 million matching grant from the state.

The developer anticipates spending \$83 million on the project and making \$117 million selling condos plus \$5 million a year in rent. Midtown says it will seek "significant" taxpayer subsidies for the project, but provides no details.

CenterCal, a Tualatin developer of freeway malls, is even more vague. The developer proposes a publicly subsidized mixed use development but leaves out most details.

Greg Bryant has lived in Eugene for three decades and worked with volunteers to establish the Tango Center on Broadway. In a video proposal, Bryant told the city to focus on attracting and keeping tenants and people rather than developers and new buildings. "The buildings in downtown Eugene do not need to change," he said. "Just fill the empty space."

The city appears focused on buildings, but Bryant may have a good point. None of the other proposals by developers describe how they will succeed in attracting new tenants downtown where others have failed for decades. Without tenants, the city will have invested yet more tens of millions of dollars for empty buildings, torn down pits and empty garages.

With all the current garages downtown, it's also not clear that the additional parking some of the developers propose is justified. The development area is adjacent to the 729-car Broadway Place city garage, which is 80 percent empty. Within two blocks three other half-empty garages combine to offer a total of

1,556 spaces.

Building fewer parking garages could save the city a lot of money. Urban renewal tax diversions and tax breaks come out of money for schools and local government services. Tax breaks also mean far less increment funding is available for urban renewal subsidies. To subsidize the proposed Whole Foods garage last year, the city planned to dip into reserves and funds it was saving for a new City Hall.

Subsidies for the Whole Foods project drew howls of public protest over the lack of citizen involvement. It's not clear that these proposals will be open to much public comment either. The city tried to rush Whole Foods through without a public hearing until Councilor Bonny Bettman pointed out it was legally required.

Ripping out the pedestrian mall was supposed to reinvigorate Broadway, but in the last five years, the area that long ago lost its retailers to suburban malls on freeways has only become worse. With most of the developers saying their proposals are contingent on market and cost studies, these out of town proposals could fall through as they learn what the locals know about the downtown's struggles.

The developers propose to join the city in a "public/private partnership," a term city staff love. But it won't be an equal partnership. The developers with their law degrees, Harvard MBAs and years of tough development experience are far more shrewd at this than inexperienced city staff. In the last such deal for Broadway Place, taxpayers were caught holding the short end of the public/private stick. Promised profit sharing never materialized, the city had to eat a \$230,000 construction overrun and the retail spaces largely flopped.

Last year Washington County learned the hard way about public/private partnerships. A complex profit sharing deal with developer Opus Northwest promised \$50 to \$150 million in revenue in exchange for land for the Bridgeport Village lifestyle mall in Tualatin. The county ended up with only \$12.5 million.

One county commissioner told the *Tigard/Tualatin Times* that he would be more careful with Opus in the future. "They do this for a business. They could run circles around us."

In their proposal to Eugene, members of the KWG team described their work with Opus on the Bridgeport project as "immensely successful."

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For links to the proposals and more design images, surf to this story at eugeneweekly.com

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