

INTERSTATE CORRIDOR

Urban Renewal Area

Kenton Historic Downtown Stimulus Strategy

June 2004



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PORTLAND DEVELOPMENT COMMISSION



FERRARINI & ASSOCIATES, INC.
Real Estate Advisory Group

Kenton Historic Downtown Stimulus Strategy

June 2004

Ferrarini & Associates

Steve Ferrarini

Martha Nix

Portland Development Commission

Carol Herzberg

Lois Cortell



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Executive Summary

For decades, the Kenton neighborhood of North Portland has described revitalization of its business district on North Denver Avenue as a priority. Redevelopment and renovation have been sought to enhance Denver Avenue's unique character and attractive building environment. The *Kenton Downtown Plan* (2000) itself proposes a policy to "create a vital retail district on Denver Avenue that provides local commercial services, attracts regional customers, and enhances the livability of Kenton."

Despite these goals, the Denver Avenue business district has not begun to meet its full potential. With the formation of the Interstate Corridor Urban Renewal Area ("ICURA") in 2000 and the inclusion of Downtown Kenton within its boundaries, there is an opportunity to better understand and then to address what factors might be holding back the district's revitalization.

As a starting point, the attached report looks away from Denver to two other North/Northeast Portland "main streets", namely Alberta and Mississippi. It assesses what conditions have been necessary in these two areas to stimulate revitalization; then it compares and contrasts such conditions with those currently present around Denver. The report and its exhibits compile market and demographic data, interviews with local developers and property owners, along with survey data and extensive direct commentary from Kenton area residents and businesses.

The report concludes with recommendations for actions to make Denver area a more vibrant place for businesses, residents, and consumers. Strategies for public and private investments and actions, including many that have worked successfully in other parts of Portland, are described at the end of the report. The four principal recommendations are:

1. **Encourage entrepreneurs and new businesses to locate and invest in the area.** Disseminate local market and real estate information, form cooperative business efforts, and expand district events and media attention. In-depth studies of "niche" and anchor business opportunities are also recommended.
2. **Take steps to enhance market demand.** Build the strength of Denver's market with major streetscape, signage and beautification initiatives, while also leveraging Interstate MAX light rail station access with new housing and mixed-use development in greater Downtown Kenton.
3. **Encourage existing property owners to invest in their properties.** Work with owners by initiating a Denver area development opportunities analysis that would focus on individual properties to illustrate potential redevelopment scenarios. The assessment would describe the various public financial tools available and can consider unique challenges of the street, like building length, seismic upgrades, and the prevalence of absentee landlords. The process would be educational and could assist in generating market interest in the area.

4. **Focus public agencies work to help remove financial and market barriers that prevent investment from occurring.** The final recommendation recognizes the public sector role in overcoming some of the area's challenges and pursuing previous plan's ideas for investment. Infrastructure analysis and upgrades are called out as particular needs, along with an increase in funding for renovation assistance programs.

Purpose

The Kenton Historic Downtown Stimulus Strategy is intended to provide recommendations to make Downtown Kenton a more vibrant place for businesses, residents, and consumers. These recommendations have helped revitalization occur in other older neighborhoods in Portland. They also reflect the priorities of Kenton residents and business owners who provided critical feedback as the report was modified during the open public comment period.

The Strategy is organized into two sections:

- This report, which explains the facts and analyses that lead to the recommendations and which identifies priority action items for improving Downtown Kenton, in particular its historic commercial core on Denver Avenue; and
- Exhibits, which summarize all the interviews and data analyzed through the course of research and public outreach efforts.

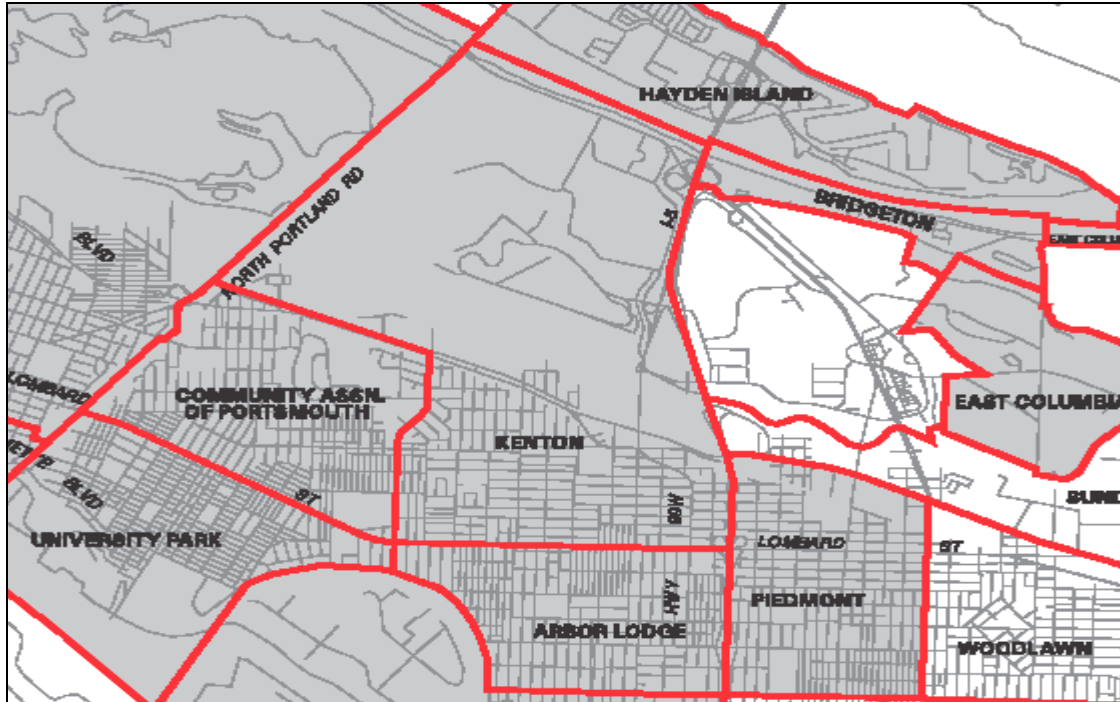
The Strategy looks at two other North/Northeast Portland “main streets” -- Alberta and Mississippi -- that are being successfully revitalized to see what strategies have been employed there and how they are applicable to Kenton. This is not to imply that Denver should or would be any kind of clone of these other commercial areas, rather that it should draw its own unique character and assets including:

- A wealth of attractive, historic buildings
- Blue-collar, working-class history;
- Cozy “village” character;
- Proximity to sports fields and venues, including Delta Park and Portland International Raceway; next to Kenton Park;
- Near Vancouver, WA and the Columbia Slough;
- New light-rail access.

Building on a wealth of prior planning initiatives, the report recommendations form a strategy for public and private investments and actions. Some aspects can begin immediately, while others will take time and will involve in-depth follow up that was beyond the scope of this report. These actions can “boldly signal” -- to borrow a phrase received during the public comment period -- that Kenton is worthy of private investment and the continued pursuit of its longstanding revitalization goals.

Study Area

The Kenton Neighborhood is one of the largest neighborhoods in North Portland, and one of the northernmost in the Interstate Corridor Urban Renewal Area. Its boundaries stretch from Lombard Avenue to the south, to the Multnomah Channel of the Columbia River to the north, and from I-5 to the east to Chautauqua Boulevard and North Portland Road to the west.





Kenton Neighborhood Boundaries

This report concentrates on a small part of the Kenton neighborhood: Downtown Kenton. Downtown Kenton contains a variety of industrial and other commercial uses, some of which are vacant or underutilized. Downtown Kenton is roughly bounded by: Watts Street to the south; Interstate Place to the east; Hunt Street to the north; and Delaware Avenue to the west.

However, the exact streets that define Downtown Kenton do not follow a regular rectangular shape. Within downtown, the Historic Denver Commercial Core is a four-block area that fronts Denver Avenue and runs from Willis Boulevard to Watts Street. This area contains the historic buildings that have traditionally provided commercial and retail services to the community. (See map on the next page).



-  Downtown Kenton
-  Historic Denver Commercial Core

Source: portlandmaps.com and Ferrarini & Associates

The Historic Denver Commercial Core is the primary focus of this report. This area is highlighted within the above map illustrating Downtown Kenton. The rehabilitation of existing buildings and filling of vacant spaces on Denver can provide the most immediate opportunities for improvement. New developments are also likely to occur just outside of this historic core, near the new Interstate MAX Yellow Line light rail station and on the surrounding currently underutilized land.

Background

The Kenton neighborhood and Downtown Kenton were originally developed as a company town for the Swift Meatpacking Company in the early 1900s. At the time, Portland was the principal livestock market in the Pacific Northwest. Downtown Kenton began taking shape in 1909 when the Kenton Hotel was opened. The rest of the buildings in the Historic Denver Commercial Core developed over the next two decades along North Denver Avenue.



Kenton Hotel, opened in 1909

Downtown Kenton remained a healthy neighborhood commercial center until the 1950s and 1960s, when technology changes influenced where people chose to live, shop and work. Several trends contributed to the decline:

- Cars and better roads allowed people to move to suburban neighborhoods. These residents were often replaced by households with lower incomes who were attracted to Kenton and other close-in neighborhoods because they offered inexpensive housing and excellent access to public transportation. This trend diminished the overall buying power, and made Downtown Kenton a less attractive place to do business;
- Nearby malls were developed and took market share away from local businesses because they offered abundant parking and access to many attractive retailers; and finally
- Refrigeration and the ability to ship meat quicker by truck ended Portland's reason for being a primary meat processing location.

Planning Context

The City of Portland has been working to encourage revitalization in many older commercial districts like Kenton for more than two decades. Various city agencies and significant financial resources have been dedicated to the effort, including but not limited to: 1) Technical expertise and financial resources provided by the Portland Development Commission (PDC) and the Bureau of Housing and Community Development (BHCD); and 2) Organized community planning efforts by the Portland Bureau of Planning (BOP).

In fact, the Portland BOP and other city agencies have a long history of involvement in Kenton, going back to 1992 when the City of Portland and the Kenton neighborhood drafted a *Kenton Action Plan*, aimed at neighborhood revitalization.

In 1993, the City adopted the *Albina Community Plan*, a far-reaching, long-term plan for 13 neighborhoods in North and Northeast Portland, including Kenton. The Bureau remained involved in Kenton throughout the 1990s.

- In the late 1990s, Kenton was identified as a neighborhood Target Area, with accompanying resources from BHCD. This funded the Kenton Action Plan and an Economic Analysis and Preliminary Market Strategy for the Denver Avenue Development Plan (E.D. Hovee, 1998).
- In 1998, a Transportation Growth Management (TGM) grant from the Oregon Department of Transportation (ODOT) funded the Kenton Business District Revitalization Plan, which was completed by Crandall Arambula, a local design and planning firm, in conjunction with DKS Associates and Murase Associates.
- In 1999, Crandall Arambula produced the Kenton Station Area Revitalization Strategy. It is a physical plan that identifies the kinds of uses that could be developed to take advantage of the Interstate MAX line and the Interstate Corridor urban renewal resources. The proposed mix of uses includes new offices, apartments, row homes, and a grocery store, all to be built north of McClellan Street. A central piece of this plan would also be a revitalized Historic Denver Commercial Core. This work was later incorporated into the Interstate Max Station Area Revitalization Strategy, sponsored by the Portland Development Commission.
- In 2000 the Bureau changed the zoning pattern around the light rail station, created a plan district to reinforce the historic character and promote a pedestrian environment, and generated Kenton Downtown Plan (2000) that amended the Kenton Neighborhood Plan (1993). At the same time, it facilitated the nomination of the Kenton Commercial Historic District to the National Register of Historic Places, which was approved by the federal government in 2001.

Existing Conditions

Kenton's history and the deferred maintenance that has most recently accompanied it created a relatively unattractive environment for consumers and businesses. As a result, vacancy rates in Downtown Kenton are high. Based on a September 2003 survey, more than 20% of the commercial space in Downtown Kenton is vacant.

However, over the last three to five years positive changes have begun to occur in the greater Kenton neighborhood, including population growth, increasing incomes and decreasing crime rates. Positive changes are expected to continue in the near-term based on the following:

- The opening of the Kenton light rail station, which will draw more people to Downtown Kenton;
- The opening of an attractive, highly visible Community Policing office in a large storefront in the Historic Commercial Core of Denver.
- The New Columbia redevelopment, which will increase the buying power of the entire area by adding new and higher income households near Downtown Kenton. It will replace 462 aging public housing units with 850 new mixed-income rental and ownership homes; and finally
- The planned widening of Interstate 5 which could change traffic patterns near the historic Denver commercial district, optimally increasing the area's exposure to regional customers.



While these changes have not yet resulted in a more vibrant business district, they are likely to make realizing change much easier if leveraged by public and private sector investments.

Report Data, Methods and Outreach

Despite these positive demographic changes and prior planning efforts, Downtown Kenton has not yet experienced a consistent trend of improvement. In this respect it is not unlike many other older commercial areas in North and Northeast Portland that do not yet have a vibrant business environment, including NE Martin Luther King Jr. Boulevard, St. Johns/Lombard Avenue, the Vancouver/Williams Corridor. In fact there are more examples of areas that have not begun to revitalize than those that have, which underscores how difficult it is to change the character and vitality of an area.

To begin to understand what impediments exist in Downtown Kenton and what strategies can be implemented to overcome existing barriers, the strategy called on several data sources.

The first step was to understand why some neighborhood districts have revitalized. Two nearby areas were studied where positive changes have been occurring. One area is the Alberta Corridor that runs along Alberta Street from NE Martin Luther King Jr. Boulevard to 33rd. The second area is the Mississippi Historic District, which runs along Mississippi Avenue from Fremont to Skidmore Streets. The choice of these areas is not meant to imply that they provide direct comparisons to Denver Avenue itself nor to imply that its revitalization goals are the same; they are simply close by and they are currently experiencing a level of private investment that Denver is not. The strategy studied economic and demographic trends within the Alberta and Mississippi areas and compared them to similar trends in Kenton to see if there were any obvious differences.

A number of developers and business owners, who chose to invest in the Alberta Corridor or the Mississippi Historic District, also were interviewed. Several business people who live and/or work in Kenton were interviewed to help understand why the same levels of investment have not yet occurred. Exhibits 1 - 7 (*at end of report*) provide summaries of the three areas - focused primarily on explaining why revitalization has or has not occurred- followed by a statistical comparison of these areas, and a summary of the interviews conducted.

A draft report was then issued and made public to test its findings and build consensus on strategic actions to take. Detailed public presentations and information sessions on the Strategy were made to the Kenton Neighborhood Association, to the Kenton Business Association, and to the Interstate Avenue Business Association.

Draft report copies were also mailed directly to approximately fifty local stakeholders. The report and a feedback survey were posted on the Portland Development Commission website for two months. The report was “downloaded” nearly two hundred times. A summary of all comments and survey responses are found in Exhibits 8 and 9 (*at back*). Specific responses provided by survey takers have also been included in the Strategy itself, as applicable.

Several things emerged clearly during the comment and outreach phase.

The community has a very clear sense of what needs to happen. Infrastructure, physical, and streetscape improvements were the most regularly cited priority actions. The importance of public investment in particular was summarized in one comment received from a local resident who stated, *“by providing improvements...the public sector can boldly signal to investors that the City's agencies believe that Kenton is worthy of private sector investment.”* He further noted that the best public investment would be to create a more welcoming and inviting street environment. Other findings included:

- Educational outreach to property owners rated high on several respondents’ priority lists.
- Working to encourage a changed tenant mix in Downtown Kenton was also important to many community members. The inappropriate and sometimes unattractive tenant mix was brought up by several respondents including one community member who stated very simply, *“it appears too industrial.”*
- The idea of a niche, particularly with restaurants was well received by the community because *“Kenton [downtown] has an advantage with the feel of the downtown area – compact, and historic.”*

Finally, the community largely agrees with the findings and recommendations of this study: 92%¹ “largely agreed with the ideas presented in the study”, while 7% agreed only with “some” of the ideas presented, and no one said they could not support the study’s conclusions. Feedback from public meetings and presentations was also very positive.

¹ Percentage of all respondents who answered this question – excludes non responses.

Components for Revitalization

Although the specific circumstances that drove change in the Alberta Corridor and the Mississippi Historic District are different, the analysis revealed four components that facilitated revitalization in those areas and which are likely necessary for revitalization to occur in Kenton. They include:

1. Entrepreneurs who are willing to open businesses in an unproven area;
2. Sufficient market demand to support newly created businesses;
3. Property owners willing to invest in their buildings and take advantage of public funding programs; and
4. Public agencies that help remove financial and market barriers preventing investment from occurring.

How and when each of these components influenced change in the Alberta and Mississippi districts – which speaks to their potential to affect revitalization in Kenton – is important to understand.

Speaking to the first component – **entrepreneurs who are willing to invest in unproven areas** – in the Alberta Corridor and the Mississippi Historic District, the entrepreneurs were mainly well-educated 25- to 34-year olds who have been attracted to Portland because of its livability and low cost of living. This group of young entrepreneurs explores the art and music scenes, and many try their hands at starting a business. Where these young entrepreneurs choose to locate in Portland has evolved over the years; however, it often follows a fairly regular pattern. Since most of these young entrepreneurs have limited financial means, they seek out business and residential locations that are affordable: often older neighborhoods. As they move into a neighborhood and open businesses they increase awareness of the area by drawing in culturally and artistically minded people from throughout the region.

Once a critical mass of these small businesses has been established, mainstream businesses and developers begin to recognize the emergence of a new commercial district and larger development comes to the neighborhood.

With the arrival of mainstream development, the increasingly expensive neighborhood is unable to accommodate the next group of young entrepreneurs, forcing them to seek out new areas where the process will begin anew. They were attracted to Alberta and Mississippi because the neighborhoods that surround the commercial corridors offer attractive older homes on tree-lined streets that are much less expensive than comparable close-in neighborhoods.

The number of people in the 25- to 34-year old demographic (often called “the creative class”) grew nearly twice as fast in Alberta and Mississippi as it did in the rest of the Portland metropolitan area from 1990 to 2000. Table 1, below, illustrates this growth.

Table 1
Growth in Population: Age 25 to 34

Location	1990-2000 Annual Rate
Alberta	2.36%
Mississippi	2.24%
Portland Metro	1.17%

Source: 2000 US Census

The second essential component influencing change and revitalization is **sufficient demand to keep the newly formed businesses open and operating**. Initially new businesses in both the Alberta Corridor and the Mississippi Historic District were supported by the local neighborhood. Subsequent waves of redevelopment were sustained by tapping into a regional market.

Alberta Street tapped into a regional market by creating a niche based on galleries and other artistic venues. This is one of the two common ways older commercial districts can appeal to a broader market. Regional awareness for the Alberta Street area was further enhanced by community organized events like the Alberta Street Fair and the Last Thursday gallery walk.

The Mississippi Historic District provides the other example of how an older commercial district can attract a broader market: by having an anchor. In the Mississippi District the anchor is The Rebuilding Center, which recycles building materials and resells them to customers from around the region. The Rebuilding Center's customers in turn support other businesses in the Mississippi District, including an emerging concentration of eco-friendly businesses like the bike co-operative and Pistil's, an organic nursery.

The third component influencing change and revitalization is **property owners who are willing to make attractive space for new businesses and take advantage of public funding programs**. Prior to the mid-1990s, property owners in Alberta and Mississippi had not invested in their buildings for decades; this has now changed. See Appendix A for comparisons in permit activity for the three areas. Like Downtown Kenton, Alberta and Mississippi had previously suffered from years of neglect, the result of suburban flight and auto-oriented development. Specifically:

- Both commercial corridors contained many older dilapidated structures;
- Lease rates were low;
- Vacancy rates were high; and
- Occupied spaces often contained marginal businesses.

The fourth component influencing change and revitalization in the Alberta Corridor and Mississippi Historic District included **public agencies that helped remove financial and market barriers preventing investment from occurring**. This component helps bridge the gap to the obstacles identified above if owners are also willing to invest. In both the Alberta and

Mississippi areas the Portland Development Commission (PDC), working with the Bureau of Housing and Community Development and other public agencies, provided a key initial catalyst for revitalization. Specific actions including the following: First, PDC educated property and business owners about the development process and the economic and market realities associated with revitalizing their properties. It called out specific opportunities through a “Development Opportunities Strategy” working with volunteer properties.

Second, PDC and BHCD provided financial funding needed to help make projects happen. They provided low-interest loans, grants and other attractive funding mechanisms that bridged the gap between what the private sector would provide and the cost to redevelop. Finally, public agency involvement was also a psychological boost – sending a clear message that there was a long-term commitment to improve the area, and that a property owner’s investment would pay off.

Analysis

Building from the above discussion of the “components for revitalization” and what forces seemed to drive the revitalization in the Alberta and Mississippi areas, this Analysis section of the report examines whether the same attributes are found and/or can be developed in Kenton.

1. Are there entrepreneurs willing to invest in Kenton? The young entrepreneurs, discussed previously, appear to just now be moving into the Kenton neighborhood. U.S. Census information from 2000 shows that this trend did not happen during the last decade, like in Alberta and Mississippi.

However, according to the local real estate community, 25 to 34-year-olds have recently begun to buy homes in Kenton. *“There is a new demographic moving into the North Portland area,”* commented a local broker. *“They have no phobias about the neighborhoods and are uninhibited about purchasing there.”* This younger group of buyers is moving to Kenton for the same reasons they moved to Alberta and Mississippi in the 1990s: inexpensive homes in a quality neighborhood. As shown in Exhibit 4, the average price of homes in Kenton was approximately \$118,000 in 2000, 16%-19% lower than average home prices in the Alberta and Mississippi neighborhoods.

This is not to imply that every entrepreneur is under 35 years old, but it is an interesting statistic given the Alberta and Mississippi experiences. People of all ages will choose to invest in an area for a variety of different reasons. As one survey respondent put it, *“I’d like to base my small business in Kenton. I’ve always loved it and I think it is the vital hub from the Jantzen/industrial area to St. Johns and NE Portland.”*

2. Are there owners that are willing to invest in their properties in Kenton? Many property owners will need to be educated about investment opportunities. As with Alberta and Mississippi in the early 1990s, many owners are not familiar with the real estate development process, and so are not likely to be able to evaluate let alone take advantage of new opportunities as they arise.

During public comment and presentations several community members also indicated there may be some more ingrained resistance to change among many property owners in Downtown Kenton. For example:

- *“Because many owners don’t carry a big debt load, they don’t have much incentive to lease to businesses that they don’t think fit with Kenton’s image. There may also be resistance to making changes if it requires partnering with government bodies that they distrust;”* and
- *“Kenton is more of a blue-collar neighborhood. Property owners may be resistant to changing the blue-collar image/roots. There is a concern that it will turn into another trendy area.”*

An additional barrier in Kenton is that many people who own commercial property in the Historic Denver Commercial Core reportedly no longer live in the neighborhood. By their very definition, absentee owners are less connected to changes that are occurring in the neighborhood because they are not there on a daily basis. They are typically not vested

members of the current community and are therefore less likely to improve their property for the sake of the neighborhood alone. For these reasons, outreach efforts to absentee owners should be part of any revitalization effort. They must speak to the financial rather than community benefits associated with redevelopment.

3. What barriers exist in Kenton and is the public sector willing and able to help overcome them? What opportunities are there? Like many older commercial areas that have been neglected for decades, Downtown Kenton has many factors that will make redevelopment a challenge.

- A perception that the area is not safe, which is reinforced by the appearance of Downtown Kenton. One public comment provided put this perception into context, *“The bars on the windows send out a strong message of ‘keep out’.”*
- Poorly maintained buildings;
- A streetscape that is more accommodating to automobile traffic than pedestrians;
- Limited parking;
- Lack of rear access from some of the commercial buildings which makes it difficult for retail businesses to receive deliveries;
- Unsuitable land uses, like strip clubs or heavy industrial businesses; and
- A truncated market area (cut off to the east by the freeway and to the north by an industrial area).

However, the experience in Alberta and Mississippi shows these kinds of impediments do not necessarily prevent redevelopment from occurring. In fact, several key indicators show Kenton compares favorably to Alberta and Mississippi with respect to relative visibility, affluence, market size, and safety. For example, crime rates in Kenton have dropped and are now about half the rates recorded in the Alberta or Mississippi areas. In addition, average income in the Kenton Neighborhood grew 5.44% between 1990 and 2000, and at \$41,483 is higher than both the Alberta and Mississippi areas. (Table 2, below, compares neighborhood statistics.)

**Table 2
Comparative Neighborhood Statistics**

	Kenton	Alberta	Mississippi
Crime Rate, 1)	71.2	148.4	151
Traffic Counts/Visibility, 2)	6,700 (May 2000)	10,400 (May 2002)	5,750 (April 2002)
Population Base, 3)	4,429	7,896	4,991
Average Income, 4)	\$41,483	\$41,200	\$39,270

1) Crime rate per 1000 population, 2003. Per Portland Police Bureau, see Appendix B

2) Reflects the most recent traffic counts available from the City of Portland Office of Transportation

3) Population in a ½ mile radius

4) 2000 US Census

After reviewing this data, one survey respondent commented, *“Kenton needs a PR campaign. Scientific facts, like the study I’m responding to, will prove very informative. Who knew that the crime rate in Kenton is less than that of Alberta?”*

While these indicators on visibility, affluence, and safety provide positive signals, other problems and barriers may still redevelopment from occurring. Specifically,

- The lack of market demand, an issue further assessed in the next section;
- Land owners who are unwilling to invest in their properties. If adequate demand exists, this problem can largely be overcome through education and financial incentives; and
- Financial barriers, one of the biggest impediments both because lease rates in Downtown Kenton are low and can generally support only cosmetic improvements and because any significant² improvement to a building may require the building to meet current seismic codes. For an unreinforced masonry building, like those prevalent in Downtown Kenton, the costs of complying with this regulation can easily double the cost of redevelopment. Since seismic improvements do not enhance the function or aesthetic appeal of the building, the costs cannot be recovered through rent increases.

Another potential financial barrier surfaced during the interviews. When property owner Craig Osbeck wanted to add 30 apartments to his property on N. Denver, he reportedly discovered he needed to run a new sewer line from Columbia Boulevard to the Historic Commercial Core. The costs associated with this improvement prevented the project from moving forward, primarily because his project, the first development that triggered the need, was required to pay the full cost of the improvement.

PDC can help residents and businesses in Kenton, and elsewhere in the Interstate Corridor Urban Renewal Area (“ICURA”), to overcome the financial and regulatory barriers that can prevent revitalization from occurring. However, the amount of funding available to PDC in the ICURA is limited because much of the available funds currently are being used to pay for the light rail. Programs currently available in the ICURA include the following:

- Small Business Advocate, a PDC staff person who helps new and existing businesses and developers overcome problems in the regulatory and permitting process and connects them with citywide resources;
- Predevelopment Assistance (called “DOS”), to help property owners assess the development opportunities and feasibility of improving their property;
- Storefront Matching Grant Program, to help pay for building façade improvements; and
- Seismic Loan Program, to upgrade the safety and use of commercial buildings, particularly historic structures;
- Business finance programs, generally tied to job creation and investments.

² Significant improvements that would trigger FEMA include a change of occupancy type, an increase in occupancy of more than 20%, replacement of more than 50% of the roof, or redevelopment costs that exceed \$100,000.

4. Is there enough demand to support redevelopment in Kenton? To assess the demand for commercial development in Downtown Kenton a retail needs analysis was completed. This analysis compares the supply and demand for retail space in Downtown Kenton's primary trade area. A primary trade area (PTA) is the area where local serving businesses are expected to obtain most of their patronage. The PTA (*see Exhibit 10*) for Downtown Kenton is bounded by: Chautauqua Boulevard to the west; Columbia Boulevard to the north; I-5 to the east; and Dekum Street to the south.³

Exhibits 11 through 16 (*see back of report*) show the data and calculations used to forecast the amount of space the local market could support. The amount of retail space that local households can support is a function of: a) Population, b) The amount of income spent on retail goods and services; and c) The amount of spending expected to occur in the market area or outside it. Given the small size of the market area, there is potential to capture about 50% of local household expenditures within the PTA. The remainder is expected to occur in nearby retail centers like the Lloyd District, Jantzen Beach, Delta Park, etc.

The supply of retail space located within the PTA was physically measured then adjusted to reflect the amount of space supported by the local market. As illustrated in Exhibit 16, four categories of merchandise dominate the local market, in terms of total square feet: grocery stores, convenience marts, restaurants, and drug stores.⁴

Supply and demand are reconciled in Exhibit 17. The results of the analysis indicate there is not enough demand generated from local households to fill all of the vacant space in Downtown Kenton, now or over the next four years. This is a critical finding. It illustrates how important the implementation of visions for new residential and mixed-use development in the greater Downtown Kenton area from previous planning efforts will be to the revitalization of Denver Avenue itself.

By 2008, there may be a need for approximately 19,000 additional square feet of retail space, compared to 24,000 square feet of vacant space that now exists in the market. The greatest opportunities to open a new business appear to be in the following types of retail stores:

- A small neighborhood-serving hardware store;
- One to two specialty clothing or vintage apparel stores;
- A small furniture store; and
- A bookstore, flower shop, music shop or another miscellaneous retail store.

The inability at present to support a vibrant commercial district in Downtown Kenton based on local patronage has two-fold implications: First, that promoting new housing development in

³ Because New Columbia is located approximately ½-mile west of Kenton's PTA and it will contain its own retail development, it is not expected to significantly impact the Downtown Kenton market and so was excluded from this analysis.

⁴ Note: in Exhibit 16, drug stores are in the health and personal care stores, convenience marts are within the food store category.

Downtown Kenton on nearby higher density residentially zoned areas would strengthen the market in the historic commercial core; and second, that a larger regional market needs to be attracted to the PTA.

The ability to attract a regional market is particularly important for Downtown Kenton because this is where most of the vacant retail space is located; and because the Historic Commercial Core is the least visible location within the PTA. This means a new retail or service business that wants to locate in the PTA could be more apt to choose a location on Interstate or Lombard than Denver because of increased exposure to consumers. As shown in Table 3, average daily traffic counts on Interstate and Lombard are more than triple those reported on N. Denver Avenue.

Table 3
Average Daily Traffic Counts in Kenton

Location	Average Daily Traffic
N. Denver Ave. @ N McClellan St.	6,700 (May 2002)
N. Interstate Ave. north of N Lombard St.	19,200 (July 1999)
N. Lombard St. @ N Delaware Ave.	23,700 (Aug. 2003)

Source: City of Portland Office of Transportation

The lack of visibility can be overcome in one of two ways:

- By having an anchor business in or adjacent to Downtown Kenton, or;
- By creating a niche based on a concentration of similar, complementary businesses.

It may be challenging to find an anchor that fits and works well in the Kenton neighborhood. The most common anchor in a neighborhood commercial district is usually a grocery store. However, the existing Fred Meyer and the planned New Seasons on Interstate at Portland Boulevard will negate the need for another grocery store in Kenton. Other large retailers that could act as an anchor, like Wal-Mart or Lowes, are not appropriate given the neighborhood's desire to create a pedestrian-friendly node around Downtown Kenton. Furthermore, there are no sites large enough to accommodate these types of retailers.

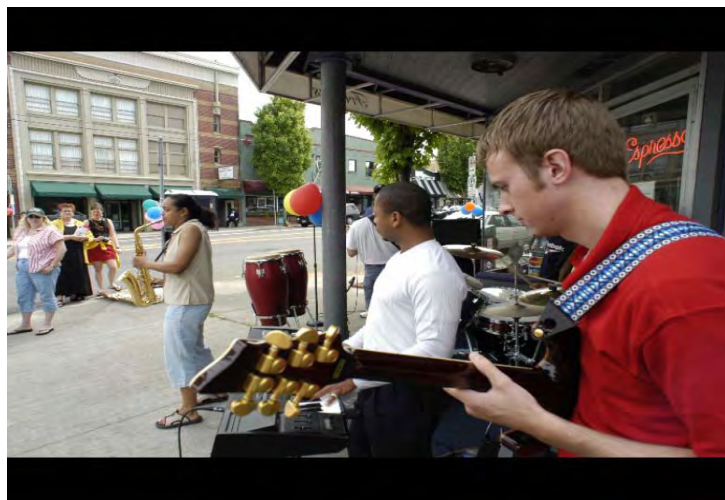
Another alternative may be to create a niche. One niche that could have potential is in the restaurant industry. What Downtown Kenton lacks in terms of visibility could easily be made up with the attractive scale and character of the historic buildings located along North Denver Avenue. When people decide to eat out, where they go can be as much about the location of the restaurant as about the price and quality of the food being served. This is why restaurants in Northwest Portland can draw customers from all over the region. People like to be in an attractive, pedestrian-friendly environment, where there is a variety of restaurants to choose from, and where there is excitement and interest generated by the number of people drawn to

the area. This kind of environment, on a smaller scale, could be readily created in Downtown Kenton, but not elsewhere in the PTA.

While the retail analysis indicates the current inventory of restaurants is sufficient, most eating and drinking establishments in Kenton are taverns, pubs or fast food restaurants. Many are in poor condition. This leaves the market open for a variety of sit-down restaurants, ethnic restaurants, bistros and cafes. Furthermore, unlike other parts of Portland, there are no neighborhood districts in North Portland that have a concentration of attractive restaurants like those found along Hawthorne Boulevard, SE Milwaukie Avenue in Westmoreland, and along NE Broadway and Fremont Streets.

The idea of a restaurant niche was well received by the community. As indicated by one survey respondent, *"In the last three years, outside of Kenton, but nearby, there are new businesses. Kenton is ripe for restaurant diversification. It's happening all around us."*

Food and music on Denver, Opening Day celebrations for the IMAX Yellow Line (May 1, 2004)



Conclusions and Recommendations for Action

While some revitalization is expected to occur on its own in Downtown Kenton in the foreseeable future, driven by population growth and continuing increases in buying power, the amount could be limited by the small size of the local market and the Historic Core's inferior location with respect to visibility.

To accelerate the pace of change, the following next steps are recommended to build upon and complement current action items called for within existing plans for the Kenton downtown.

In February and March 2004, an initial set of these recommendations were presented to various community groups in the Kenton Neighborhood. From this list, the community provided additional feedback and identified priorities and new ideas for taking steps to encourage change. They build on the four key components of revitalization and are summarized as major goals, with suggested action items to follow.

1) Encourage new entrepreneurs and new businesses to locate in the area:

- Increase market knowledge by posting this study and other information about businesses opportunities in Kenton on an easily accessible Kenton website along with positive information (like Kenton's growing income levels, decreasing crime rates, etc.). Include information about vacant commercial space (size, lease rate, etc.).
- Create a virtual or actual "community board," as a way to connect interested buyers, sellers, landlords and tenants.
- Produce a downtown map of all existing businesses and vacancies.
- Host regular community events to draw people into the area and look for opportunities to piggyback on the existing community events to inform more of the public about opportunities in Kenton. For example, a few entrepreneurial business owners have already begun a series of "Last Thursday" events on and around Denver Ave. This strategy successfully built awareness in Alberta and Mississippi among potential business owners and consumers.
- Establish ways that the downtown Kenton businesses can work cooperatively and pool resources (i.e. shared advertising). There is a perception of, if not a real, rift in the business community. Resolving any differences will be a critical first step to successful cooperative efforts that could provide a boost to existing trade and encourage any new businesses that may consider locating in Kenton.
- Investigate the possibility of a type of "Main Street" marketing assistance that can help support new and existing businesses.
- Research the various categories of possible Denver Avenue "anchors" and the best ways to attract one.
- Determine promising market niches. The market analysis revealed initial opportunities for a hardware store; clothing or vintage apparel; a small furniture store; a bookstore, flower shop or music store, as well as a restaurant niche.

- If restaurants are appropriate, meet with any local associations of restaurant owners. Find out what kind of information a new restaurant would be interested in knowing when assessing a new business opportunity and generate it if it doesn't already exist. Have the restaurant association pass this information out to their members or other interested restaurateurs. Follow similar steps with other niche market businesses.
- Research the eligibility of the various tax credits opportunities for renovations of Denver properties, particularly historic tax credits. Offer program education to eligible properties to learn how to best access these.

2) *Take steps to enhance market demand.*

- Encourage housing development. The Kenton Station Revitalization Strategy, the Kenton Action Plan and the Kenton Neighborhood Plan envision that new, medium to high density residential and mixed-use development will be built between the light rail station and the historic portion of Downtown Kenton located along Denver Avenue. There are many advantages to this strategy because it will accomplish various goals: adds consumers to the market; encourages the use of transit; and leverages federal dollars to achieve local goals.
- Encourage dialogue on the connection between development efforts around the light rail station and revitalization on Denver Avenue. Residential development built near the light rail station would bring new residents within walking distance of the Historic Core. These residents would not only support existing businesses but would help create opportunities for new business creation. At the same time, having a concentration of desirable retail businesses along Denver Avenue would make the rest of Downtown Kenton a more attractive place to build row homes, apartments and/or condominiums. In this respect, revitalizing both parts of Downtown Kenton simultaneously will create a synergy, enhancing the overall attractiveness of the area.
- Provide streetscape improvements throughout Downtown Kenton. While PDC has no control over whether or not a business actually chooses to locate in Downtown Kenton it does have a limited ability to impact the level of market demand by helping make the area more attractive to businesses.

Currently, Denver Avenue is designed to get cars through the Downtown Core easily. There are few visual clues to drivers that they are entering a retail environment where pedestrian activity and shopping are encouraged. Streetscape improvements need to provide these visual clues. Some suggestions include: angled parking to narrow through-traffic to one lane in each direction, curb extensions, street trees, and other measures typically used in these kinds of commercial areas. Many of these improvements are outlined and prioritized in the Kenton Business District Revitalization Plan. They center on North Denver Avenue between Watts Street and Interstate Avenue.

In designing this streetscape it will be important to take ideas and concerns raised by the community into account and attempt to balance potentially conflicting goals to create an optimum traffic pattern. These concerns included: *"Lack of rear access is a problem. Not*

enough room for parking. Widen sidewalks to encourage outdoor seating for coffee or restaurants. Angled parking narrows the street, makes it cozier and makes the area unique while providing more parking. Density creates excitement."

- Create signage to direct transit riders and automobile traffic to the Denver business district and increase awareness of the downtown and adjacent amenities, like Kenton Park and the Kenton Firehouse Community Center.
- Investigate business association grant opportunities for Historic Kenton signage and street beautification tools.
- Encourage property owners to remove bars from their windows. These bars are not necessary given lower crime rates; they also deter people and businesses from coming into the area because they indicate the area is not safe.
- Encourage undesirable businesses to locate elsewhere, particularly those in highly-visible, gateway sites to the district.

3) *Encourage existing property owners to invest in their properties and take advantage of public funding programs.*

- Complete an area-wide Development Opportunities Strategy ("DOS") assessment for Downtown Kenton. The DOS program is a predevelopment grant offered by PDC that allows property owners to study the feasibility of improvements to their property, and explore various options. Before the study, few property owners had taken advantage of this program on Denver. As a way to jump start the effort, an area-wide DOS study could help to better understand what several owners would like to see happen with their properties.

Area-wide DOS studies have been completed for MLK, Jr. Blvd., Vancouver/Williams corridor, Mississippi Historic District and the Alberta Street Corridor. The area-wide DOS process benefits could include:

- The process of getting community members together to consider redevelopment and become aware of the financial tools available to make it happen;
- The assessment of individual sites;
- Make the best use of the space along Denver. One comment from the public was, *"Maybe they need to be cut in half, with a front and back use."* A DOS could look at ways that space could be maximized (i.e. retail at street-front, commercial in back).
- Involve absentee landlords. This was a repeated concern on the part of the community concerning these landlords. The area-wide DOS study could outreach to all property owners so that absentee owners are included in the process.
- Investigate how substantial building investment would need to be to trigger a seismic loan upgrade. Educate property owners on how to ameliorate costs.

- Actively market available PDC resources including DOS grants and seismic loans (listed above) storefront improvement funds and business loans. Do a targeted mailing about available programs to Kenton property owners.

4) *Public agencies should help remove financial and market barriers that prevent investment from occurring:*

- Review and begin to implement recommendations that have not been implemented from existing plans. Tap into the wealth of previous research and community input.
- Target limited Interstate Corridor URA funds to a few key neighborhoods, including Kenton. Be explicit in program literature to demonstrate a commitment to the area.
- Maintain or increase funding for ICURA programs like DOS and Storefront grants, along with Business Finance programs.
- Investigate current Denver Avenue infrastructure capacities and limitations. See where these need to be supplemented to encourage new development and business growth.
- Work with Bureau of Environmental Services (BES) representative to verify sewer capacity.
- Connect BES representatives with community members to discuss how potential deficiencies can be addressed.
- If current capacity is insufficient, consider financing this improvement to facilitate new development in the area. If public agencies cannot afford to pay for this improvement, consider creating a local improvement district (LID) to share costs between the public and property owners.
- Involve other city agencies in future implementation efforts, as appropriate, particularly the Bureau of Planning North Portland District Liaison, BES, and PDOT.
- Continue work with local residents and business people, including with a designated committee if desired, to ensure recommendations for action move forward in a timely way.

Exhibits and Appendices

Exhibit 1:	Kenton Area Summary
Exhibit 2:	North Mississippi Avenue Summary
Exhibit 3:	Alberta Area Summary
Exhibit 4:	Profile of Neighborhood Areas
Exhibit 5:	Kenton Area Interview Summary
Exhibit 6:	Mississippi Area Interview Summary
Exhibit 7:	Alberta Street Interview Summary
Exhibit 8:	Summary of Survey Responses
Exhibit 9:	Summary of Survey and Public Comments
Exhibit 10:	Downtown Kenton Primary Retail Trade Area
Exhibit 11:	Current and Projected Population Growth
Exhibit 12:	Retail Expenditure
Exhibit 13:	Retail Goods Expenditure Projections
Exhibit 14:	Projected Aggregate Expenditure
Exhibit 15:	Supportable Square Footage
Exhibit 16:	Summary of Competitive Retail Space
Exhibit 17:	Residual Demand Summary
Appendix A:	Building Permit Activity
Appendix B:	Crime Statistics



EXHIBIT 1 KENTON *Kenton Neighborhood*

NEIGHBORHOOD INFORMATION

Business District Location: **N Denver Street between Willis and Watts**

Neighborhood Website: www.historickenton.com



GENERAL DESCRIPTION

The Kenton neighborhood is located off Interstate Avenue and includes a soon-to-be-completed light-rail transit station. The Business District consists of approximately four blocks of older historic buildings occupied by industrial, retail and service-oriented businesses. The majority of the current retail businesses serve the local market.

The downtown was originally centered along Denver Avenue to provide employees of the Swift Meatpacking Company with needed goods and services. The majority of early residents worked in the stockyards, and Kenton was home to the Portland Livestock Exchange. In later years the neighborhood fell into disrepair. The crime and poverty levels of the area were reflected in the business district through neglected storefronts and vacant spaces. However, in recent years, Kenton has undergone a significant change for the better: the neighborhood is now much safer, and many first-time home buyers are moving to Kenton for its affordable housing and proximity to downtown.



NEIGHBORHOOD PROFILE: 1/2-mile radius

Year	Population	Households	Household Income ^{1/}	House Prices	Apartment Rent
1990	4,201	1,736	\$24,932	\$41,676	\$309
2000	4,429	1,838	\$41,483	\$118,413	\$541
AAGR	0.53%	0.57%	5.22%	11.01%	5.74%

^{1/} Average Household Income

AAGR = Average Annual Growth Rate

AREA BUSINESSES

Almost all of the businesses in Kenton serve a local market. Examples include coffee shops, a Laundromat, a meat market, and a bank. The few region-serving businesses that do reside in Kenton do not appeal to any one consumer group, and include businesses that sell antiques or window shutters, or repair cars.

STRENGTHS AND WEAKNESSES

Strengths

- Proximity to Interstate MAX transit station
- National Historic Register designation
- Architecturally distinct buildings
- Kenton Park
- Easy commute to downtown
- Affordable starter homes
- Walkable, compact, and historic commercial district

Weaknesses

- Relatively small retail market
- Poor appearance
- Incompatible land uses
- Regulatory barriers
- Limited visibility compared to competing commercial areas
- Size of street
- Poor quality retailers





Given the changes that are occurring in Kenton and North Portland, revitalization of the business district is likely to occur very slowly over the next 10 to 15 years as the incomes of area residents increases. However full revitalization will not occur until the district is able to attract regional demand.

PUBLIC AND PRIVATE INVESTMENT

Along with the construction of the Interstate MAX construction, some minor improvements were made to the intersection at Interstate and Denver Avenue.



Kenton Business District used grant money from the North Portland Rehabilitation and Enhancement Fund to make some minor improvements to the business area. Awnings, building face cleanups and reconstruction, replacement of boarded windows, exterior painting and street lights were provided by this grant.

Kenton has not had the same levels of available monies as Mississippi Avenue and Alberta Street.

WHY HAVE BUSINESSES COME TO KENTON?

Reasons for Investing

- Interest in the area from businesses has been limited thus far.



WHAT DRIVES THE MARKET?

The retail market in Kenton is driven almost entirely by the local market area and the increasing incomes of area residents. In the last several years, this neighborhood has seen an influx of the young, age 25-34 demographic. These individuals are choosing Kenton because of its relatively affordable housing stock and proximity to public transit. As a result of this demographic shift, the incomes of area residents have increased, and the potential market for local-serving retail will grow as well.

Despite the increasing incomes of area residents, many retail buildings remain vacant. This is because the local market in the Kenton Business District is constricted by industrial uses to the North and I-5 to the east. While individuals who make more money are moving to Kenton, overall growth in the population has been limited, and the total amount of discretionary spending available for local capture has not been enough to support existing retail space in the Kenton Business District.

Without capturing dollars from individuals living outside the immediate area, change in Kenton will be slow in coming.

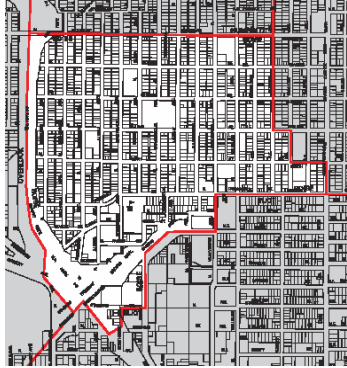




EXHIBIT 2

NORTH MISSISSIPPI AVENUE

Boise Neighborhood



NEIGHBORHOOD INFORMATION

Business District Location: **N Mississippi Avenue between Fremont and Skidmore**
 Annual Celebration: **Mississippi Street Fair**

GENERAL DESCRIPTION

The Boise neighborhood includes a historic commercial district located along N Mississippi that originally developed around the Mississippi Avenue streetcar line. Initially, the area was a bedroom community for nearby shipyards. Over time, development including the construction of Emmanuel Hospital and the I-5 freeway constricted the market area for the commercial district, leading to losses in the number of neighborhood serving businesses.



In recent years, the area has experienced revitalization, attracting a collection of eclectic restaurants, coffee shops, and niche-serving businesses and attracting an anchor, The Rebuilding Center, that has helped expose this district to a regional audience. Public and private investment has resulted in a number of redevelopment projects and new business openings along North Mississippi Avenue.

NEIGHBORHOOD PROFILE: 1/2-mile radius

Year	Population	Households	Household Income ^{1/}	House Prices	Apartment Rent
1990	4,458	1,615	\$23,130	\$42,763	\$273
2000	4,991	1,849	\$39,270	\$137,737	\$489
AAGR	1.14%	1.36%	5.44%	12.41%	6.0%

^{1/} Average Household Income
 AAGR = Average Annual Growth Rate



AREA BUSINESSES

Local-serving coffee shops and restaurants, as well as more region-serving businesses such as The Rebuilding Center, Pistil's, Altura Furniture and Mississippi Studios.

STRENGTHS AND WEAKNESSES

Strengths

- Close proximity to downtown Portland
- Growing reputation as trendy location for businesses
- Regional draw from The Rebuilding Center
- Strong existing employment base in the corridor that supplements local household spending
- Growing community involvement in the promotion of the area
- Increasing owner occupancy

Weaknesses

- Drug and security issues
- History of vacant and neglected storefronts
- Constricted market area
- Relatively low visibility from major transportation routes



PUBLIC AND PRIVATE INVESTMENT

The Mississippi Target Area, funded by the Bureau of Housing and Development, was focused on residential and business revitalization along Mississippi Avenue and in the surrounding Boise neighborhood. Efforts were made to avoid residential displacement by providing support to homebuyers and renters in the Boise neighborhood.

Portland Development Commission established a DOS program in Mississippi which has been widely utilized by area businesses, and has been instrumental to the area's revitalization.

- Thus far, seventeen projects in the Mississippi Avenue Area have received PDC monies.
- Total PDC investment is \$137,000.

WHY HAVE BUSINESSES COME TO MISSISSIPPI?

Reasons for Investing

- Area was targeted for investment by the City
- Location close to downtown Portland
- Affordable commercial spaces
- Quality and cost of housing stock
- Existing building space met the needs of the organization
- Area demographics

WHAT DRIVES THE MARKET?

North Mississippi Avenue's turnaround from a deteriorating business district with a poor image to an up-and-coming commercial street with thriving businesses can be attributed to three factors: timely subsidies, the arrival of young entrepreneurs, and a regional serving business, The Rebuilding Center. These factors are helping to change the area from a predominantly local-serving collection of businesses to a business district with a more regional draw.

According to interviews with area stakeholders, public subsidies played an important role in the early stages of revitalization, providing the incentive and infusion of money for some of the early businesses start-ups. As has been seen in comparable districts such as Alberta Street, once an area with pent-up demand sees demonstrated evidence of change, additional investment follows.

The growing momentum in Mississippi Avenue came largely from young entrepreneurs, who were attracted to the area because of its proximity to Downtown, compact business district, and neighborhood character. These attributes have helped Mississippi to attract the class of individuals who have brought new businesses and recognition to the neighborhood.

While the changes that are reshaping Mississippi are only in their initial stages, it appears that the district is establishing itself as a provider of "sustainable" products and services. The arrival of The Rebuilding Center, a non-profit organization which deconstructs buildings and sells the pieces, has helped to draw customers from throughout the region. Many of the newer businesses in the district offer environmentally-friendly products and services which appeal to earth-conscious consumers. Examples include North Portland BikeWorks, a bike coop, and Pistil's, an organic nursery. If this emerging niche continues to grow and is promoted, it will allow the neighborhood to differentiate itself from other retail districts. This year was also the first year for the Mississippi Street Fair, which will help Mississippi to further attract a regional market.



EXHIBIT 3 ALBERTA

King, Vernon and Sabin Neighborhoods



NEIGHBORHOOD INFORMATION

Business District Location: **Alberta Street between NE 11th Street to 31st Street**
Annual Celebration: **Alberta Street Fair**

GENERAL DESCRIPTION

Alberta Street has emerged as a thriving retail hub with an artistic flair. Over the course of the last decade, Alberta Street has evolved from a run-down, inner-city area to a much more vibrant and attractive neighborhood. The changes can be seen through a number of measures: residential homes have almost quadrupled in price; the business district has seen new businesses come in droves; existing property owners have redeveloped and made substantial improvements to their properties; and Alberta Street has come to be recognized regional-wide for its flourishing art scene and revitalized business district.

NEIGHBORHOOD PROFILE: 1/2-mile radius

Year	Population	Households	Household Income ^{1/}	House Prices	Apartment Rent
1990	7,419	2,547	\$24,362	\$41,473	\$312
2000	7,896	2,945	\$41,200	\$141,218	\$537
AAGR	0.63%	1.46%	5.39%	13.03%	5.56%

^{1/} Average Household Income

AAGR = Average Annual Growth Rate

AREA BUSINESSES

Alberta Street has a collection of region-serving art galleries and studios intermingled with local-serving restaurants and cafés.

STRENGTHS AND WEAKNESSES

Strengths

- Monthly art event "Last Thursday"
- Improved streetscape
- Concentration of studios and galleries
- Location close to Downtown
- Funding available from BHCD/PDC for individual property owners
- Strong community involvement

Weaknesses

- Historical image as high-crime area
- Occasional vandalism of businesses
- History of vacant and neglected storefronts.

PUBLIC AND PRIVATE INVESTMENT



Public investment played an important role in the revitalization of Alberta Street, especially in the beginning stages. Many of the initial redevelopment projects were completed by those who had not had professional development experience, but who received technical and financial support from PDC. Many of the storefront improvements were subsidized by PDC, and would not have occurred without this assistance. As the neighborhood has continued to change, the subsidies have become less of a factor, due in large part to the fact that lease rates have increased and the subsidies needed to make project financially viable have decreased.



In 1995, Sabin CDC received a five-year target area designation (TAD) and funding from Portland's Bureau of Housing and Community Development (BHCD). In 1998, Sabin CDC and the Bureau of Planning received a grant for streetscape design from the Oregon Department of Transportation (ODOT) and the Oregon Department of Land Conservation and Development (DLCD). Construction of street improvements began in 2002.

PDC invested in Alberta by establishing the Alberta Street Development Opportunities Strategy (DOS), which focused on the rehabilitation of smaller existing buildings with the intent of making the buildings more attractive, useful and profitable. Storefront improvement matching grants were also made available to property owners.

- PDC's total investment in DOS projects from 1994 to 2000 was \$238,000. During this time period 27 property owners received assistance.
- An additional \$1.08 million was committed for street work which included curb improvements, ornamental lighting, street trees and traffic calming.
- Other programs included Multifamily Housing Loans, Business Loans, and Storefront Grants.

WHY HAVE BUSINESSES COME TO ALBERTA?

Reasons for Investing

- Cheap rent and changing area demographics
- It was the last undeveloped business corridor on the eastside
- Relocating from other more expensive areas of the city
- Improvements to the area
- Gentrification in the Pearl District and other art districts

WHAT DRIVES THE MARKET?

While several factors have contributed to Alberta Street's revitalization, the most important dynamic has been the creation of a regional market, driven by the influx of young entrepreneurs. These individuals brought boutique retail and a concentration of art galleries to the previously neglected retail spaces along Alberta Street, giving individuals outside of the immediate neighborhood a reason to come to Alberta.

Artists and other creative types have been accumulating in Alberta for over a decade, drawn by the inexpensive housing and proximity to Downtown. Because many of these early artists worked out of their apartments, no art galleries could be seen in the business district. In 1995 the first redevelopment projects began to occur. Once there was visible proof of area investment, individuals in the community began to redevelop old buildings and make storefront improvements, many with PDC assistance. From almost the beginning of the revitalization process, the influence of artisans in Alberta was clear. Early redevelopment projects targeted this demographic by building art studios, and a number of business owners created the monthly "Last Thursday" event, which encouraged the display of art in existing businesses, and furthered the area's regional association with art.

As concentrated redevelopment and rising rents in established artistic centers such as the Pearl District pushed many artists to Alberta, additional art galleries began to spring up. With time the area began to attract more mainstream individuals who were drawn by the art and general image of the area.

**EXHIBIT 4
PROFILE OF NEIGHBORHOOD AREAS**

TRANSIT								
Area	redevelopment Timeframe	Light Rail	Bus Line	Distance from Downtown	Strengths	Weaknesses	Public Investment	Market Dynamic Driving Redevelopment
ALBERTA	Current	No	Yes	Driving: 10 min Light Rail: 15 min	<ul style="list-style-type: none"> • Monthly art event “Last Thursday” • Annual "Alberta Street Fair" • Greatly improved streetscape • Concentration of street art and galleries • Easy access to downtown • Relatively affordable rents • Police station in area 	<ul style="list-style-type: none"> • Historic perception as high-crime area • History of vacant and neglected storefronts. • Gentrification 	<ul style="list-style-type: none"> • Five-year target area designation (TAD) and funding from Portland’s Bureau of Housing and Community Development (BHCD) • Storefront improvement grants, development opportunity strategy (DOS) funding, multifamily housing loans, business loans and other development assistance. • \$238,000 invested in predevelopment assistance (not including loans). • \$1.08 million in street improvements recently completed • Grant for streetscape design from ODOT and DLCD 	<ul style="list-style-type: none"> • Entrepreneurial start-ups • Influx of creative class • Large local market • District has established to a broader, regional market by promoting its cultural and artistic elements. The Last Thursday event and annual street fair continues to improve awareness of the district.
MISSISSIPPI	Current	No	Yes	Driving: 5 min Light Rail: 10 min	<ul style="list-style-type: none"> • Proximity to Downtown. • Regional draw from The Rebuilding Center • Nearby employment • Annual street fair 	<ul style="list-style-type: none"> • Perception as high-crime area • History of vacant and neglected storefronts. • Market area truncated by I-5 • Low visibility 	<ul style="list-style-type: none"> • Mississippi target area designation (TAD), funded by the Portland Bureau of Housing and Community Development (BHCD) • Storefront improvement grants, development opportunity strategy (DOS) funding, multifamily housing loans, business loans and other development assistance. • \$137,000 invested in predevelopment assistance (not including loans). 	<ul style="list-style-type: none"> • Construction industry employment • Entrepreneurial start-ups • Influx of creative class • An anchor: The Rebuilding Center • An emerging niche of eco-friendly businesses
KENTON	0-5 years	Yes	Yes	Driving: 15 min Light Rail: 20 min	<ul style="list-style-type: none"> • Proximity to Interstate MAX transit station • Compact, walkable Historic District • Architecturally distinct buildings • Kenton Park • Easy commute downtown • Affordable starter homes • Potential link to 40-Mile hiking trail 	<ul style="list-style-type: none"> • Perception as high-crime area • No regional draw • Lacks concentration of business types • High vacancy • Small market area • Low visibility 	<ul style="list-style-type: none"> • Kenton light-rail station and interchange improvements. • Select projects (such as Kenton Pub) received tax credits because building was on historic register. 	<ul style="list-style-type: none"> • Very little redevelopment has occurred to date • However, future change will be driven by demographic growth • Interstate light rail

**EXHIBIT 4
PROFILE OF NEIGHBORHOOD AREAS**

Area	Pop. (1/2-mile radius)	Households	Avg HH Income	Race & Ethnicity	% 25 to 34 year-olds	HOUSING				Building Permits	Safety Rating ^{1/}	Average Daily Traffic	RENTS	
						Average Home Sales	1990-2000 AAGR	Vacancy Rate	Owner Occupied				Apartment Rents	Retail Rents
ALBERTA	7,896	2,945	\$41,200	51% White 34% Black 6% Hispanic	1990: 17% 2000: 22%	1990: \$41,473 2000: \$141,218	13.0%	1990: 15.1% 2000: 5.9%	54.2%	413	1993: 79% 2000: 89%	10,412 (East/West)	\$537	\$12-\$15 PSF
MISSISSIPPI	4,991	1,849	\$39,270	47% White 35% Black 8% Hispanic	1990: 18% 2000: 20%	1990: \$42,763 2000: \$137,737	12.4%	1990: 18.2% 2000: 8.5%	46.2%	371	1993: 68% 2000: 85%	5,746 (North/South)	\$489	\$7 to \$11 PSF
KENTON	4,429	1,838	\$41,483	68% White 14% Black 6% Hispanic 5% Asian	1990: 18% 2000: 18%	1990: \$41,676 2000: \$118,413	11.0%	1990: 7.5% 2000: 5.9%	59.9%	200	1993: 70% 2000: 80%	6,700 (North/South)	\$541	\$6 to \$11 PSF

^{1/} Percentage of residents who rate their neighborhood as safe or very safe during the day. Portland Annual Report 2001

EXHIBIT 5
Interview Summary
Kenton Area

The following is a summary of interviews with each of the following regarding the Kenton area:

1. *Nick Scoville* - property/business owner
2. *Vic Nelson* - property owner
3. *John Condon* - property owner/developer
4. *Larry Mills* - broker
5. *Jim Winkler* - developer

1. Nick Scoville - property/business owner

Business: Triad Mechanical Inc

Acreage: 2.2 acres

Year Purchased: 1986

What changes have you seen since you first arrived in the neighborhood?

- Better street lighting, signage, walkways.
- More legitimate businesses.
- Crime is down.
- Better resident/business owner involvement in planning for the community and business district's future.
- The light-rail construction brought some street improvements to the intersection.
- The neighborhood is increasingly occupied by two segments: older retirees and younger first-time homebuyers.

What are some of the barriers to redevelopment in the area?

- Opposition to change among business owners. However, people are now more proactive about community involvement.
- The shape of the immediate residential neighborhood is half a circle, with industrial areas to the North. This limits the market area for businesses who might otherwise wish to come to Kenton.
- Poor image of the neighborhood is also a barrier, due to area's history as a high crime area and the presence of undesirable businesses.

EXHIBIT 5
Interview Summary
Kenton Area

2. Vic Nelson – property owner

Business: previously owned CMI, now he owns and leases commercial properties

Acreage: 5 buildings, about 6 acres total

Year Purchased: Mr. Nelson has been in the neighborhood for 70 years.

What changes have you seen since you first arrived in the neighborhood?

- Years ago the Kenton Business District was more self-reliant, now there are many absentee property owners and vacant buildings. The area deteriorated and crime became a big problem.
- In more recent years crime has decreased, mainly because the police put an outpost in the neighborhood. Mr. Nelson's factory used to get broken into almost every week, now there hasn't been a break-in in 8-10 years. Neighbors are also more likely to report drug deals or other suspicious behavior.

What are some of the barriers to redevelopment in the area?

- The number of small parcels is a problem for redevelopment. Mr. Nelson was previously involved in a proposal to allow parcel consolidation through eminent domain. However, the neighborhood had its largest turnout ever (over 300 people) and the proposal was voted down by a ratio of 2 to 1. Since the community decided it didn't want eminent domain, parcel consolidation will remain a major impediment to redevelopment.
- Regulatory issues are also a problem. Craig Osbeck, a long-term resident of Kenton, had an antiques store which was shut down by the City of Portland because he happened to have a vintage automobile (corvette) in the store that he was selling on E-Bay. The City shut him down because the auto represented an auto-related use.
- The neighborhood suffers from an image problem.
- The Business District doesn't have a niche like Sellwood (which has a concentration of antiques stores) that allows it to tap into a regional market.

What are some of the strengths the Business District has to offer?

- The historic designation.
- A defined commercial area of 3-4 blocks that isn't too stretched out.
- Improving home prices, improving home upkeep, higher homeownership levels, and interest in area housing from young people.

EXHIBIT 5
Interview Summary
Kenton Area

3. John Condon - property owner/redeveloped the Kenton Hotel

Property: owns the historic Kenton Hotel property (now Kenton Pub)

Year Purchased: 1990

Describe your experience redeveloping the Kenton Hotel.

- Back in 1990 the Kenton Hotel had fallen into disrepair and was just about to be demolished by the City. Mr. Condon purchased the hotel and convinced the City to hold off of the demolition. He registered the property on the National Register, and received redevelopment tax credits and had the properties property taxes frozen at an appraised rate.
- As a first time developer, Mr. Condon describes the redevelopment process as a learning experience that took a little longer than expected.

What are some of the strengths the Business District has to offer?

- Rapidly appreciating residential homes in surrounding area.
- Concentrated downtown.
- Historic structures.
- Other redevelopment activity - including the Denver apartments currently undergoing a remodel, and a historic residential house under renovation.

What are some of the barriers to redevelopment in the area?

- The cost of bringing an old building into compliance with seismic code is often prohibitive.

What could be done to facilitate redevelopment?

- Naturally-occurring redevelopment takes a lot of time. The Kenton Pub was a good stimulus for the area, but another large stimulus would help the area.
- There are a couple of buildings that are good candidates for redevelopment. The Kenton Supply building and the Masonic Temple. However, the seismic issue might be a problem for both.

EXHIBIT 5
Interview Summary
Kenton Area

4. Larry Mills - broker

What changes have you seen in Kenton?

- The neighborhood historically was a blue-collar working class area. In the last 5-8 years there has been a definite shift in residential ownership to younger, entry-level professionals. North Portland has lead the market in home appreciation, with 9-11%, and it's been even higher in Kenton.

What are some of the barriers to redevelopment in the area?

- Regulatory issues such as fees, site development charges (SDC's), expense of upgrading building to meet code whenever there is a change in use, ADA, storm water, seismic, etc. The approved district designations restrict certain uses and it is very difficult to revise code once it is implemented. The code also is also too vague to affect change.

5. Jim Winkler - real estate developer

What do you believe is driving the revitalization of Mississippi and Alberta?

- Proximity to downtown and affordable housing has made North Portland an attractive location for the young creative class. This group consists of artists, architects, engineers, teachers, and other young professionals who are well educated.
- Artists have been attracted to Alberta Street for years, many were moving there 10-12 years ago, before all the retail development began. Now Mississippi has created an image of coolness that is attracting the creative class. However, Mississippi is just in the beginning stages of this process; no major condominium developments or other large-scale development has gone in yet.

Will Kenton eventually capture this creative class?

- Yes. It's just a matter of time. Kenton's positives are its nice housing stock, large park, arrival of light-rail, historic buildings, and potential views of Columbia Slough or Willamette if project is built high enough.
- Kenton primary negatives are its land inventory. Everything is built out, so redevelopment will be required, which could be difficult to do given small parcels and sometimes unrealistic expectations of landowners. The area will be greatly improved once some of the undesirable elements have been removed or redeveloped.

EXHIBIT 6
Interview Summary
Mississippi Avenue Area

The following is a summary of interviews with each of the following regarding the Mississippi Avenue area:

1. *Jason Graf* - Vice President of Boise Neighborhood
2. *Amy Twilegar*- property/business owner
3. *Shane Indicot* - CEO of non-profit business
4. *Dan Sadowsky* - property/business owner

1. Jason Graf - Vice President of Boise Neighborhood

Describe the reasons for revitalization in Mississippi

- o Location is the most important factor - the Business District is close to downtown Portland. As other areas build out, neighborhoods that are close-in are attractive to businesses.
- o The catalyst for change in the area came with the designation of Mississippi as a target area by the Bureau of Housing and Development. Once the attention was focused on the area it became much more attractive to businesses.
- o The Rebuilding Center has played an important role for the area. It made Mississippi a destination, and has made other business owners more comfortable about moving in.
- o Many new businesses have been arriving, and once they reach a critical mass, then the bigger developers will come in and large amounts of investment will occur.

What are some concerns about the continued success of the neighborhood?

- o The fact that it is somewhat isolated from the new Interstate light-rail line.

2. Amy Twilegar - property/business owner

Business: Pistil's Nursery

Year Purchased: 2002

Why did you choose to locate your business in Mississippi?

- o Ms. Twilegar and her sister liked the neighborhood. They were attracted to its affordability and diversity, and didn't want to locate in an established neighborhood.

EXHIBIT 6
Interview Summary
Mississippi Avenue Area

Did you consider other locations for your business?

- They were only interested in North Portland, and the only other site they considered was at Albina/Mississippi. Ms. Twilegar feels that many of the more established neighborhoods are overly commercialized.

What are some of the strengths the Mississippi Business District has to offer?

- A concentration of quality businesses in an emerging commercial district. The Rebuilding Center draws in a certain customer base, and the businesses in the neighborhood also are supported by some of these individuals.
- Mississippi has a friendly, neighborhood feel.
- Many of the businesses seem to have a sustainable/environmental theme. Examples include businesses that sell organic foods, a bike coop, and The Rebuilding Center which recycles building materials. This theme may become more pronounced with time.

3. Shane Indicot – CEO of The Rebuilding Center

Business: The Rebuilding Center

Year Purchased: 2000

What changes have you seen since you first arrived in the neighborhood?

- The arrival of many new businesses.
- Improvements to existing businesses such as improved storefronts.
- Increased pedestrian/customer activity, especially at night.

Why did you choose to locate your business in Mississippi?

- Internal research showed most of the customers of the center came from within 10 miles of this area.
- The building space met the needs of the organization.

How important were the subsidy programs to your decision to locate?

- We selected the location before knowing about DOS program. However, property owner was only willing to sell, not rent, so the low interest loan (EDI 108) was very helpful in financing the acquisition of the property.

EXHIBIT 6
Interview Summary
Mississippi Avenue Area

4. Dan Sadowsky - business owner

Business: The Purple Parlor, café

Year Purchased: 2001

What changes have you seen since you first arrived in the neighborhood?

- The arrivals of many new businesses, the more recent of which are more established and have more financial wherewithal than the early arrivals.

Why did you choose to locate your business in Mississippi?

- Mississippi was where the attention was focused. The area had been targeted by the City for improvements, and it appeared that significant changes would occur within the next few years.
- Proximity to downtown.
- Affordable prices.
- The area was underserved for the type of business we operate; no other cafés or restaurants provided the same type of healthy food served in an open environment.
- It was a diverse neighborhood. The idea of improving an economically distressed area and creating a community gathering-place was consistent with the personal philosophies of Mr. Sadowsky and his wife.

How important were the subsidy programs to your decision to locate?

- Very important. The Sadowskys only considered locations that had been targeted for investment by the City. As one of the first businesses to come to the area (after The Rebuilding Center), the monetary support from the DOS program was a major factor in the decision to locate here, and it provided much needed assistance. Because The Purple Parlor was also the first business venture and real estate purchase the Sadowskys had undertaken, the PDC assistance was a higher percentage of the overall cost than it would be for more established businesses. As property values have appreciated and more wealthy businesses have started come to the area, it appears that the subsidies become less and less important in their decision to locate here. But for the first few businesses that come to a business district, they are vital.

EXHIBIT 7
Interview Summary
Alberta Street Area

The following is a summary of interviews with each of the following regarding the Alberta Street area:

1. *Margaret Brooks* – property/business owner
2. *Roslyn Hill* – property owner/early developer
3. *Eric Wentworth* – property owner/developer

1. Margaret Brooks – property/business owner

Business: Brooks Staffing

Year Arrived: relocated business to Alberta Street around 1998

What changes have you seen since you first arrived in the neighborhood?

- Lots of new business development, mostly art galleries and restaurants.
- Street improvements.
- More young people moving in from out of state.
- Rising home prices.
- Some displacement of poor renters because of rising rents.

What are some of the strengths the Alberta Business District has to offer?

- It's a pedestrian friendly street.
- The district is easy to access by bus, bike, car (numerous routes to get to and from downtown Portland).
- The area is close to the Lloyd Center.
- Improving image of the area. While crime was never as bad as people thought, the police station on Killingsworth has made people more comfortable with the area.

What prompted the revitalization that is occurring in Alberta?

- A number of early studies helped to get the word out that things might be happening on Alberta.
- The work by Sabin CDC
- Early development projects by individuals like Roslyn Hill.

EXHIBIT 7
Interview Summary
Alberta Street Area

2. Roslyn Hill - property owner/early developer in Alberta Street

First Development: Roslyn's Garden Coffee House

Year Arrived: 1994

Describe your experience developing your first project in Alberta.

- The coffee house, now the tin shed restaurant, was the first redevelopment project in the area. Shortly thereafter, within 6 months or so, a number of other projects started to happen. Starry Rose, Chez What?, Gordinos Gallery, and Videorama were the next businesses in.

What were some of the reasons behind Alberta's revitalization?

- Cheap rent was the primary reason that Alberta began to experience a change in demographics. Also, gentrification in the Pearl District displaced many artists who later would come to Alberta Street.
- Once somebody took the initial step to invest in the area, other investment began to follow.
- Proactive community efforts in promoting the area were also very important. Early business owners and residents worked to establish the Last Thursday's art walk as a regular event, and to make the Alberta Street Fair happen.

How much of a role did subsidies play in the revitalization process?

- Sabin CDC obtained a grant that was useful in funding the Street Fair.
- Many of the businesses that have come to Alberta did not use subsidy money. Overall, the change was not driven by subsidies.

3. Eric Wentworth - property owner/developer

First Development: Chez What? Cafe

Year: 1995

Describe your experience developing your first project in Alberta.

- Initially rented retail space in Alberta and used it largely for storage. Later purchased the building, made improvements and leased out the space (in what is now the Chez What? Cafe). The initial business decision to locate in Alberta Street was based on its affordability, and the purchase and improvement of the building was also largely motivated by the owner's willingness to sell the building at a cheap price.

What were some of the reasons behind Alberta's revitalization?

- There simply was no other area in the city with comparable retail space (cheap rent and walkable neighborhood).
- One or two motivated individuals almost single-handedly organizing and promoting the Last Thursday art walk and the Alberta Street Fair.

EXHIBIT 7
Interview Summary
Alberta Street Area

What are some of the strengths of Kenton?

- Kenton's proximity to the Expo Center would make it a natural location for antiques stores.

What are the obstacles to redevelopment in Kenton?

- Kenton is not a big enough business district; there isn't enough retail space to obtain a critical mass.
- Kenton has no real retail anchors that draw pedestrian traffic to the district (other than a strip club and automobile repair shop).
- There are essentially 4 property owners who control most of the property in Kenton, and 2 of them are unlikely to participate in redevelopment projects since they have been critical of previous attempts at change.
- There is no vacant land for new space to develop.
- Many of the property owners have little invested, and therefore are unwilling to make improvements. It appears that many of the properties will not improve until they change hands and a new owner initiates change.

EXHIBIT 8
SUMMARY OF SURVEY RESPONSES

	Business Owners	Residents	Other*	Total
1) Respondents	5	7	5	17
	29%	41%	29%	100%
2) Most important strategies to revitalize: the percentage of respondents who ranked the strategy as either the #1 or #2 most important to facilitate revitalization				
1. Public funding to remove barriers and improve infrastructure such as sewer and seismic upgrades.	100%	57%	80%	71%
2. Streetscape improvements, business upgrades and new downtown signage.	60%	50%	60%	63%
3. Encourage existing business and property owners to invest in their properties through presentations and a possible area-wide development opportunity strategy.	20%	33%	20%	25%
4. Encourage business development through a website, regular community events, and targeted attempts to draw new businesses to the area.	0%	33%	20%	19%
5. Support local housing development to build a larger local customer base.	20%	17%	20%	19%
3) Ideas to aid revitalization: the percentage of respondents who ranked the idea as either "very important" or "important" to aid revitalization				
1. Provide help to property owners	80%	100%	100%	94%
2. Create an accessible listing of all available properties	100%	86%	80%	88%
3. Joint downtown marketing	60%	86%	100%	82%
4. Seek resources to hire a Denver Ave Business Dist manager	40%	14%	40%	29%
5. Hire a downtown market manager (only 4 responses)	---	25%	---	---

**EXHIBIT 8
SUMMARY OF SURVEY RESPONSES**

	Business Owners	Residents	Other*	Total
4) Barriers: the percentage of respondents who consider the following a "significant" barrier				
1. Lack of businesses to draw shoppers	100%	100%	80%	94%
2. Bars on store windows	100%	86%	20%	71%
3. Lack of market niche	60%	71%	80%	71%
4. Lack of anchor tenant	60%	71%	80%	71%
5. Perception of high crime rates	40%	86%	20%	53%
6. Lack of foot traffic	40%	57%	60%	53%
7. Lack of market demand	40%	43%	40%	41%
8. Off the beaten path	40%	14%	40%	29%
5) The best way to communicate positive changes:				
1. Newspaper/media (5 comments)				50%
2. Physical improvements (2 comments)				20%
3. Community/public events (1 comment)				10%
4. Accurate reporting of crime (1 comment)				10%
5. Condemnation (1 comment)				10%
8) Do you agree with the ideas presented in the Kenton Downtown Strategy				
Largely agree with ideas				76%
Agree with some of the ideas				6%
No answer				18%

*"Other" respondents included a potential homeowner, a property owner, a developer, an ICURAC member and an unknown

EXHIBIT 9
Kenton Historic Downtown Stimulus Strategy
Summary of Survey and Public Comments

Part 1: Comments about next steps for revitalization

Public investment for infrastructure/physical improvements: This category received, by far, the most public comments, including 8 of the 15 (or 53%) of the survey respondents and other people who attended public meetings. Typical comments included:

- “Infrastructure upgrades will be key to attracting new tenants & breaking down the stereotype of Kenton.”
- “Downtown Kenton is ugly! The appearance is off-putting and does not invite shoppers to browse, let alone spend money. The bars on the windows send out a strong message of ‘keep out’. Kenton needs to invite people in, make them stay a while.”
- “Improving streetscape may help encourage newcomers.”
- “Business owners are not going to spend funds for sewer improvements unless other business can support in the funding.”
- “Existing infrastructure is so deteriorated and out-dated that you might as well bulldoze downtown Kenton if no public help is forthcoming.”
- “Appearance leads others to improve as well and gives the general ‘lift’ to the area.”
- “Policy commitment for prioritizing spending of urban renewal dollars at station areas first and foremost.”
- “Streetscape and sewers are important infrastructure needs.”
- “It is critically important to provide a solid business environment that is attractive and shows commitment to the business district. This will set the stage for new business to follow.”
- “Sewer system problems and financing mechanisms must be solved. It will be a big barrier for business development. This is a good opportunity for PDC to help work with the community. There were also questions about who pays for sewer improvements and PDC suggested that BES be contacted and asked to come to a future meeting to gain a better understanding.”
- (Summarized) By providing improvements, the public sector can boldly signal to investors that the City's agencies believe that Kenton is worthy of private sector investment. The best public investment would be to create a more welcoming and inviting street environment. Currently the run-down, degraded street character is the primary deterrent to attracting retail investors. Providing infrastructure improvements including undergrounding or relocating utility overhead lines should be part of the infrastructure improvements. If funding limitation prevents the improvements from being immediate, PDC should commit to these improvements as a matter of policy to provide investors certainty that change is on the way (within 3 years) by providing design and cost estimating refinement within the next few months.

Education/out-reach to property owners: Several people also indicated that education and open dialogue with property owners is very important to realizing revitalization, including 3 of the 15 (or 20%) of the survey respondents. Typical comments included:

- “Economic development needs to start with property owners & they need to understand the future demand that is coming.”

EXHIBIT 9
Kenton Historic Downtown Stimulus Strategy
Summary of Survey and Public Comments

- “Education about investment, about programs, and possibilities is needed.”
- “I believe education to owners is important. “
- “Continue to keep constant dialogue with business owners. When eminent domain was sprung on the business & neighborhood it generated a lot of negative publicity against PDC. Business owners continue to be scared.”

Encouraging change in tenant mix, retail niche or anchor: Many people in the community commented that the downtown area needs different tenants and more retail businesses. Comments were received from 2 of the survey respondents and several people at public meetings.

- (Summarized)The existing business mix is inappropriate for a retail street with well over 75% of the existing street level tenants not neighborhood or transit supportive in nature. Resources should be allocated to investigate and identify relocation sites for the inappropriate storefront tenants to areas that might in fact better serve their business functional requirements (i.e. - loading and storage) and replace them with active storefront retail uses before money is spent on existing businesses or property owners.
- “Restaurants should come and talk to business owners to dispel fear”
- “An anchor retail tenant (20-30,000 sf) is needed to draw neighborhood or even regional shoppers to Denver Ave.”
- “Buildings themselves are too long to be good for retail. Maybe they need to be cut in half, with a front and back use.”
- “Consultant suggested that a restaurant niche could be supported if the restaurants were diverse and well maintained. Kenton DT has an advantage with the feel of the downtown area – compact, and historic.”
- “In the last three years, outside of Kenton, but nearby there are new businesses. Kenton is ripe for restaurant diversification. It’s happening all around us.”

Other: Other suggestions for encouraging revitalization include:

- “A large number of people can be included with a web site and events that make them feel like a true community.”
- “Barriers to development need to be removed. Easier access to licenses, low-cost loans, grants, etc. need to be offered.”
- (Summarized) Residential development, though not as important as streetscape improvements, will provide pedestrian activity and as a result foster a sense of safety and create an "active-place" that will in turn encourage passers-by in automobiles to stop and shop.
- “Need to get the Business Assoc. & Neighborhood to understand the report. They tend to be ‘lagers’, mostly foot draggers who complain yet do not have a valid objection to improvements.”

Part 2: The best way to communicate positive changes

Media/newspaper articles: The most popular response, including 6 of the 15 (or 40%) survey respondents suggested using the media to communicate positive changes.

EXHIBIT 9
Kenton Historic Downtown Stimulus Strategy
Summary of Survey and Public Comments

- “It would be nice if more articles were written about the Kenton downtown. A lot of folks don’t even know it exists. Especially with the light rail opening, it is a perfect time to give Kenton some much needed publicity.”
- “Newspaper articles and related stories about this area. How it is attractive to many families & can be a vital part of the City of Portland. We need better public awareness of the potential for this area.”
- “Newspaper articles and community/public events”
- “It would help if the media gave us a break. Events like opening the IMAX bring new people into the neighborhood, thus breaking down stereotyping.”
- “Broadcast media defining that Kenton is in North Portland west of I-5 NOT in the areas that incur most of the negative press.”
- “I don’t think there is much pride in the area. Maybe some sort of marketing to boast some of the achievements of the area....raise the profile of some of the “gems” in the area such as the Kenton fire station, the Masonic Lodge, the Paul Bunyon statue...”
- “Accurate reporting of crimes. Kenton gets lumped into NE challenge areas.”

Physical improvements: 13% of the survey respondents felt the physical improvements would effectively communicate the positive changes

- “Aesthetic improvements will pique interest, especially when the MAX opens and more foot traffic passes through.”
- “Light rail, close proximity to Delta Park, Jantzen Beach, Heron Lakes, downtown by rail, historic neighborhood, affordable housing.”

Other: One respondent indicated that the image of the area is already changing and people moving here are spreading the word.

Part 3: Concerns

Most concerns that were voiced were associated with the existing conditions of downtown Kenton, including:

Aesthetics:

- “It appears too industrial”
- “Main Street environment not here...relocate some industrial businesses to a more appropriate location.”

Safety:

- “We are working to improve Columbian Cemetery. As it is now, vandals are a constant problem and people are afraid to go there. We're hoping to get the cemetery on the National Register, make it safer, and improve the appearance. And, we need help. “

EXHIBIT 9
Kenton Historic Downtown Stimulus Strategy
Summary of Survey and Public Comments

Ownership:

- “Lack of financial or development capacity of current willing tenant and property owners to make significant positive improvements.”
- “Need to address absentee or ‘slum-lord’ building owners.”
- “The idea of creating a niche market would probably stimulate interest.”
- “Kenton is more of a blue-collar neighborhood. Property owners may be resistant to changing the blue-collar image/roots. Concern that it will turn into another trendy area. “
- “Because many owners don’t carry a big debt load, they don’t have much incentive to lease to businesses that they don’t think fit with Kenton’s image. There may also be resistance to making changes if it requires partnering with government bodies that they distrust.”

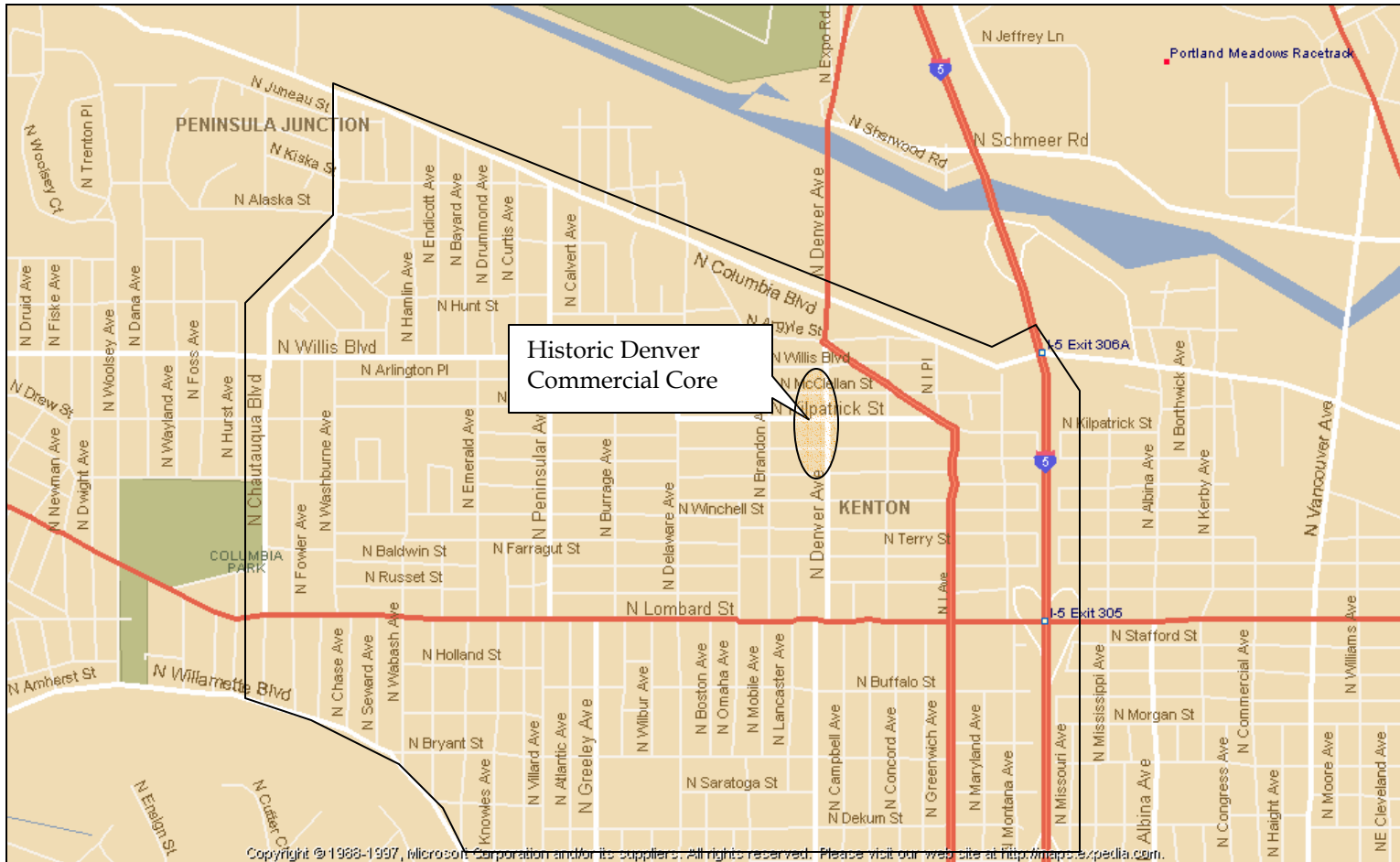
Public policy or funding:

- “City Council needs to be more friendly towards small business. Small businesses do not have the financial clout of big boxes”
- “Perception that PDC doesn’t have money. Does PDC have enough money to affect change?”
- Concern that design/Historic review cost may be extra.
- “Zoning changes have limited types of businesses to rent in buildings. Aging sewer systems and costly seismic upgrades may further inhibit certain business also. We need to know what business categories will work here.”

Parking and building access: The most common concern with strategies contained in the downtown Kenton report was about what impact streetscape improvements would have on parking and store deliveries. More specifically, they were concerned about what the impact would be if the middle turn lane was eliminated to narrow the street. Some typical comments included:

- “Won’t restaurants need more parking? “
- “Lack of rear access for businesses is a problem. Need to conserve the middle turn lane. If you take away the lane you hurt deliveries.”
- Bicycle parking/lanes - concern that once in, they didn’t go away.

**EXHIBIT 10
DOWNTOWN KENTON
PRIMARY RETAIL TRADE AREA**



Source: Ferrarini & Associates

EXHIBIT 11
CURRENT AND PROJECTED POPULATION AND HOUSEHOLD GROWTH
PRIMARY TRADE AREA
2003-2023

	1990	1997		2000		2003		2008		
	Total	Total	AAGR ^{1/}	Total	AAGR ^{1/}	Total	AAGR ^{1/}	Total	AAGR ^{1/}	
<u>Population</u>										
Primary Trade Area	9,236	10,192	1.4%	10,632	1.4%	11,091	1.4%	11,899	1.4%	
City of Portland	437,319	499,721	1.9%	529,121	1.9%	560,250	1.9%	-----	-----	
<u>Households</u>										
Primary Trade Area	3,764	4,152	1.4%	4,330	1.4%	4,517	1.4%	4,846	1.4%	
City of Portland	187,268	212,107	1.8%	223,737	1.8%	236,900	1.8%	-----	-----	
<u>Persons Per Households</u>										
Primary Trade Area	2.5	2.5	0.0%	2.5	0.0%	2.5	-----	2.5	-----	
City of Portland	2.3	2.4	0.1%	2.4	0.0%	2.4	-----	-----	-----	
<u>Per Capita Income</u>										
Primary Trade Area	\$10,701	\$15,330	5.3%	\$17,883	5.3%	\$19,634	3.2%	19,634	0.00%	
City of Portland	\$14,478	\$19,800	4.6%	\$22,643	4.6%	\$24,559	2.7%	-----	-----	
Consumer Price Index	128.7	159.9	3.1%	170.8	2.9%	183.3	2.4%	-----	-----	
<u>Median Household Income</u>										
Primary Trade Area	\$22,857	\$32,883	5.3%	\$38,430	5.3%	-----	-----	-----	-----	
City of Portland	\$25,592	\$35,074	4.6%	\$40,146	4.6%	-----	-----	-----	-----	

^{1/} Average Annual Growth Rate

Source: 2000 Census and Ferrarini & Associates

EXHIBIT 12
RETAIL EXPENDITURES
AS A PERCENT OF TOTAL PERSONAL INCOME
MULTNOMAH COUNTY

N.A.I.C.S. CATEGORY	1997
MULTNOMAH COUNTY	
Population	639,000
Per Capita Income	\$29,263
Total Personal Income	\$18,699,057,000
CATEGORY EXPENDITURES ^{1/}	
NAICS	
444 Total Building Materials/Hardware Expenditures	\$890,859,000
Building Materials % Total Personal Income	4.8%
445 Total Food Store Expenditures	\$102,235,000
Food Store % Per Capita Income	0.5%
445 Total Grocery Store Expenditures	\$833,381,000
Grocery Store % Per Capita Income	4.5%
448 Total Apparel and Accessory Expenditures	\$517,941,000
Apparel Store % Per Capita Income	2.8%
442 Total Furniture and Home Furnishings Expenditures	\$292,387,000
Furniture and Home Furnishings % Per Capita Income	1.6%
722 Total Drinking and Eating Establishment Expenditures	\$1,014,709,000
Eating and Drinking % Per Capita Income	5.4%
453 Total Miscellaneous Retail Store Expenditures	\$321,651,000
Miscellaneous % Per Capita Income	1.9%
446 Total Health and Personal Care Store Expenditures	\$176,551,000
Health and Personal Care % Per Capita Income	0.9%
443 Total Electronic and Appliance Store Expenditures	\$261,216,000
Electronic and Appliance % Per Capita Income	1.4%
451 Total Sporting Goods, Hobby, Book and Music Store Expenditures	\$307,318,000
Sports and Hobby % Per Capita Income	1.6%

1/ Based on sales within Multnoah County. Taken from 1997 US Economic Source: US Oregon Employment Department, US Census and Ferrarini & Associates

EXHIBIT 13
RETAIL GOODS EXPENDITURE PROJECTIONS
PRIMARY TRADE AREA
2003-2008

	2003	2008
Per Capita Income Estimate ^{1/}	\$19,634	\$22,121
x Percent Building Materials and Hardware Expenditures	4.8%	4.8%
x Percent Food Store Expenditures	0.5%	0.5%
x Percent Grocery Store Expenditures	4.5%	4.5%
x Percent Apparel and Accessory Expenditures	2.8%	2.8%
x Percent Furniture and Home Furnishings Expenditures	1.6%	1.6%
x Percent Eating and Drinking Expenditures	5.4%	5.4%
x Percent Miscellaneous Retail Expenditures	1.9%	1.9%
x Percent Health & Personal Care (Drug) Stores Expenditures	0.9%	0.9%
x Percent Electronic and Appliance Expenditures	1.4%	1.4%
x Percent Sporting Goods and Hobby Expenditures	1.6%	1.6%
= Per Person Expenditures	\$4,995	\$5,628
x Number of Individuals in the Market ^{2/}	11,091	11,899
=Total Trade Area Expenditures	\$55,402,221	\$66,968,922

^{1/} Estimated from historic growth rates.

^{2/} From EXHIBIT 10

Source: US Census, Oregon Employment Department and Ferrarini & Associates

EXHIBIT 14
PROJECTED AGGREGATE EXPENDITURE BY N.A.I.C.S.
PRIMARY TRADE AREA
2003-2008

	Aggregate Income	
	2003	2008
Primary Trade Area Population	11,091	11,899
Average Per Capita Income	\$19,634	\$22,121
Aggregate Income (\$000s)	\$217,752	\$263,219

NAICS	Category	2003				
		Aggregate Income (\$000s)	x	Percent Distribution	=	Total Aggregate Expenditures
444	Building Materials/ Hardware	\$217,752	x	4.8%	=	\$10,374
445	Food Stores	\$217,752	x	0.5%	=	\$1,191
4451	Grocery Stores	\$217,752	x	4.5%	=	\$9,705
448	Apparel and Accessories	\$217,752	x	2.8%	=	\$6,031
442	Home Furnishings and Furniture	\$217,752	x	1.6%	=	\$3,405
722	Eating and Drinking Establishments	\$217,752	x	5.4%	=	\$11,816
453	Miscellaneous Retail Stores	\$217,752	x	1.9%	=	\$4,204
446	Health and Personal Care (Drug) Stores	\$217,752	x	0.9%	=	\$2,056
443	Electronic and Appliance Stores	\$217,752	x	1.4%	=	\$3,042
451	Sporting Goods, Hobby, Book and Music Stores	\$217,752	x	1.6%	=	\$3,579
	Total					\$55,402

EXHIBIT 14
PROJECTED AGGREGATE EXPENDITURE BY N.A.I.C.S.
PRIMARY TRADE AREA
2003-2008

NAICS	Category	2008			Total Aggregate Expenditures	
		Aggregate Income (\$000s)	Percent Distribution			
444	Building Materials/ Hardware	\$263,219	x	4.8%	=	\$12,540
445	Food Stores	\$263,219	x	0.5%	=	\$1,439
4451	Grocery Stores	\$263,219	x	4.5%	=	\$11,731
448	Apparel and Accessories	\$263,219	x	2.8%	=	\$7,291
442	Home Furnishings and Furniture	\$263,219	x	1.6%	=	\$4,116
722	Eating and Drinking Establishments	\$263,219	x	5.4%	=	\$14,284
453	Miscellaneous Retail Stores	\$263,219	x	1.9%	=	\$5,081
446	Health and Personal Care (Drug) Stores	\$263,219	x	0.9%	=	\$2,485
443	Electronic and Appliance Stores	\$263,219	x	1.4%	=	\$3,677
451	Sporting Goods, Hobby, Book and Music Stores	\$263,219	x	1.6%	=	\$4,326
	Total					\$66,970

EXHIBIT 15
SUPPORTABLE SQUARE FOOTAGE
PRIMARY TRADE AREA
2003-2008

		2003								
NAICS	Category	Total Aggregate Expenditures	Potential Capture Factor ^{1/}		Potential Local Expenditures		Sales Per Square Foot ^{2/}	Supportable Square Feet		
444	Building Materials/ Hardware	\$10,374,115	x	30.0%	=	\$3,112,234	/	\$236	=	13,207
445	Food Stores	\$1,190,534	x	40.0%	=	\$476,213	/	\$306	=	1,554
4451	Grocery Stores	\$9,704,779	x	70.0%	=	\$6,793,346	/	\$379	=	17,920
448	Apparel and Accessories	\$6,031,459	x	15.0%	=	\$904,719	/	\$198	=	4,575
442	Home Furnishings and Furniture	\$3,404,867	x	30.0%	=	\$1,021,460	/	\$172	=	5,934
722	Eating and Drinking Establishments	\$11,816,356	x	50.0%	=	\$5,908,178	/	\$296	=	19,953
453	Miscellaneous Retail Stores	\$4,203,545	x	40.0%	=	\$1,681,418	/	\$180	=	9,361
446	Health and Personal Care (Drug) Stores	\$2,055,949	x	80.0%	=	\$1,644,759	/	\$334	=	4,931
443	Electronic and Appliance Stores	\$3,041,878	x	30.0%	=	\$912,564	/	\$248	=	3,680
451	Sporting Goods, Hobby, Book and Music Stores	\$3,578,739	x	40.0%	=	\$1,431,496	/	\$203	=	7,056
Total		\$55,402,221				\$23,886,387				88,172

		2008								
NAICS	Category	Total Aggregate Expenditures	Potential Capture Factor ^{1/}		Potential Local Expenditures		Sales Per Square Foot ^{2/}	Supportable Square Feet		
444	Building Materials/ Hardware	\$12,540,259	x	30.0%	=	\$3,762,078	/	\$236	=	15,964
445	Food Stores	\$1,439,120	x	40.0%	=	\$575,648	/	\$306	=	1,879
4451	Grocery Stores	\$11,731,165	x	70.0%	=	\$8,211,815	/	\$379	=	21,661
448	Apparel and Accessories	\$7,290,844	x	15.0%	=	\$1,093,627	/	\$198	=	5,530
442	Home Furnishings and Furniture	\$4,115,813	x	30.0%	=	\$1,234,744	/	\$172	=	7,173
722	Eating and Drinking Establishments	\$14,283,645	x	50.0%	=	\$7,141,823	/	\$296	=	24,119
453	Miscellaneous Retail Stores	\$5,081,258	x	40.0%	=	\$2,032,503	/	\$180	=	11,316
446	Health and Personal Care (Drug) Stores	\$2,485,236	x	80.0%	=	\$1,988,189	/	\$334	=	5,961
443	Electronic and Appliance Stores	\$3,677,031	x	30.0%	=	\$1,103,109	/	\$248	=	4,449
451	Sporting Goods, Hobby, Book and Music Stores	\$4,325,990	x	40.0%	=	\$1,730,396	/	\$203	=	8,530
Total		\$66,970,362				\$28,873,932				106,582

^{1/} Represents percentage of expenditures originating within the trade area that can reasonably be expected to locate in the trade area.

^{2/} Based on national averages derived from "Dollars & Cents of Shopping Centers," Urban Land Institute, 2002; inflated to 2003 by Consumer Price Index

Source: Urban Land Institute and Ferrarini & Associates

EXHIBIT 16

**SUMMARY OF COMPETITIVE RETAIL SPACE BY N.A.I.C.S.
PRIMARY TRADE AREA
November 2003**

N.A.I.C.S.	Description	Surveyed Competitive (Square Feet)
<i>RETAIL N.A.I.C.S. CODES</i>		
444	Building Materials/ Hardware	1,313
445	Food Stores	11,816
4451	Grocery Stores	23,200
448	Apparel and Accessories	495
442	Home Furnishings and Furniture	750
722	Eating and Drinking Establishments	29,170
453	Miscellaneous Retail	7,550
446	Health and Personal Care	10,866
443	Electronic and Appliance Stores	2,500
451	Sporting Goods, Hobby, Book and Music Stores	750
Total Retail Business		88,410
	Vacant Retail Space	24,030
Total Retail Space		112,440

Source: Ferrarini & Associates

EXHIBIT 17
RESIDUAL DEMAND SUMMARY
BY YEAR AND RETAIL CATEGORY
PRIMARY TRADE AREA
(In Constant Dollars)

2003

NAICS	Retail Category	Total Supportable Square Feet	Existing Competitive Square Feet ^V	Residual (Net) Demand in Square Feet	Average Store Size (SF)	Space Likely in Kenton	Comments
CANDIDATE RETAIL CATEGORIES							
444	Building Materials/ Hardware	13,207	- 1,313	= 11,894	3,500	3,500	Supported, but only one store likely to develop
445	Food Stores	1,554	- 11,816	= 0	1,750	0	Insufficient support
4451	Grocery Stores	17,920	- 23,200	= 0	50,000	0	Insufficient support
448	Apparel and Accessories	4,575	- 495	= 4,080	2,000	2,000	Supported, but most apparel stores locate near in malls - would likely be second-hand clothing
442	Home Furnishings and Furniture	5,934	- 750	= 5,184	5,600	5,184	A specialty or antique furniture store could locate in Kenton.
722	Eating and Drinking Establishments	19,953	- 29,170	= 0	2,150	0	Niche opportunities exist because of the current lack of variety. Market could support several family sit-down or ethnic foods restaurants.
453	Miscellaneous Retail Stores	9,361	- 7,550	= 1,811	3,720	2,000	Supported
446	Health and Personal Care (Drug) Stores	4,931	- 10,866	= 0	9,100	0	Insufficient support
443	Electronic and Appliance Stores	3,680	- 2,500	= 1,180	2,300	0	Supported, but not likely to develop in this location
451	Sporting Goods, Hobby, Book and Music Stores	7,056	- 750	= 6,306	3,900	3,900	Supported
2003 Subtotal		88,172	- 88,410	= 30,456		16,584	

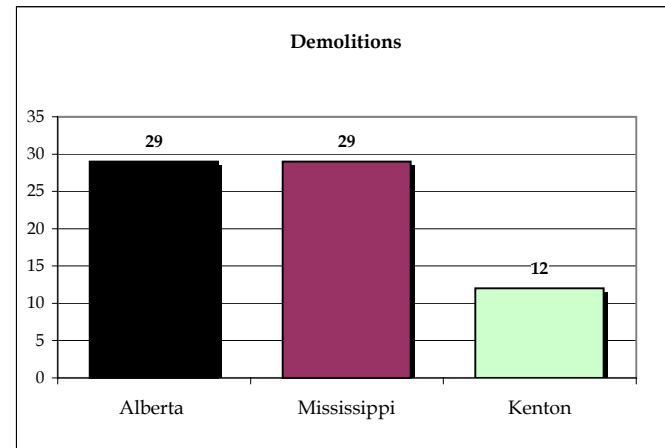
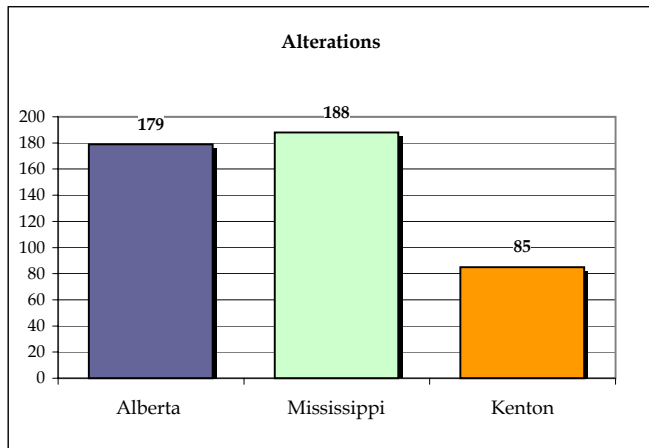
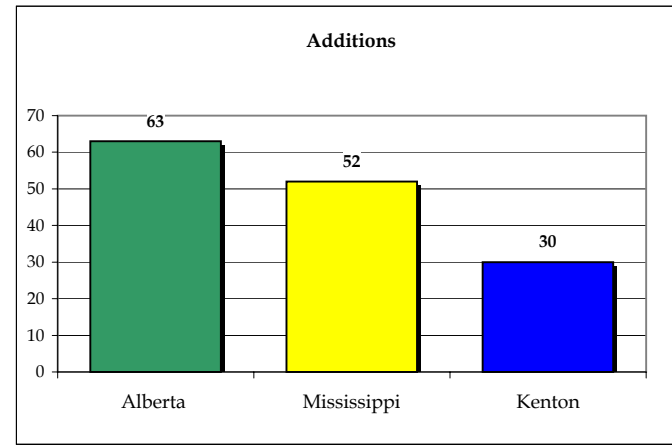
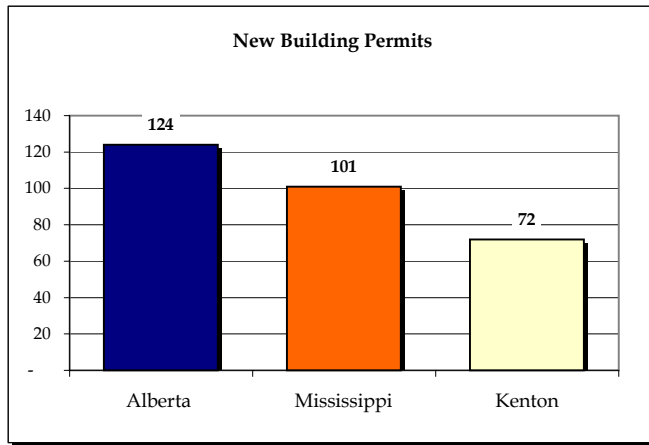
2008

NAICS	Retail Category	Total Supportable Square Feet	Existing Competitive Square Feet ^V	Residual (Net) Demand in Square Feet	Average Store Size (SF)	Space Likely in Kenton	Comments
RETAIL USES							
444	Building Materials/ Hardware	15,964	- 1,313	= 14,652	3,500	3,500	Supported, but only one store likely to develop
445	Food Stores	1,879	- 11,816	= 0	1,750	0	Insufficient support
4451	Grocery Stores	21,661	- 23,200	= 0	50,000	0	Insufficient support
448	Apparel and Accessories	5,530	- 495	= 5,035	2,000	2,000	See above - will likely be second-hand store
442	Home Furnishings and Furniture	7,173	- 750	= 6,423	5,600	5,600	See above
722	Eating and Drinking Establishments	24,119	- 29,170	= 0	2,150	0	See above
453	Miscellaneous Retail Stores	11,316	- 7,550	= 3,766	3,720	3,720	Supported
446	Health and Personal Care (Drug) Stores	5,961	- 10,866	= 0	9,100	0	Insufficient support
443	Electronic and Appliance Stores	4,449	- 2,500	= 1,949	2,300	0	Supported, but not likely to develop in this location
451	Sporting Goods, Hobby, Book and Music Stores	8,530	- 750	= 7,780	3,900	3,900	Supported
2008 Subtotal		106,582	- 88,410	= 39,605		18,720	

Source: Ferrarini & Associates

APPENDIX A
BUILDING PERMIT ACTIVITY
PORTLAND REVITALIZATION AREAS
1990 to 1st Quarter 2003

The following residential and commercial building permit data are for the 1/2-mile radius surrounding the Alberta Street, Mississippi Avenue, and Denver Avenue (Kenton) business districts. As can be seen from the graph below, Alberta and Mississippi have had much more activity than Kenton.

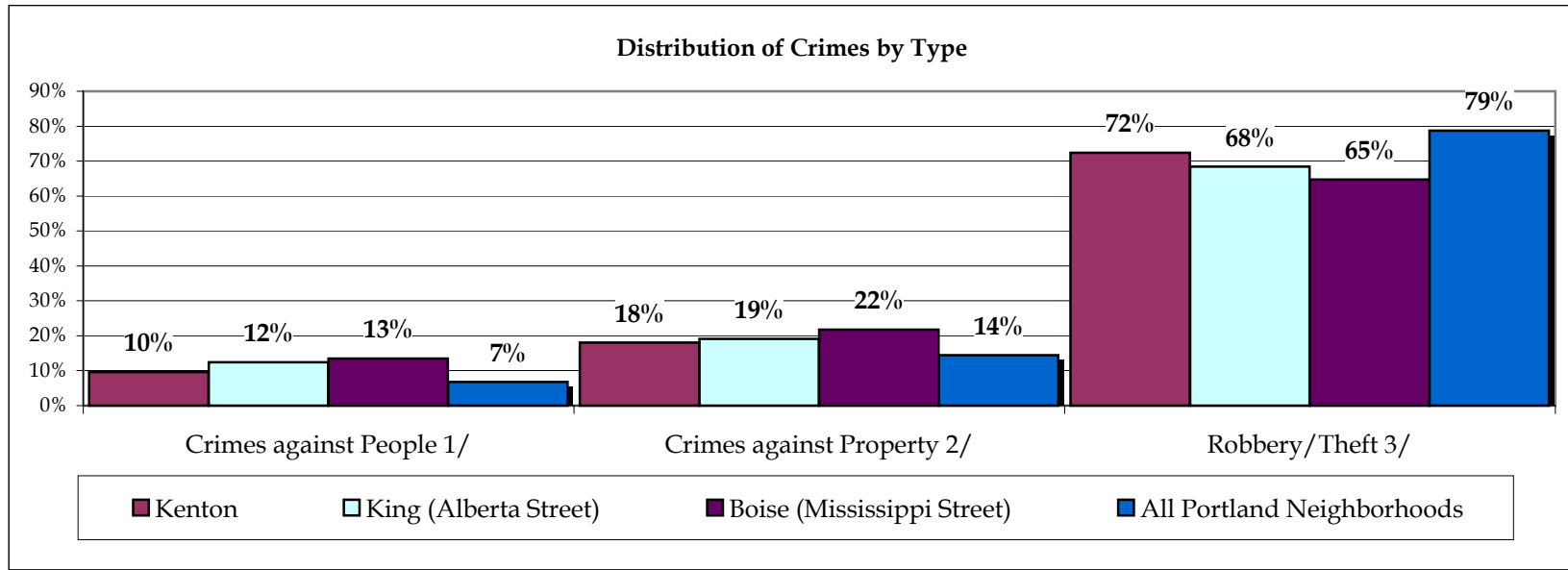


Source: City of Portland and Ferrarini & Associates

**APPENDIX B
CRIME STATISTICS**

Crime Rate per 1,000 Population	1996	1997	1998	1999	2000	2001	2002	2003*
Kenton	136.4	133.0	104.1	107.6	107.6	92.9	85.5	71.2
King (Alberta Street)	198.0	185.0	149.6	152.9	152.9	127.6	137.4	148.4
Boise (Mississippi Street)	225.2	195.0	151.4	116.5	116.5	91.7	109.5	151.0
All Portland Neighborhoods	118.6	121.7	105.7	91.4	93.0	97.6	97.3	100.4

*Annualized



1/ Includes: murder, rape/sodomy, molest, aggravated assault

2/ Includes: arson, vandalism

3/ Includes: robbery, burglary, car prowling, car and bike theft, other larceny

Source: Portland Police Bureau and Hobson Ferrarini Associates

Portland Development Commission
1900 SW 4th Avenue
Suite 7000
Portland, OR 97201
Phone 503-823-3200
Fax 503-823-3368

Ferrarini & Associates, Inc.
11779 SE Highway 212
Suite 206
Clackamas OR 97015
Phone 503-723-4777
Fax 503-723-7221