

# Downtown Resource Team Report

For:

## Forest Grove Oregon

Resource Team On-Site:  
October 17-19, 2006

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Funded By:  
  
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# Executive Summary

The Forest Grove Resource Team project was undertaken to better understand and deal with the dynamics, issues and opportunities facing downtown Forest Grove. The report addresses the economic, physical, and organizational components critical to successfully moving downtown revitalization efforts forward. In addition to downtown issues, this project also addressed the need to better connect downtown with the lodging opportunities.

The following summary highlights findings and recommendations outlined in the Forest Grove Resource Team Report that follows. It is intended as an overview in hopes of enticing readers to explore the detailed strategies and recommendations in the chapters that follow.

## Downtown Housing Opportunities

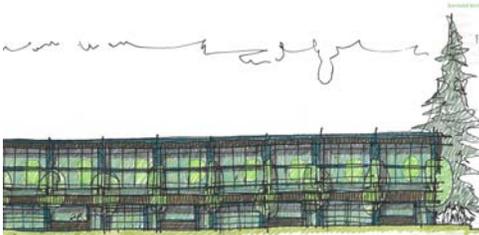
### Redevelopment Opportunity



Existing



Proposed



New presence on Pacific Avenue.

- Housing is an important component in downtown development because it helps keep the business district alive after five; enhances public safety; provides an alternative living environment for niche markets, such as empty-nesters; generates increased revenue for property owners; reduces sprawling development; and enhances downtown's quality of life and appeal.
- In Forest Grove, redevelopment of downtown housing has not taken place although opportunities exist through both infill development and rehabilitation of existing properties. Through the Resource Team process, redevelopment of three sites incorporating housing was explored. This method was used to illustrate best chances for success in the marketplace and to help the City of Forest Grove assess redevelopment tools that may need to be implemented.
- Target markets to explore for downtown housing include: childless couples, singles, downtown employees, Pacific University faculty and staff, Portland metro-area empty nesters, and recent retirees.
- The primary opportunities are for owner-occupied units.



Existing



Example Festival Street – Courtesy Portland Development Commission

## Redevelopment Opportunities

### Public Space

- Forest Grove continues to improve the streetscape elements of the downtown (sidewalks, lighting, etc). In addition to that ongoing work, there are some substantial opportunities that can be explored.
- Make renovations to 21<sup>st</sup> Avenue into a Festival Street. It is used for the Farmer's Market and is easily closed for special events. The street is in close proximity to the University and lines up for a fantastic view of Marsh Hall through the mature shade trees on campus.
- McMenemy's Grand Lodge is a significant opportunity for quality lodging and dining located just to the east of downtown Forest Grove. This plan shows a rail/trail link from downtown to the lodge.



McMenamin's Grand Lodge – Downtown Link

VanDyke Appliance Building



Existing



Proposed

## Façade Opportunities

- Downtown Forest Grove has an outstanding stock of historic buildings. However, over the years a number of the buildings' historic facades have been covered up and altered so that they lost many of their original features. To outline other opportunities, the Resource Team developed façade sketches for several downtown buildings to illustrate how they could look if rehabilitated. The goal is to help catalyze additional reinvestment through façade updates while improving the look of downtown. Façade improvements were developed for the Gratteri Building, the VanDyke Appliance Building and the Forest Grove Theater Building.

## Redevelopment Opportunities

- As part of its planning work for downtown Forest Grove, the Resource Team conducted a series of development opportunity studies on four prototypical downtown sites. For each site, development programs were created based on an understanding of local zoning and design standards. The four sites analyzed include:
  - Site A - Times Lithographic (frontage along Pacific Avenue) - Mixed-use redevelopment.
  - Site B - A Street (frontage along A Street between 19<sup>th</sup> and Pacific Ave.) Townhouses
  - Site C - Schelegel's Building (along 19<sup>th</sup> Avenue, between A Street and Main Street) - Redevelopment of Retail/Office

- Site D - NW Corner of Main Street and 19<sup>th</sup> – Vacant lot currently being marketed and existing building.
  
- Site B, C and D were further analyzed for financial viability in the current Forest Grove marketplace. The residential components of the projects are included. This analysis illustrates what other tools may need to be used to make up any cost gaps.



## Business Development

- Forest Grove and the surrounding area's economic picture is stable with modest population growth and increasing incomes.
- In the local marketplace Forest Grove has an estimated downtown work force of 1000 employees and includes strong retail and service potential. There are a number of long-standing anchor businesses that continue to draw customers and two new opportunities arriving soon.
- Overall, business owners that responded to the Business Survey (Appendix A) are optimistic about the future and are investing in their businesses.
- Currently, Downtown Forest Grove has a strong professional services and finance sector which should be an ongoing opportunity for recruitment and clustering. Retail businesses are not doing as well and recruitment efforts will need to focus on building a dynamic retail core.
- Forest Grove needs an organized group solely focused on downtown to help move revitalization efforts forward. The Main Street Program model is a good one to explore as it has a track record of success over the last twenty-five years.

- To help move business strategies forward, a business development team should be organized to help package downtown and recruit business and investment. A business development team could be incorporated with a larger Main Street Program. It should be made up of partners from the city, the chamber, county, local community development organizations, the small business development center, business and property owners, and bankers.

## Next Step Actions

Next step actions are an important part of the Forest Grove Resource Team Report. At the end of the report, next steps are categorized by:

Downtown Organization, Business Development, Redevelopment Tool Kit, Redevelopment, Housing Development, Historic Preservation, and Visitor Development to help build local capacity and move Forest Grove's Downtown redevelopment efforts forward.

Organizational issues are key among Forest Grove's downtown needs. Following are five specific next step actions. Additional actions, by categories, are included in the Implementation Strategies section.

- Conduct a roundtable discussion of the results of the Resource Team Report. Invite all stakeholders and possible participants in the ongoing process.
- Send representatives to the ODDA Conference. The role of downtown organizations in business recruitment and development, downtown funding and organizing those efforts will be included.
- Visit area communities with existing Downtown Organizations. What are they doing well? How are they doing it? What would they do differently?
- Building from the City Club, property owners and business owners, form the Working Group within the Chamber of Commerce.
- Set goals, based upon the other strategic initiatives, for the group. Set short-term goals to keep the group motivated.

# Chapter 1: Introduction



*The old movie theater building. Great art deco design in a small town. Forest Grove.*



*Van Dyke Appliance.  
A Forest Grove tradition*

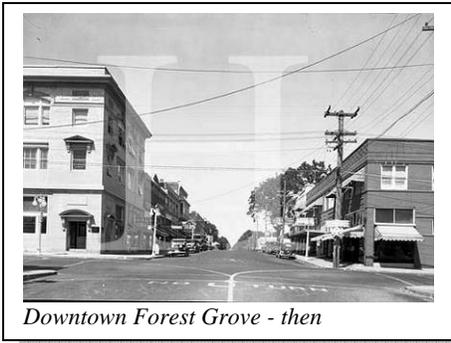
Settlers first arrived in Forest Grove in 1840 and Pacific University was founded nine years later. Traditionally the primary shopping and professional services area for western Washington County, Forest Grove has recently transitioned into a desirable residential community serving the Portland metro area. As with most communities, Forest Grove faces both opportunities and challenges. This plan seeks to build from the 1997 Town Center Plan and to appropriately integrate with the recently completed with the Pacific University Master Plan. Downtown Forest Grove boasts an attractive traditional commercial district of multi-story buildings, historic elements and a street grid that is interesting, inviting & walkable. Ongoing streetscape improvements in downtown are attractive and well designed. The community is showing strong population growth including a new group of residents buying homes in the new subdivisions. However, with all the growth, Forest Grove business owners express frustration with lackluster sales, comparatively high rental rates, and increasing outshopping. In addition, its location at the far western edge of the population center, puts downtown Forest Grove at a competitive disadvantage to other shopping and service choices.

Forest Grove's best assets include the historic fabric of the downtown, proximity to a nationally known college campus, and pedestrian-friendly grid. There is another element to Forest Grove that is more difficult to describe. Forest Grove has a strong "sense of place". Many participants in the process

to develop this plan reiterated that Forest Grove just “feels like home.”

The conversation regarding the need for downtown services that would update and complement Forest Grove’s Town Center Plan began in late summer 2006. The City of Forest Grove and Oregon Housing and Community Services (OHCS) discussed the City’s ongoing needs for a more vital downtown commercial district; how to encourage appropriate redevelopment in the downtown core; and increasing opportunities for downtown housing. OHCS, in response to a pressing need within the state, had committed to helping communities strengthen, improve and increase the vitality and sustainability of traditional downtowns where market rate and affordable housing are fundamental components. OHCS agreed to commit available resources to help address Forest Grove’s needs.

The city has undertaken various planning efforts that addressed the downtown’s infrastructure, traffic patterns, land use and others. However, city officials decided there was a particular need to address Forest Grove’s downtown as a cohesive whole in 2006 in order to improve downtown economics, housing options, marketing, public improvements and private investment. The City of Forest Grove and OHCS worked with the Oregon Downtown Development Association (ODDA) to develop a scope of work based on the Resource Team Approach; where a group of downtown specialists work with a community to explore solutions for image



*Downtown Forest Grove - then*



*Downtown Forest Grove - now*

and business development; property redevelopment; streetscape improvements; and next steps in a targeted 3-day charette format. Once the project components for Forest Grove were finalized, an associated budget was developed and the on-site portion of the Resource Team was scheduled for October 17-19, 2006.

The Forest Grove project team was comprised of Brad Sinn, Principal of ODDA who provided project management, facilitation and business mix recommendations. Erik Matthews, architect and managing principal at Surround Collaborative Architects of Portland, worked on projects involving existing façade rehabilitation and redevelopment opportunities. Jeff Tashman, of Tashman/Johnson, LLC analyzed and proposed redevelopment sites from an investment opportunities perspective. This analysis explored incentive options that might be needed to make redevelopment successful.

The Forest Grove Resource Team gathered ideas and feedback from the community through public meetings and focus groups. More than 75 local property owners, business owners, local professionals, Pacific University staff attended the project kick-off meeting and focus groups. Focus group participants included business owners; owners of undeveloped or underdeveloped land and realtors; future business owners; city staff; Pacific University staff; and the community at-large. Over 30 downtown stakeholders attended the final presentation that was held on the final evening of the on-site work.

This effort was designed to address the need for a more vital downtown district through a combination of business development activities, physical improvements and an analysis of mixed-use redevelopment sites. The goal was to maximize Forest Grove's unique downtown assets and advantages while addressing its challenges and, through the implementation of the projects and recommendations in the plan, create a more economically vibrant and livable community.

The Resource Team's guiding principles for this project were to respond to the community's vision and 'best chances for success' redevelopment opportunities. The concepts and recommendations outlined in this plan are based on community feedback and solutions that fit downtown Forest Grove. In order for this 'roadmap' for downtown to be followed and implemented, it will need to be championed by the community and city. The goal of this project is not only the development of a plan, but the articulation of agreed-upon ideas and concepts to guide and facilitate next steps in the redevelopment process.

# What Makes a Downtown Work?



*"A community is characterized by civility, respect and neighborly concern.*

*It is a place; people feel rooted, they belong, they can participate in civic life.*

*A town supplies the heartbeat and signature for the area. It is where people gather to live, play, learn and grow."*

*- - William Hudnut*

Perhaps before the question is answered as to *what makes a downtown work*, the issue should be addressed as to *why* having an economically vital, inviting downtown is important.

Downtown redevelopment, economic development and job growth are intricately connected - - especially in areas where regional competition is an ongoing factor. The way a downtown looks and functions *does* matter to economic development. These days, an attractive, viable downtown is necessary to garner more resident and visitor dollars and send the message to potential businesses, industries, investors and residents who may locate in Forest Grove, that the community values its downtown as the commercial, social and cultural center of the community. Forest Grove has had many industrial recruitment successes but capturing the ever-fickle retail dollar in downtown is the focus of this effort.

Downtowns are not static. They are never sitting still, but are either moving forward or backward - - sometimes incrementally, sometimes not. Successful downtowns are active, inviting, pedestrian-friendly environments that have a range of retail, service, dining and residential options for community members and visitors alike.

Successful downtowns don't just happen. They are a complex interweaving of the following components:



- A shared vision, detailed plan and strong commitment to downtown; supporting it as the vital commercial, social and cultural hub of the community;
- A cooperative public/private partnership that works together on downtown revitalization activities;
- 'Downtown champions' - - usually an organized group of local sparkplugs who are the driving force for redevelopment and revitalization activities;
- An understanding that downtowns don't go downhill overnight and won't be revitalized overnight and that downtown redevelopment is an arduous process - - but one worthy of time, monetary and volunteer commitment;
- A mix of private and public funding is necessary to undertake a variety of downtown projects;
- A mix of uses (professional, service, retail, dining) is important in downtown, including upper-floor housing in a range of product offerings;
- The right mix and clustering of locally owned businesses that are sensitive to the needs of shoppers and changing retail trends;

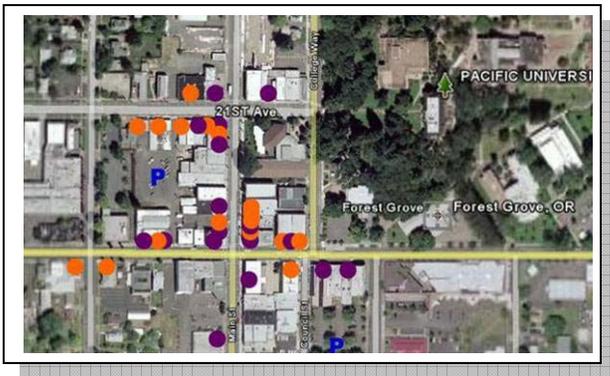
### 5 Rules for a Well-Designed Downtown

1. **Create a sense of place.**
  - o Reflect your natural and cultural heritage
  - o Make downtown a place that people remember in a positive way
2. **Design the place for people.**
  - o Downtowns need to be at a scale for pedestrians.
  - o Create building details & signage for pedestrians.
  - o Make sidewalks & public spaces enjoyable.
3. **Mix in a variety of uses.**
  - o Mixed-uses need to be both vertical & horizontal.
  - o Local complementary uses should be adjacent to one another.
  - o Have uses that keep downtown active after 5 pm.
4. **No parking lots in front of buildings.**
  - o Locate parking to the side, or behind, buildings.
  - o Use on-street parking where possible to help shrink parking lots.
  - o Make parking attractive for both cars and people.
5. **Connect all the pieces.**
  - o Storefronts – Sidewalks – Public Space - & Parking....they should all work together and complement each other!

- A pedestrian friendly, walkable environment that is conducive to 'pulling' shoppers down the street with contiguous, active storefronts that are built to the sidewalk and have eye-catching displays;
- Safe, welcoming sidewalks and 'calm' streets that have clear circulation patterns identified for both vehicles and pedestrians;
- Inviting public spaces and amenities that encourage social interaction and gathering - - serving as the 'living room' of the community;
- Cooperative, high quality marketing to a variety of well-defined target audiences;
- Downtown should be the home to a variety of unique special events and activities that fall into the categories of: image, retail, and special events;
- Perhaps, it is a positive, 'can-do' attitude that makes all the difference in revitalization efforts - - one of pride, cooperation and stick-to-it-ness; where the community works together towards a more positive future for community.

# Purpose of a Downtown Plan

When faced with issues about the future character and long-term success of a downtown commercial district, a proactive community develops a Downtown Plan, which is intended to be the roadmap for revitalization. The 1997 Town Center Plan for Forest Grove was just such a document and has guided those efforts for the past 9 years. The community has completed many projects identified in the plan, including:



- Formation of City Club to coordinate special events and advocate for downtown issues.
- Coordination between private business groups, downtown property owners, the City of Forest Grove and Pacific University.
- Downtown district zoning incorporated into the city code.
- Improvements to the streetscape in the downtown core.
- Enhanced signage at bypass intersections.

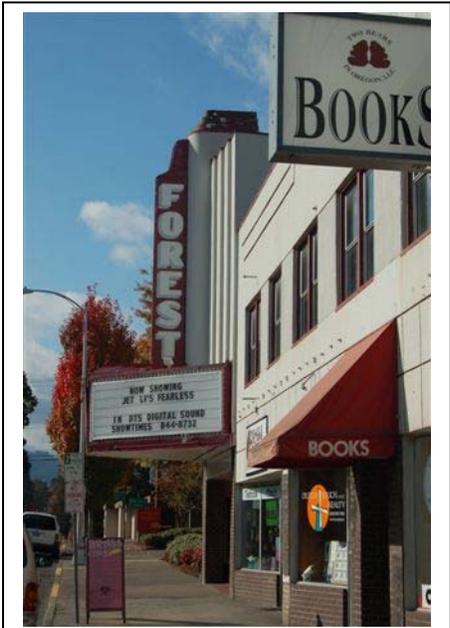
Sustaining Forest Grove's downtown vision and taking it to next steps is the ultimate goal of this project. Successful communities not only keep guiding documents current and relevant but they keep them at the forefront of local community discussions. It isn't easy. The projects and implementation strategies contained in Forest Grove's Resource Team Report allow downtown stakeholders and the city to make informed,

strategic decisions about future development and public improvements.

A community that is actively implementing its Downtown Plan has a competitive edge opposed to those who do not have a roadmap to guide them (or whose plans sit idly on shelves) - - as these communities are also seen as better business and redevelopment risks because local stakeholders have articulated a proactive vision and plan for their future.

Finally, when looking for project funding, communities who work from an overall plan tend to have more success than those who don't because funders like projects that are part of a comprehensive vision and redevelopment strategy. Forest Grove's Resource Team Report outlines a framework for revitalization and identifies a range of business development actions; streetscape improvements; and redevelopment opportunities to implement that will best capitalize on existing assets and opportunities. The plan also includes strategies for implementation that integrate previous planning efforts and update those strategies for 2006.

## Existing Conditions



## Streetscape & Open Space

### Gateways

As travelers approach Forest Grove, there are few gateway features or cues at the intersection of the Highway 47 and Pacific Avenue to guide someone to downtown, or that announce the presence of a downtown. Highway 47 was relocated to its present location to solve issues with routing through downtown, among others. The transportation objectives have been well served, but it highlights the need to increase wayfinding for the downtown. Current signage at the intersection of the Highway 47 and Pacific Avenue (and at Highway 47 and B Street) is the only signage feature that encourages visitors to venture off the highway and explore Forest Grove. Compounding the issue is the fact that Pacific Avenue stretches for quite a distance through the suburban commercial district (including a couplet) leading the average visitor to wonder “am I going the wrong way?” It’s not until the first time traveler/shopper/customer reaches the downtown core that he or she realizes that a great downtown commercial district exists and that it has an amazing relationship to Pacific University and the surrounding countryside.

### Open Space and Public Spaces

The town of Forest Grove has an outstanding natural location, above the surrounding valley floor. The view of the valley and the foothills is superb from many upper story buildings and you can easily



imagine why Pacific University and the town were founded at this location. The downtown grid was not originally designed with open spaces or parks in mind. However, attractive and inviting open space is provided by the campus environment of Pacific University. Through this setting and the alignment of 21<sup>st</sup> Street, an opportunity exists to create a public space. Currently the short block of 21<sup>st</sup> Avenue between Main Street and College Way is used for the Farmer's Market and Wednesday evening events. This same street aligns with Gateway, Visual and other components in the Pacific University Master Plan and 1997 Town Center Plan. Design elements later in this report highlight new opportunities for turning 21<sup>st</sup> Avenue into a shared street.



McMenamin's Grand Lodge is located a short distance east of downtown Forest Grove, at the intersection of Hwy. 47 and Pacific Avenue. Making a stronger connection to this facility from downtown would be an asset and improve the marketability of the business district.

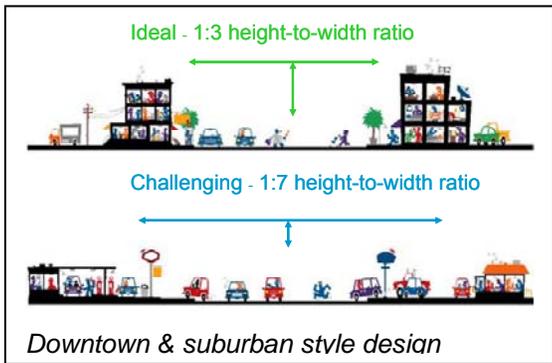


## General Streetscape

The formal streetscape of Forest Grove, which includes full curb-gutter, wide sidewalks, and pedestrian lighting, is present in most of the downtown core. Streetscape areas that have been recently upgraded also include a brick boulevard, street trees and improved pedestrian scaled lighting. The City of Forest Grove is proceeding with expanding these details throughout the downtown with the next phase of work westward along Pacific

Avenue. Older areas still possess wide sidewalks and present a comfortable walking atmosphere. As commercial development expands from the downtown core toward the Highway 47 intersection, the streetscape becomes much more informal and unfriendly, falling away to pathways and parking lots.

Functionally, the sidewalks in the downtown core are usable with the exception of a few areas where the concrete is breaking up. As the City's downtown streetscape program progresses, these deficiencies will be corrected and improved upon.



## Street Definition

The core of Forest Grove feels like the quintessential small town with most of the contiguous buildings located at the sidewalk. The essence of downtown has not been affected by "front loaded" parking. This configuration contributes to a comfortable pedestrian environment. To understand how important this development style is to pedestrian friendliness, compare downtown Forest Grove to areas of highway commercial development. Forest Grove is, by far, much more walkable and pedestrian friendly. This will be increasingly important as Forest Grove redevelops downtown into a shopping destination. The graphic at the left illustrates how two types of development patterns (downtown and suburban-style) have much to do with the walkability of a commercial district. It will be important to keep Forest Grove's infill development up to the sidewalk, as this helps define the street



edge and supports a browsable shopping environment. Chapter Three illustrates how new development in the downtown can occur within a structure and style that fits into that complements the existing historic urban fabric.

## Parking

Forest Grove's on-street parking in the downtown core is an important component of a well-functioning and walkable downtown district. There is an opportunity to better define and organize on-street parking along side streets and private lots. It will also be important to tuck parking behind and to the sides of new infill development. This will be illustrated in the Redevelopment Opportunities section.



During the on-site portion of this planning effort, many downtown business and property owners expressed concern about parking availability for their customers and employees. As recently as 1999, The City of Forest Grove's Town Center Implementation Project included a Parking Assessment and Parking Management Plan. That plan highlighted the need for improved management activities including; updated policies and codes, time restrictions in targeted locations, transportation options, expansion of shared-use parking opportunities and increased enforcement. Overall downtown parking supply was addressed but only at the far end of the continuum of local options. The Resource Team's cursory assessment was that the overall parking supply is probably

adequate for the short to mid-term, but that targeted management activities are needed to address ongoing and possible future issues. The City should update the 1999 information with current turnover data to answer the question, how are we performing today?

### Visitor Infrastructure

Catering to regional tourists, including daytrips, requires a visitor infrastructure that includes easily accessible visitor information on attractions, shops, activities, restaurants and lodging. The location of the Forest Grove Chamber of Commerce is conducive to area visitors getting the information they need. The visitor's center is open during consistent days and times which is a strong asset for Forest Grove. Forest Grove's Chamber of Commerce has very good information on self-guided tours that highlight many local assets. Signing, packaging, and branding of Forest Grove would be a helpful next step in tourism development. Other elements that visitors find necessary are:



Wayfinding: Signage for area services, businesses, promotions, and parking areas are important to area visitors. There is a need for Forest Grove to look at these amenities from the perspective of someone visiting the area for the first time.

Lodging: Forest Grove has a number of lodging options, including the McMenamin's Grand Lodge.

Restrooms: There is access in the downtown to various restroom facilities within businesses or public buildings. However, in the long-run the downtown will want to consider stand alone public restroom facilities that are more broadly accessible but this isn't an issue at present.

Hospitality: A key to successful visitor development is a focus on customer service and hospitality. Hospitality training offerings may be beneficial to many downtown businesses.

## Downtown Buildings



Forest Grove is fortunate in that the downtown buildings are rich in history and design quality. Local historical assets are a strength, with over ten homes built in the 1880s-1900 that are independently listed on the National Register of Historic Places.

Furthermore, the Clark Historic District, just south of downtown encompasses over 350 homes, with 178 of them contributing to the district's listing.

In addition, downtown Forest Grove retains some very nice architectural resources that include historic storefronts from many eras and the historic Tualatin Academy (now Pacific University) building. A number of these building facades have been updated and renovated in various styles over the years, some have been only modestly "bothered" and others that are well preserved or restored. The overall affect is pleasing and the buildings in downtown are important design signatures that help give Forest Grove its sense of place and offer unique marketing possibilities.

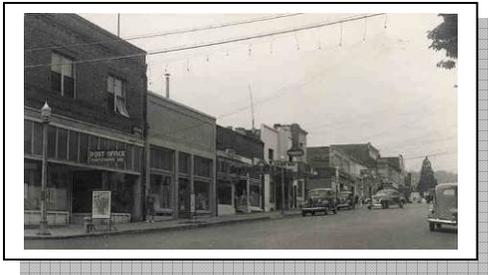
Even though downtown has a stock of traditional storefronts, many of them have languished over the years and are in need of rehabilitation. The presence of downtown housing and office space in the upper floors would be enhanced by other building improvements such as fire code, seismic upgrades and reconfiguration of interiors. The good news: over the past year, some downtown properties have turned over and are in the process of being

rehabbed, with careful attention being paid to the building's previous history and design details. New businesses are also investing in the downtown and are quite appropriate to the desired mix.

For some downtown storefronts, the issue is not so much the need for complete remodeling, as it is an 'unveiling' of storefronts that have only been altered slightly. Design standards from the 1997 Town Center Plan are in place to guide façade improvements. The creation of a façade program would encourage increased improvements to downtown's buildings.



# Chapter 2: Downtown Housing Assessment



## Downtown Housing Assessment

A strategy in support of retail and commercial development in Forest Grove's downtown core is to encourage additional housing. Sections 2 and 3 include an analysis of rental and owner occupied units. Housing has been shown to contribute to demand for additional shops, services and home-oriented products, entertainment and food facilities. Residential growth is expected to continue at a brisk pace with potentially another 1500 homes coming by 2011. Housing demand remains strong and alternative choices, such as upper-story condominiums will have a place in the market. This section provides an understanding of the contribution that housing can make to a downtown, an overview of Forest Grove housing market and consideration for next steps in the pursuit of additional housing in downtown.

## Role of Housing in Downtown

Today, planning and development professionals interested in creating vibrant downtown business districts recognize that housing is a key element of the formula for success. A healthy downtown residential district generates a constant flow of foot traffic to support nearby retailers, services, restaurants and other businesses. An additional strength for Forest Grove is the presence of Pacific University, a large attractor and employer, in close proximity to downtown. The concentrated mix of retail, office and entertainment typical of a downtown puts residents within walking distance of

most daily activities. Living downtown is particularly attractive to many who work in or near downtown because of the great convenience of shopping and doing business and the elimination of 'commute time.' By incorporating a higher density of residents in the downtown mix, the amount of purchasing activity also increases, so long as the appropriate mix of goods and services are available. This in turn creates an even more vital, desirable downtown economy.

In many communities, downtown housing development has been the catalyst for economic revitalization. Development professionals have commented that 'retail follows rooftops,' implying the critical role that residents play in economic success.

Downtown housing in Forest Grove would help to:

- Create an active, vibrant community center that includes not only business owners and customers but 7 day/week residents.
- Enhance public safety with more eyes and ears paying attention to activity and adding people to the streets during evening hours.
- Support retail and commercial services. People spend money where they live.
- Attract and retain a qualified workforce as the convenience of downtown living appeals greatly for those working nearby.

- Expand Forest Grove's beautiful historic *neighborhood communities* in the heart of town.

In addition,

- Downtown living represents a unique opportunity for the right demographics—seniors, empty nesters, young/single professionals, non-traditional 20-somethings.
- Forest Grove offers the unique opportunity of housing choices that appeal to university faculty, staff and students.
- In the AARP Magazine article the "15 Best Places to Reinvent Your Life", college towns are prominently mentioned and many of the featured communities offer the amenities and housing choices of Forest Grove.
- Smart growth concepts are becoming widely accepted in communities of all sizes: mix economic activities, minimize sprawl and create walkable communities.
- The ability of residents to walk to work and services promotes energy conservation and reduces pollution and traffic congestion downtown.
- Residential development adds to the quality of life in downtown and the community and is an important part of a successful economic development package.
- Properties in quality, mixed-use settings hold their value better in down markets and

appreciate more in up cycles according to a 2002 Price Waterhouse study.

- Downtown housing--often viewed as *lifestyle* housing--can provide a one of a kind living environment.
- Housing represents economic opportunity and the chance to diversify downtown's economic base and market mix.
- Long term, property values and rents increase when buildings are *completely* occupied with positive economic activity.
- The long term plans to bring light rail into Forest Grove fit the downtown housing marketplace perfectly.

Among the general trends in Forest Grove favoring downtown housing are the potential for owner-occupied alternatives in outlying communities; land constraints throughout the counties around Portland and the push for infill development; a growing number of baby boomers looking to downsize and simplify; continued higher gas and oil prices dampening tolerance of long commutes; and energy bills accompanying big houses and increasing numbers of people working from home and interested in live/work space.

Communities that have successfully created an economic environment favoring downtown housing have many of the following elements in common:

- Clear market support—what is needed and what will sell. The specifics of these

opportunities in Forest Grove are detailed in Section 3.

- A focus on 'best bets' for success, i.e., select catalytic projects and sites. The redevelopment opportunities in Forest Grove are shown with economic information to guide public investment and encourage private development.
- A commitment from local government to work with developers to enhance the financial feasibility of housing projects.
- Local incentives to encourage risk-taking—tax abatement, loan pool, fee reduction, flexible parking program, etc.
- Shared vision for healthy downtown with explicit, aggressive goals for what the community wants.
- Public infrastructure investment and physical environment improvements signaling that downtown is a community priority.
- A downtown environment conducive to 'living, working and playing' with an enticing atmosphere, quality amenities, shopping, dining, etc.
- A variety of housing options and a mix of price points from which to choose.
- Recognition that commercial and residential revitalization go hand in hand and communities can and should address both simultaneously.

## Forest Grove Housing Market

The 2000 census (within 10 minutes drive time) revealed that 60.1% of Forest Grove's housing units were owner-occupied, compared to 59% for Oregon and 60% for the U.S. as a whole. By 2006, the estimate for Forest Grove's owner-occupied units was 61.4%. Of the 11,484 housing units in this area, 4.9% were identified as vacant with 35.1% rental units.

New product coming on line since 2000 has also been dominated by single family homes. From January 2000 through September 2006 in the City of Forest Grove building activity was comprised of:

- 2000: 86 buildings, average cost: \$140,900
- 2001: 121 buildings, average cost: \$175,900
- 2002: 113 buildings, average cost: \$206,200
- 2003: 91 buildings, average cost: \$208,500
- 2004: 115 buildings, average cost: \$200,100
- 2005: 91 buildings, average cost: \$239,700

This growth is projected to continue and housing prices in Forest Grove will also trend along these lines. Despite those increases, Forest Grove still offers real value in the housing market and a trend toward the need for quality owner-occupied units throughout the marketplace. This growth will also bring up rental rates, offering a opportunity to enhance current upper-story rental units and buildings. For the time being, this report will primarily focus on owner-occupied offerings.

There are a number of townhouse options currently on the market in Forest Grove that have been recently constructed. This demonstrates a willingness

for buyers to consider that type of housing not only in Beaverton and Hillsboro, but also in Forest Grove. The presence of faculty and staff at Pacific University is also a benefit to adjacent real estate values (i.e. values in the downtown). Any downtown housing offering in Forest Grove can be considered a “niche” in the residential marketplace but there is sufficient evidence to suggest that the niche isn’t currently being filled.

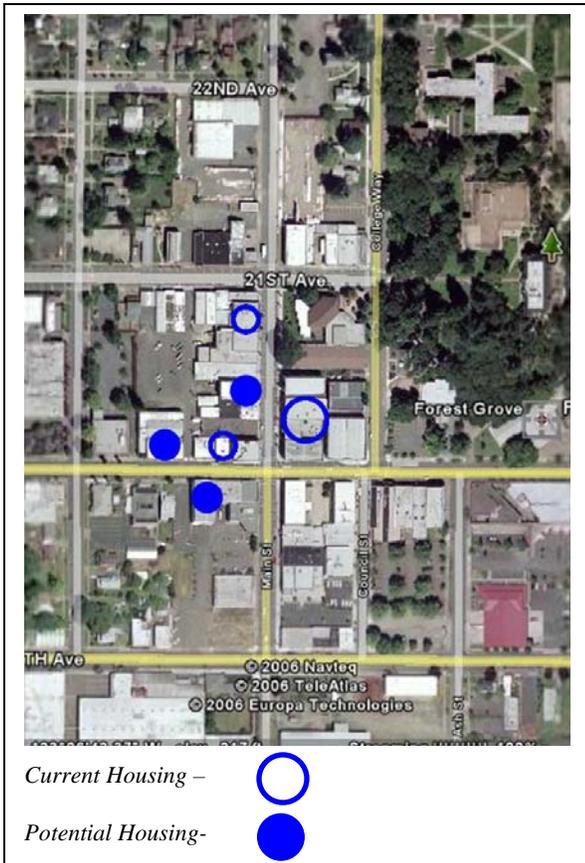
Local real estate brokers summarized the housing market as follows:

- Prices are stable and growing.
- Resale market is very good with short supply.
- A very diverse clientele from first-time homebuyers and some retirees to people moving up or scaling down.
- Quality choices are needed throughout the price range.
- Older clients are seeking housing that will allow them to downsize from single-family homes and large yards to units that allow them more freedom.

Realtors are intrigued by the potential for downtown housing with some commenting that this would be very ‘exciting.’ Parking was noted as an issue that must be addressed with downtown housing needing to provide appropriate dedicated parking for residents.

An informal inventory of downtown Forest Grove apartments by the ODDA Resource Team identified four downtown properties with second story apartments that are currently occupied. There were three other properties that offer the potential immediately (without the addition of other floors).

The housing focus group held during the ODDA Resource Team visit identified apparent rents as noted in Table 2-1.



Median Monthly	\$568
Average w/ Utilities	\$702

Limited vacancy was noted in the downtown area and all the rents were deemed ‘affordable.’ Student housing demand was noted and the desirability of some current downtown housing was considered questionable.

Preliminary conclusions regarding demand for downtown housing are as follows:

- Several properties exist with upper story residential redevelopment potential.
- Forest Grove offers a strong supply of subsidized affordable housing in the Washington County/Forest Grove market area, primarily through the Washington County Housing Authority.

- There is a short supply for all affordable apartment unit types, except possibly studios which are reportedly harder to rent.
- Demand for market-rate apartments is uncertain; a survey of current market conditions should be conducted although a preliminary assessment indicates that rents are presently low enough to make upper-story rental units difficult without some form of construction financial support.

### Downtown Housing – Next Steps

The redevelopment of various mixed-use sites will have a small impact on the overall supply of housing, both rental and owner-occupied. The type of housing that could be available in the downtown is a small niche that could find a place in the market. Additional opportunities to diversify and increase the housing base in downtown and throughout the Forest Grove community should be explored. Downtown Forest Grove's historic fabric, convenience to shopping and services and excellent views of the surrounding countryside are among the enticements for housing.

Specific steps recommended to encourage more housing downtown include the following:

1. Continue to work with Oregon Housing and Community Services to identify appropriate assistance and alternative approaches to a mixed-used housing project in downtown Forest Grove.

2. Host an educational Downtown Housing Workshop in Forest Grove. Include panelists representing communities that have completed infill/downtown housing projects as well as resources to encourage housing development.
3. Incorporate a commitment to housing within Forest Grove's vision and plans for downtown, as a key component of a sustainable mixed use commercial district. Promote the role of housing in a healthy downtown/educate community about the economic value of housing.
4. As part of the property inventory related to commercial development, identify downtown properties with the best potential for housing in terms of site size, scale, availability, etc.
5. Organize an out of town field trip to visit small communities that have had success with downtown housing projects. Tour their projects and learn first hand of the steps they took in the process. McMinnville is suggested as a convenient location where downtown housing has recently taken off.
6. Create a 'tools and incentives' package that the City of Forest Grove can offer to spur downtown housing. See Appendix E, Incentives for Downtown Housing for a list of the most common tools utilized to encourage market-rate housing in particular.

# Chapter 3: Redevelopment Opportunities



As mentioned in the Existing Conditions section, downtown Forest Grove has very good architectural ‘bones’, meaning a largely intact mixed-use commercial district with historic buildings that are located at the sidewalks. Most of downtown’s buildings have elements that support pedestrian activity, i.e., large display windows, awnings and recessed entrances. Even though the core downtown contains largely intact, traditional urban fabric, a number of downtown’s buildings are showing signs of age and deterioration and are in need of appropriate renovation that incorporates the preservation ethic. Historically sensitive façade rehabs are an excellent way to help ‘bring back downtown’s glow’ and should be high on the list of redevelopment strategies. This section will address:

- PUBLIC SPACE OPPORTUNITIES
- FAÇADE OPPORTUNITIES
- REDEVELOPMENT OPPORTUNITIES

In addition to building opportunities, there are some significant public space improvements that could enhance the functionality and appeal of downtown Forest Grove.

## PUBLIC SPACE OPPORTUNITIES

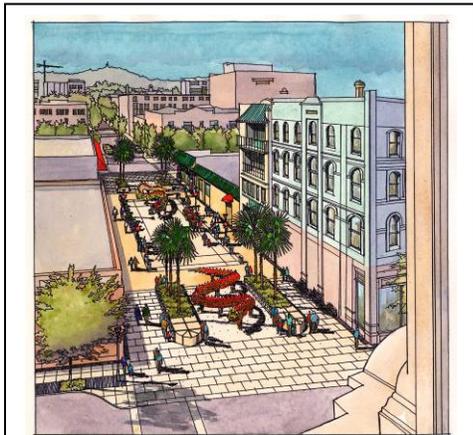
### 21<sup>st</sup> AVENUE FESTIVAL STREET

Business surveys and community meeting participants both noted a need for gathering space and public function space in, or close to, the



downtown core. 21<sup>st</sup> Avenue is used for the Farmer's Market and is easily closed for special events. The street is in close proximity to the University and lines up for a fantastic view of Marsh Hall through the mature shade trees on campus. This space was identified in the 1996 Town Center Plan as a Public Space Opportunity and is similarly referenced in the latest Pacific University Master Plan. It would be desirable to continue to use 21<sup>st</sup> Avenue as a through street when it isn't being used for events or market. The concept (samples shown at the left) is to create a shared space where vehicles entering 21<sup>st</sup> Avenue have clear visual cues that something different is going on in this location. Festival streets are often surfaced with brick, patterned concrete, or other materials to differentiate them from other asphalt roadways in the street system. Vehicles entering this new space naturally slow down in response to a streetscape that carries not only the design language of the automobile but design elements for pedestrians. Removable bollards and other features can be moved for special events.

Covered outdoor spaces were mentioned in the Resource Team's focus group activities and in the Business Surveys. Utilizing the concept of a festival street, it may be feasible to build permanent covered space or modular shelters to enhance those activities. This location offers an outstanding location to enhance the amenities of downtown Forest Grove. One concept shared by a workshop participant is shown and would integrate nicely with the festival street.

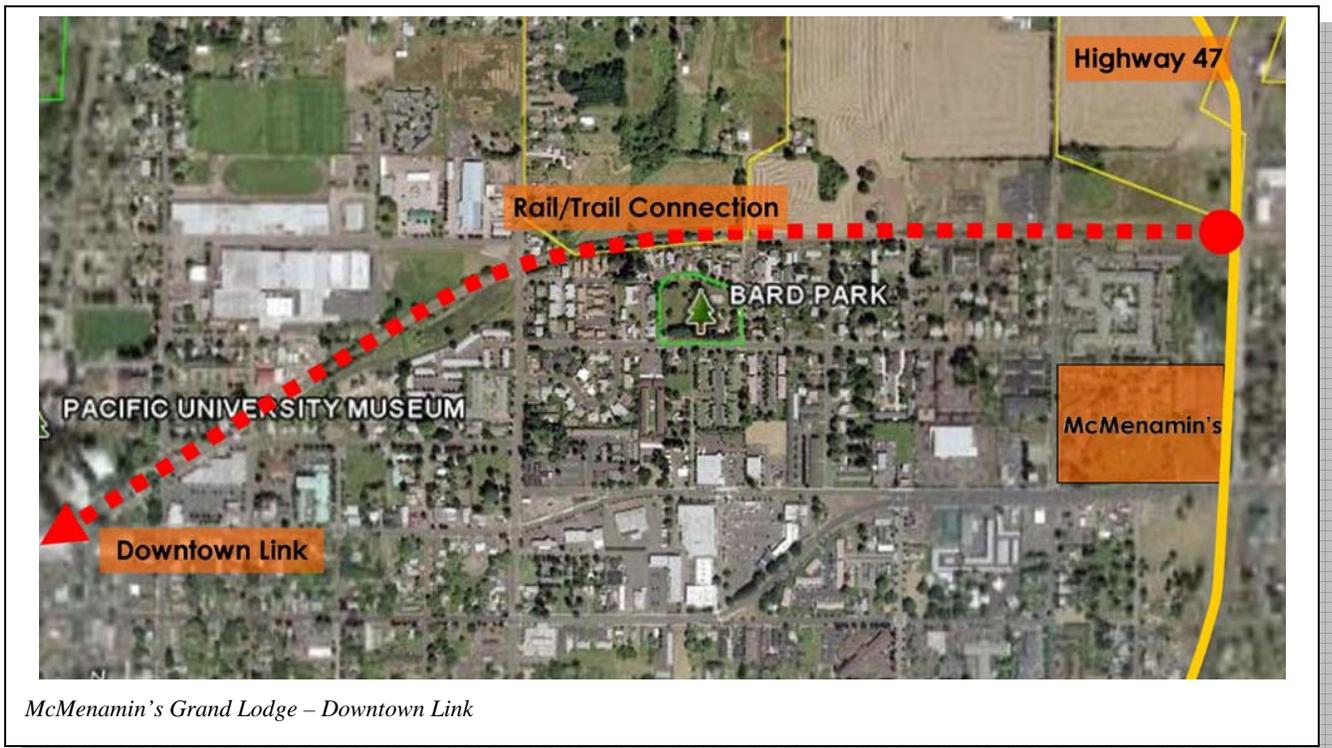


*Festival Street in Portland's Chinatown  
-courtesy Portland Development  
Commission*



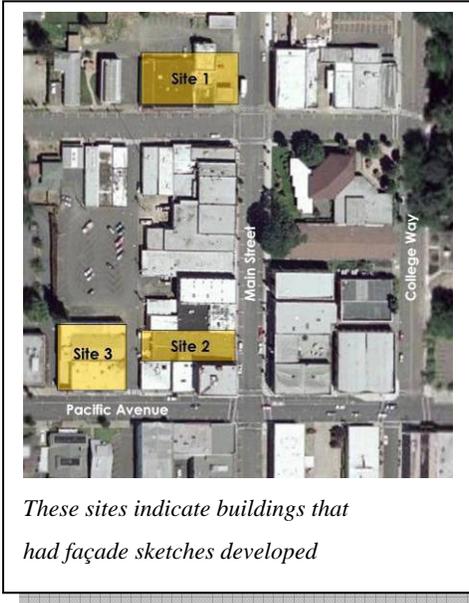
### McMENAMIN'S-DOWNTOWN RAIL/TRAIL CONNECTION

McMenamin's Grand Lodge is a significant opportunity for quality lodging and dining located just to the east of downtown Forest Grove. The character and market placement of McMenamin's is a good complementary fit for downtown and an alternative transportation link would augment this opportunity. The map below shows how utilizing the existing railroad right-of-way could provide a bicycle-pedestrian connection.



The ultimate use of this corridor is intended as light rail access to Forest Grove. The connection shown could be done as an interim use and then converted to shared space when the final passage of light rail into the community is completed.

## FAÇADE OPPORTUNITIES



For the Forest Grove Resource Team project, three downtown buildings were chosen that illustrate range of redevelopment options that building improvements could take.

Site 1 - The Gratteri Building, at the NW corner of Main Street and 21<sup>st</sup> Street shows how a building could be updated without major changes to the façade but with significant changes to its use.

Site 2 - The VanDyke Appliance Building, has been well-preserved over the years with only modest changes made to the façade to accommodate signage and other business improvements.

Site 3 - The Forest Grove Theater Building, is an example of a significant project including façade changes and the addition of a third-story.

## BUILDING FEATURES THAT CONTRIBUTE TO AN INVITING DOWNTOWN

In order to make the most of existing assets, the following are general recommendations to help improve the look and functionality of the downtown district.

- Historically sensitive rehabilitation of existing downtown buildings
- Buildings should offer sidewalk and pedestrian protection
- Transparent storefronts that invite pedestrian interest.

- Use an appropriate color palette - - no garish or 'day glo' colors
- Rehab projects and new building infill should break up horizontal building lines with vertical structural elements
- New infill should reference the commercial district's historic context through scale, mass, siting, details and materials
- Articulated parapets should vary in height and character from building to building
- Eliminate blank walls, empty parking lots, vacant lots, and drive thru areas to help keep pedestrians moving down the sidewalk, shopping and spending money!

## Site 1 - The Gratteri Building

The Gratteri Building is located at the Northwest Corner of 21<sup>st</sup> and Main Street. The building currently serves as the home to a small convenience store and the Forest Grove location of Curves health & fitness. The structure housed the original Gratteri Tire Company and its original use is evident in the building form and its orientation toward the street. This is an important location in downtown Forest Grove as it forms a strong visual anchor on the northern end of the downtown business district. Although the building is currently being used, the reactivation of the eastern portion of the property is a major goal for downtown stakeholders.

In this redevelopment concept, the basic form of the building as it appears today remains unchanged. This property was chosen as a focus for the Resource Team not only because of its location, but because the owners are open to concepts and ideas for redevelopment. The Resource Team worked with them on this facade plan and adapted the design to their wishes, scope and budget.

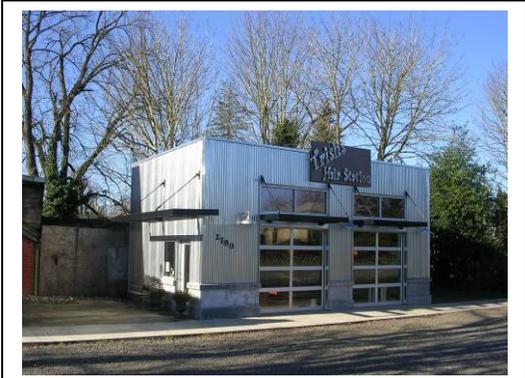


*Existing condition of the Gratteri building*





**Façade Concept:** As noted above, the owners wanted to discuss concepts that would update the exterior appearance of the Gratteri Building, make the corner anchor space more appealing and improve the property's street front. The architect's concept retains the "service center" canopy and the mansard treatment. However, the street frontage is strengthened through the use of street trees and enhanced streetscape elements. Although these features are kept, the street level is activated through additions of windows on 21<sup>st</sup> Street and large roll up glass front doors along Main Street. This particular concept shows outdoor seating in a restaurant setting that would allow the indoor and outdoor spaces to commingle.



*Example of awnings treatment that could be used on the 21<sup>st</sup> Street facade*

This particular use , and judicious use of windows walls and outdoor space would activate the corner and provide an enticing backdrop to shoppers as they move north along Main Street. This design not only strengthens the corner feature but addresses the space along 21<sup>st</sup> Street. Street trees are continued along the blockfront, windows are opened up further activating this section of sidewalk, helping to pull shoppers along. The existing façade has been removed and replaced with simple contemporary lines. Small steel awnings are shown and are similar in style and form to those shown on the sample building to the left.

## Site 2 - The VanDyke Appliance Building

Van Dyke Appliance is a long-term anchor in the downtown business district with a loyal following of customers.



The façade has seen few alterations through the years with only minor exterior changes to accommodate dropped ceilings, signage and other functional requirements. The reasons for those changes can still be met within the modest renewal of the building shown in the concept rendering.

No major structural changes are proposed for the building but the façade's looks is greatly enhanced. The clerestory windows have been revealed from behind the existing signs. Open windows, particularly those that are easy to see up above parked automobiles, establish a clear message of "open for business" along with providing additional visual interest.

The business' need for signage has been met by moving "Van Dyke Appliances" higher on the building face where it is still visible but removed from the street-level clutter of awnings and other visual impediments.

The recommended awning treatment is both modern, yet reminds us of the original. The sidewalk is still covered from the weather and the awning accents the clean lines of the façade. Similarly the store front windows are sensitive to the needs of the business but provide a clean new look.

Overall, the effect is simple yet striking.





### Site 3 - The Forest Grove Theater Building

The Forest Grove Theater Building is currently home to a number of small businesses and occupancy is strong. Overall this block face has some of the energy and feel that Forest Grove needs to create throughout the downtown district. The theater was an important downtown destination and is still used for commercial showing of movies. Attendance at the single screen venue is reportedly small, however, an ownership change recently occurred and there is talk of increased marketing and business improvements.



*Forest Grove Theater Building in 2006*

The building provides is an attractive presence on the street and the theater marquee draws pedestrians from the intersection of Pacific Avenue and Main Street. The second-story has been used, until recently as office space and small apartments. However, it is currently vacant. The Resource Team explored the option of expanding

the second floor housing. The building owner shared that he has done considerable analysis on how to best utilize the structure and has concluded that upper story housing either for large apartments or even condominiums is a real possibility.

He also stated that the project would work best if there is a third story added to take the best advantage of the structure's footprint. A third floor also makes sense because the building requires structural improvements for upper story occupancy and those costs would be spread out and recovered with the additional floor.



Improvements to the lower floors are modest. Windows and doors at the street front are shown in the same form but would be of higher quality materials and include up to date detailing. The two most striking changes to the building include the addition of a third story and ground floor awning.

The third story in this concept features a number of condominium units and is pulled back from the front of the building. This accomplishes two things. The

form creates the opportunity for outdoor living spaces, with a fantastic view of the surrounding hills, and preserves the well-proportions art deco cornice.



## Redevelopment Opportunities

As part of its planning work for downtown Forest Grove, the Resource Team conducted a series of development opportunity studies on three prototypical downtown sites. For each site, development programs were created based on an understanding of local zoning and design standards. Architectural forms, floor plans, and parking schemes were then composed at a schematic level for each site. These programs were designed to test a number of potential development types, and do not necessarily attain the highest and best use of each site.

Once the development schemes were drafted, approximate square footages and construction costs were calculated. A series of pro forma financial analyses were then run for these development programs to evaluate the characteristics of the developments from a financial perspective. The pro forma analysis attempts to model potential development programs at the four project sites from the perspective of a developer. A number of assumptions have been made as part of this analysis, which may vary substantially from those used by an individual developer. As a result, conclusions reached by a developer with respect to the underlying value of the property or viability of development may vary widely. The expectation is that careful program evaluation and fine tuning by a developer will likely enhance the outcome identified in this analysis. (Cost estimates are based on typical product types, while lease rates and sales prices are based on professional opinion.)



The four priority sites chosen for this study are:

- Site A - Times Lithographic (frontage along Pacific Avenue) - Mixed-use redevelopment.
- Site B – A Street (frontage along A Street between 19<sup>th</sup> and Pacific Ave.) Townhouses
- Site C – Schelegel’s Building (along 19<sup>th</sup> Avenue, between A Street and Main Street) - Redevelopment of Retail/Office
- Site D - NW Corner of Main Street and 19<sup>th</sup> – Vacant lot currently being marketed and existing building.

### **Process for Determining Opportunity Sites**

During the initial discussions with the City of Forest Grove and OHCS , the ODDA Resource Team conducted a walking tour with city staff and the Chamber of Commerce and identified a number of priority sites believed to be catalyst sites for redevelopment within downtown Forest Grove. These sites were noted and logged by the ODDA Resource Team, which then conducted a visual “windshield” survey of all properties within the study area. During this survey, special attention was paid to vacant / underutilized land and to dilapidated properties.

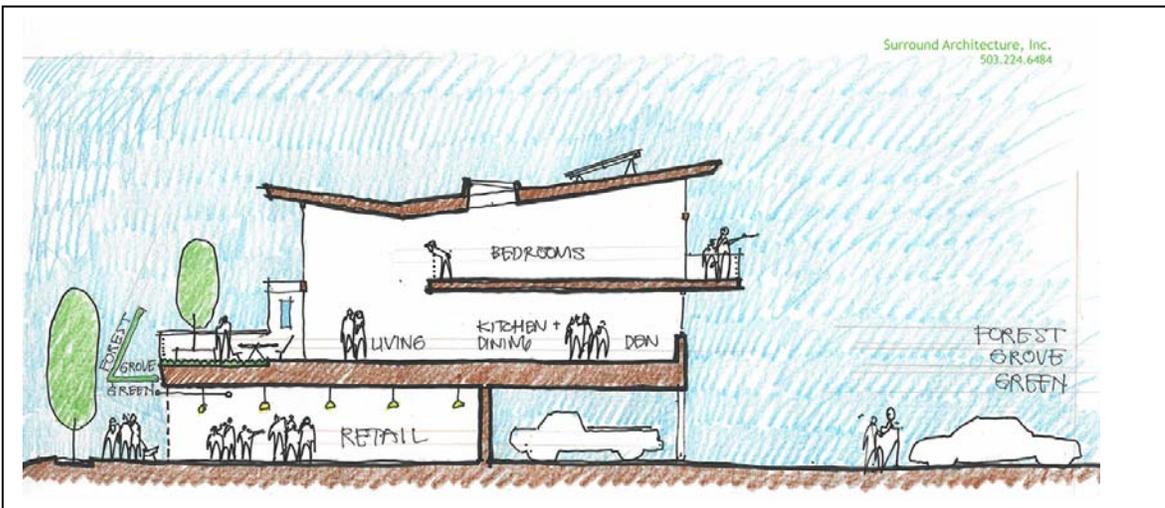
ODDA team members then consulted with City staff to finalize the sites for evaluation. The criteria for determining each site are described in detail following this section.

### Site A - Times Lithographic

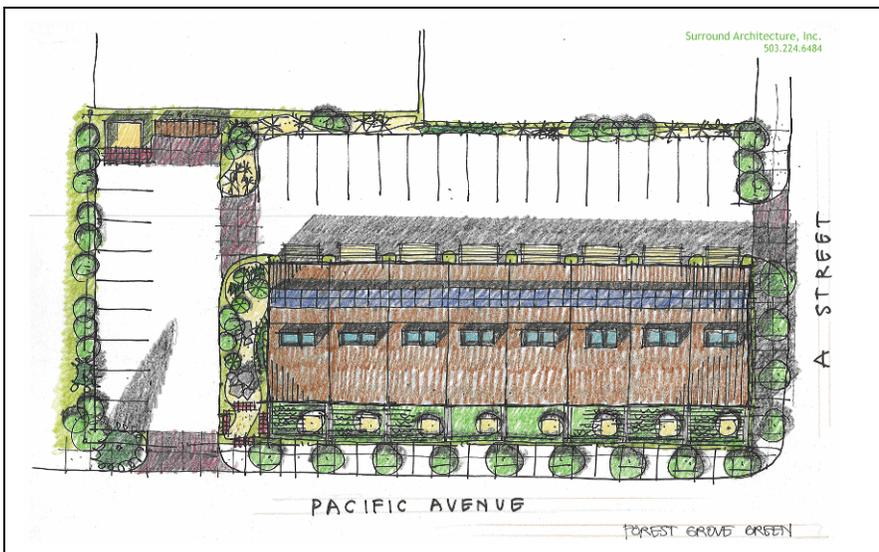
This site was chosen as an opportunity to continue the contiguous facades along Pacific Avenue. The existing building serves as the administrative offices of Times Lithographic. But as printing technologies have changed, the company could do business within the square footage of the main production building. Demolishing the existing structure creates a buildable lot with retail and upper-story housing elements.

The ground floor retail activities, with single units of 1500SF are designed to be flexible and expandable for larger square footage. This provides the desired square footage of start-up type businesses in a new building.

The upper-story housing is intended as owner-occupied two-story condominiums. The views to the north and south of this location are fully integrated into the orientation of the balconies.



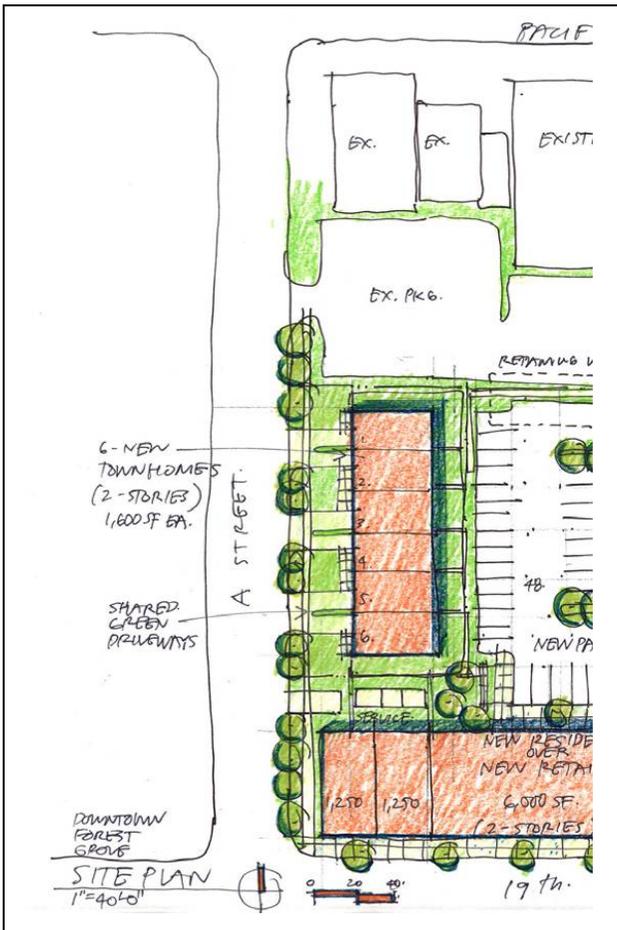
In this scheme, parking is accommodated for residents and business owners to the north of the building leaving the desired contiguous store frontage on the street level. The conceptual design of this building is more contemporary than the more historic downtown core. The existing building and small retail building across Pacific Avenue (to the south) are both more modern architecture (probably from the late 1940's through early 1960's). This redevelopment concept would continue the geometric design language of the intersection of Pacific Avenue and Main Street. It is also appropriate with the mid-century designs in the area and bridges the gap to something new and modern.



### Site B - A Street Townhouses

Housing continues to show historically strong demand in Forest Grove and there is a tested market for multi-family units. Despite some recent pullbacks in the market, the residential market is still a primary consideration in Forest Grove’s development patterns. A Street’s character is much different than Main Street or Pacific Avenue with modest traffic volume and speeds and houses lining much of the street edge.

Site B takes advantage of this residential urban character, proximity to the downtown, and proximity to historic neighborhoods to the south. A row of owner-occupied townhouses would make good use of this location and offer an attractive housing alternative in the Forest Grove marketplace. The financial scenario demonstrates that such a project is feasible at this time.





The townhomes along 19<sup>th</sup> are traditional in form, with rooflines and front entrances that suggest familiar outlines from the historic district. The townhomes borrow these forms while using details and materials from contemporary construction.

## Site B - A Street Townhouses Development Analysis

### **Cost Assumptions**

Unit Price	\$320,000
Number of Units	6
Constr. Loan (% of cost)	80%
Construction Loan	1,385,170
Interest rate on C.L.	0.095
Sales Commissions	6%
Equity (20%)	\$346,292

### **Development Costs**

Site Acquisition	\$312,000	<i>Notes:</i>
Construction	1,217,410	<i>1</i>
Construction Interest	65,388	
Soft Costs	136,664	
Total Costs	\$1,731,462	

*Gross Sales Revenue* \$1,920,000

### **Less:**

Sales Commissions \$115,200

*Gross Profit* \$1,804,800

Construction Loan Repayment 1,385,170

***Net Profit*** \$419,630

***Return on Investment*** 21.2% *2*

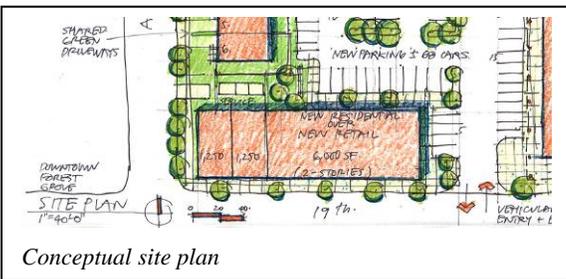
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*1-Real market value per Wash. Co.*

*2-On equity investment of \$346,292.*

### Site C - Schlegel's Site

19<sup>th</sup> Avenue is a well traveled street and comprises the east-bound portion of the downtown couplet. Development along this corridor has been mixed over the years with sporadic successes and transitions between land uses. The Schlegel site offers good access to the downtown area and is close to Pacific University. While there are currently vacancies in the downtown, some of those issues are related to elements covered in the Market Mix but also relate to "retail ready" space.



Parking is pulled around behind the structure to present a classic downtown storefront and also keeps access from 19<sup>th</sup> along with the on street parking. The upper floor provides flexible space that, in this concept, are owner-occupied condominium in at a price point of \$175,000 that hit a particular spot in the Forest Grove entry-level market. Rental units might be possible at a future date, but the market won't presently support that model.



## Site C - Schlegel's Site Development Analysis

### **Building & Cost Assumptions**

Retail Square Footage	25,000
Anchor	16,500
Retail/Condo Building	8,500
Number of Condos	8
Condo Prices	\$175,000
Sales Commissions	6%
Developer's Profit	10%
Rent/SF (NNN)	\$18.00
Op.Costs/Vac/Comm	15%
Capitalization Rate	8.00%
Debt Service Coverage	1.25
Construction Loan (of cost)	80%
Interest on C.L.	9.5%
Permanent Financing	
Term (yrs)	20
Interest	8.50%

<b>Development Costs</b>		<i>Notes:</i>
Site Acquisition	\$653,000	1
Construction	2,566,124	
Construction Interest	112,807	
Soft Costs	227,853	
Developer's Profit	<u>172,349</u>	2
Total Costs	\$3,732,133	
<b>Condo Sales</b>		
Gross Sales Revenue	\$1,400,000	
Less: Commissions	\$84,000	
Profit	\$140,000	
Net Proceeds	\$1,176,000	
As percent of cost	66.1%	3
Sales Gap	(690,066)	4
<b>Annual Retail Cash Flow</b>		
Gross Income	\$153,000	
Costs	<u>\$22,950</u>	
Net Income	\$130,050	
<b>Debt Service</b>	\$104,040	
<b>Net Income after D.S.</b>	\$26,010	
<b>Permanent Loan</b>	\$984,566	
<b>Equity Required</b>	\$1,571,567	
As percent of cost	42.1%	
<b>Capitalized Value</b>	\$1,625,625	5
As percent of net cost	87.1%	6
<b>Valuation Gap</b>	(\$240,441)	7
<b>Return on Equity</b>	1.7%	8
Condo price needed to recover c	\$261,250	9
-plus-		
Target return on retail space	10.00%	
Income needed to achieve		
target return	27.29	10

---

1-Real market value per Wash. Co.  
 2-On commercial portion only.  
 3-Assumes 50% of total cost for condos.  
 4-Cost less net proceeds  
 5-Of net income in retail project only.  
 6-Retail project only.  
 7-Retail project only.  
 8-Total equity including condo gap  
 9-Vs. \$175,000 price assumption  
 10-Assuming condos break even

Site D - NW Corner of Main Street & 19th

This site offers a “shovel ready” opportunity and, in this concept, is expanded to include the adjacent space that is underdeveloped. While retail demand within a 10-minute drivetime is oversupplied in Groceries, the 3-minute drive shows a \$2.0 million leakage gap in the grocery and specialty food category. A specific business model is not implied here, but a category that was highlighted by consumers and has a degree of market support is shown.

Parking is accommodated through a combination of on-street, shared and rear-loaded spaces. The location is a strong anchor for Main Street and would bring energy to Main both north and south of Pacific Avenue. Although retail shopping choices aren’t the strong suit of the west side of the street, this redevelopment would assist potential locations on the east side. The building is single story but addresses the street edge appropriately keeping the geometry of the historic structures and provides a transition that keeps energy along Main while integrating traffic patterns of 19<sup>th</sup> into the downtown core.



Site D - NW Corner of Main Street & 19th  
Development Analysis

<b>Development Costs</b>		<i>Notes:</i>
Site Acquisition	\$514,000	1
Construction	2,451,679	
Construction Loan Int.	107,574	
Soft Costs	212,695	
Developer's Profit	<u>317,837</u>	
Total Costs	\$3,603,785	
<b>Annual Retail Cash Flow</b>		
Gross Income	\$297,000	
Costs	<u>\$44,550</u>	
Net Income	\$252,450	
<b>Debt Service</b>	\$201,960	2
<b>Net Income after D.S.</b>	\$50,490	
<b>Permanent Loan</b>	\$1,911,215	
<b>Equity Required</b>	1,692,570	
As Percent of Cost	47%	
<b>Return on Equity</b>	3.0%	
<b>Capitalized Value</b>	\$3,155,625	3
As Percent of Cost	87.6%	
<b>Valuation Gap</b>	(\$448,160)	
As Percent of Cost	12.4%	
Target return	10.00%	
Per S.F. rent needed to achieve target return	\$27.00	
-or-		
Reduction in cost to achieve target return	\$ 1,231,000	

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1-Real market value per Wash. Co.

2-Based on 1.25 coverage ratio

3-Of net income.

# Chapter 4: Market Analysis Business Mix & Visitor Opportunities

## Improving the Economics of Downtown

This section of the Forest Grove Resource Team Report encompasses the following steps:

- ✦ **Business Development Readiness** - an assessment of Forest Grove's competitive assets and identification of barriers for business recruitment.
- ✦ **Target Market Analysis** - an identification of recommended targets for Forest Grove to pursue with strategic marketing.
- ✦ **Retail Market Assessment** - this section examines the local retail market and positioning within the area's visitor market
- ✦ **Business Recruitment** - this section explores developing Forest Grove's "brand" along with short-term marketing strategies and assignments to recruit tenants.

To prepare this analysis, information was gathered and observations made from two perspectives: 1) From the perspective of what shoppers, visitors and residents desire in Forest Grove; and 2) From the perspective that a business would use to seek out a new business location. The research included:

- ✦ Business Interviews and Focus Groups
- ✦ Visits to retail establishments
- ✦ Personal interviews with local business, civic leaders, and regional partners
- ✦ Community tours
- ✦ Demographic and retail data analysis

## Existing Conditions: Business Development Readiness

### Critical Factors to Success vs. What Forest Grove Offers

Successful downtown districts have healthy business climates and pro-active marketing programs. Analyzing these standards will help place Forest Grove at the proper place within the regional market. Business climate and marketing factors that affect decision-makers at a business level were evaluated for Forest Grove. Forest Grove is a particular challenge because new businesses or expanding existing businesses will need to create a strong niche capable of providing an “attractor” quality experience until the area builds enough momentum to provide a cohesive shopping district.

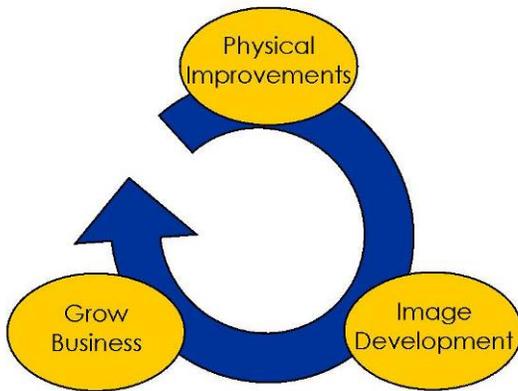
<b>Key for Rating</b>		
<b>S = Strength</b>		
<b>W= Weakness</b>		
<b>N = Neutral</b>		
<b>Downtown Forest Grove Analysis – Strengths &amp; Weaknesses</b>		
<b>Critical</b>		
<b>Success Factors</b>	<b>Rating</b>	<b>What Forest Grove Offers</b>
<b>Market Opportunity</b>		
Growing population base	<b>S</b>	Solid population growth from 2000 to 2006 at 1.74% annually is projected to continue and, likely, increase.
Average or above average incomes	<b>N</b>	Median household income of \$49,955 (2006 – 10 minute Trade Area) is comparable to Washington County’s 2003 median of \$54,001.
Diversified employment base	<b>S</b>	The area has a number of good employers with unemployment in the area is 5% or less, comparable to Washington County as a whole.
Strong visitor market	<b>N</b>	
New development is planned or is occurring.	<b>S</b>	New residential development is continuing and there are some improvements and new business opportunities in the downtown area.
Business anchors/attractors	<b>S</b>	Downtown Forest Grove has a number of long-standing business anchors. These businesses are a real strength to be built upon.

Real Estate		
Critical Success Factors	Rating	What Forest Grove Offers
Quality commercial buildings with good signage, parking and accessibility (walking from store to store in downtown). Flexible space options.	<b>S</b>	The buildings in Forest Grove are a real asset to its appearance and ultimate functionality. Parking management will be addressed elsewhere in this report but overall supply is adequate.
Land acquisition and assembly.	<b>N</b>	This is not actively managed by any entity and no strategy is currently in place.
Business incubator (reduces cost through shared expenses).	<b>N</b>	There are a number of relatively low-cost rental options in downtown. A true incubator is not a managed option but start-up space is locally available.
An up-to-date inventory of available commercial buildings and sites for sale and for lease.	<b>S</b>	Properties available for rent or sale appear to be actively marketed. The City has a good handle on what's available and at what price.
Attractive Shopping Environment		
Inviting, landscaped, well signed and appealing shopping environment that entices auto travelers to stop and shop.	<b>S</b>	Downtown Forest Grove is an attractive location and streetscape improvements are ongoing. Facades are inviting. A more comprehensive incentive package would be a strong addition.
Attractive city entrances with good signage.	<b>N</b>	The primary entrances into downtown are easily recognizable, however, changes over time to the transportation network have left downtown much harder to find.
Shopping – a selection of quality shopping for a range of incomes available	<b>W</b>	The mix of retail shopping is developing. Recruiting new tenants and building downtown as a destination with multiple opportunities for commerce is an immediate focus.
Concentrated nodes or linkages of development creating a critical mass or dense shopping environment, attracting more shoppers.	<b>N</b>	The shopping district is within easy walking distance, development of complementary retail selections, dining will need to follow.
Transportation		
Parking to support stores and services.	<b>N</b>	Shop owners report parking challenges. Existing studies demonstrate adequate supply but localized management issues.
Walkable shopping district to encourage browsing.	<b>S</b>	Downtown provides the infrastructure to “park once and shop often”. Future business recruitment should be geared toward increasing the mass and energy of shopping

Forest Grove Business Climate Analysis – Strengths & Weaknesses		
What Business Wants	Rating	What Forest Grove Offers
<b>Business Environment (cont'd)</b>		
Services coordinated through a business retention and expansion program.	<b>N</b>	The Chamber of Commerce's activities cover the FG area. However recruitment and expansion in the downtown core are only a portion of their overall efforts.
Community consensus on economic growth.	<b>S</b>	The strategic plan indicates that although local residents do not want to lose the "small town feel" of Forest Grove, they do agree that a strong business community is important to sustaining the quality of life they desire.
<b>Marketing</b>		
Special Events	<b>S</b>	There is a selection of unique Special Events throughout the year. Build events into the shoulder season and tie into overall downtown marketing program.
Public Relations	<b>N</b>	There are a number of very strong partners in this area. Coordination of those efforts to strengthen Forest Grove will be an ongoing effort.
Videos/CDs	<b>W</b>	Not at this time
Web site	<b>N</b>	The Chamber of Commerce website covers the service area and includes offerings in the downtown. A more specialized push for downtown would be desirable.
Community Media	<b>S</b>	Forest Grove is covered by a local newspaper, the FG News Times, along with the Hillsboro Argus.
Design, logo, slogans	<b>N</b>	Not applicable to downtown
<b>Business Attraction/Lead Generation Activities</b>		
Specific types of businesses identified to target	<b>N</b>	Not currently identified – but addressed in this plan.
Recruitment campaign/activities	<b>N</b>	Not currently identified – but addressed in this plan.
Current lead sources	<b>S</b>	There are a number of businesses actively looking at location in downtown Forest Grove.

## TARGET MARKET ANALYSIS

Identifying the business voids, or gaps, in the Forest Grove marketplace is a function of understanding a variety of market factors and conditions. These include the socioeconomic characteristics of customers, their shopping needs and interests, the market potential based upon customer spending capacity, the existing business base and overall market trends.



In this section, information about Forest Grove’s target markets and their shopping needs and interests is revealed in detail and the results of a statistical analysis of retail spending potential are shared. This information, combined with retail trend/opportunity information, guides the business mix recommendations at the conclusion of this section.

Market segments represent the consumers who currently, or who would potentially, shop in a community’s downtown. Understanding these consumers, and knowing each segment’s shopping habits and needs can help drive promotional campaigns, business recruitment and retention practices, and business mix and clustering. The primary target markets for retail sales in Forest Grove include:

- Trade Area Residents
- Pacific University Faculty, Staff & Students
- Visitors

## Visitors

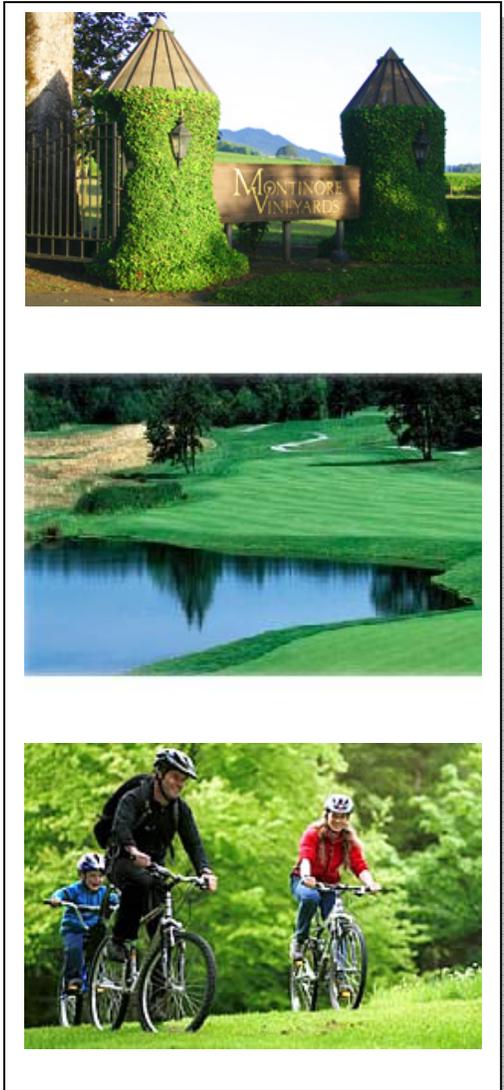
The visitor market in the Forest Grove area shows promise, even though Forest Grove may not typically be seen as an area destination.

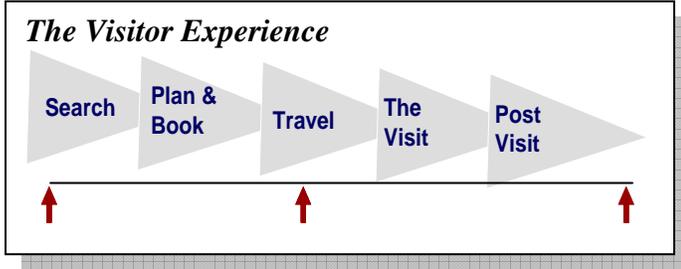
Washington County visitor spending, as a whole, has grown steadily over the last five years. Visitor Trends for Forest Grove include:

- Hotel / motel room stays are on the upswing (even if downtown Forest Grove is not seeing the bulk of this activity, the consumers are still nearby with spending power)
- Local investment is occurring and Forest Grove has the potential to grow a more positive and visible image
- Visitors are seeking alternative, quality getaway experiences
- Baby Boomers are a large, 'ready, willing & able' segment of the visitor market with cash to burn

Visitor markets for Forest Grove include:

- Portland daytrippers
- "Convenience" Retreat Seekers
- Transplants for Affordability / Lifestyle
- Winery Tours





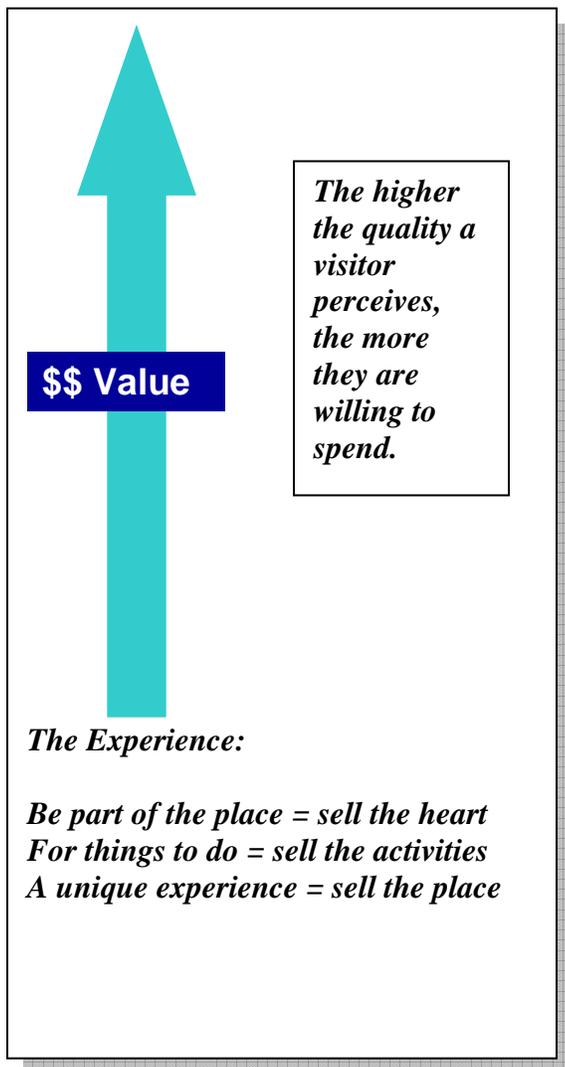
## What Visitors Want

According to James Mak in his book, *Tourism and the Economy*, "Most tourists are looking for an **experience**—that is, something that is "uplifting." "

Over the past few years, the whole notion of tourism has changed from that of a service industry to that of an experience economy. In this new paradigm, the goal is to ensure the traveler as a positive, unique, inspiring, and memorable experience that ties into the larger context of who they are and how they experience the world. Data currently show that 80% of adult American travelers (over 118 million people, or roughly the population of Italy and the UK combined) have included a historic or cultural activity while traveling.

"What consumers want now is an emotional connection to a place. They want to connect to what's behind the brand, with what's behind the promise."

- - Bill Baker, Company President & Community Branding Specialist, Destination Management, Inc.

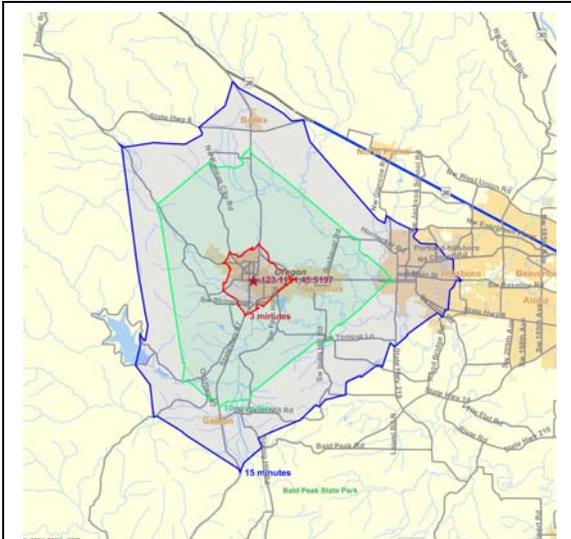


Forest Grove has an interesting history comprised of higher education, agriculture, early settlement,

high quality historic housing & local color of a small community with the amenities of metro-area services. Take every opportunity to tell those stories. What makes Forest Grove special? Tell us....over and over.

## Pacific University Faculty, Staff & Students

The location of Pacific University in relationship to the downtown business district is an obvious asset for the community. Over 350 faculty and staff working in the downtown area is a ready market for most downtown businesses. Workers will typically spend 15% of their expendable income where they work, even if they commute. Recent changes in the alignment of the University's graduate students has been an impact on local retail sales however those students will be replaced over time and an expansion of campus offerings and capacity will ultimately provide other opportunities. A recent study in LaCrosse, WI demonstrated that the average undergraduate has \$230.00/month for discretionary spending. Capturing those dollars in Forest Grove will require some changes to what is offered in the downtown that appeals to students.



Forest Grove Trade Area (driving time):

- 3-minutes
- 10-minutes
- 15-minutes

## Trade Area Residents

Trade area residents are the primary market that will be critical for downtown Forest Grove's success. This section of the report presents detailed demographic and lifestyle profile information of Forest Grove area residents. The figure at the left represents three trade area measurements, organized by driving time from the intersection of Pacific Avenue and Main Street.

The socioeconomic characteristics of the retail and residential trade areas that surround Forest Grove are provided in this section. This geographic area represents the area from which the majority of customers can be expected to originate and carry out day-to-day business transactions. The trade area definition will use data from three driving distances (3, 10 and 15). The 15-minute driving time does not necessarily represent the current trade area but shows the consumer potential within a reasonable driving distance. It also illustrates the challenge for downtown Forest Grove.

The delineation of the local trade area is not meant to suggest that prospective customers of area businesses or future Forest Grove residents will be drawn solely from this geographic area. However, based upon factors such as Forest Grove's location, competitive assets and proposed redevelopment activity, this market area provides a sound and reasonable basis for gauging future potential.

Population & Household Growth

- ▲ From 2000 to 2006, the population throughout the Forest Grove trade area saw average growth of around 2.0% (outpacing Oregon’s average of 1.28% ). Washington County grew at an annual pace within a similar timeframe of 2.4% annually.

	Drive Time		
	3-Minutes	10-Minutes	15-Minutes
2000 Total Population	13,921	32,334	75,101
2006 Total Population	15,651	35,719	82,685
2011 Total Population	17,065	38,850	89,856
2000-2006 Annual Rate	2.07%	1.74%	1.68%
2006 - 2011 Annual Rate	1.81%	1.75%	1.73%

- ▲ The 2006 population of the Forest Grove market area was estimated at 35,719 within a 10-minute drive time and jumps to 82,685 within a 15-minute drive time. During the 2005-2011 time period, the trade area population is expected to continue to grow, however at a similar pace annually. This projection does not factor in a major residential or mixed-use development which would cause those numbers to be underestimated.
- ▲ In the past few decades, household size declined nationally due to a decrease in fertility rates, increasing divorces and single person households, and a rise in the elderly population. Today, it is estimated at 2.61 persons per household in Washington County. In the geographic area examined for this project, household size falls just above the national average with Forest Grove averaging 2.6 persons per household and growing to 2.86 within 15-minutes. These trends will continue from 2006 until 2011. Larger household sizes along with the growing residential market will continue to affect local buying habits.

Age Distribution

- ▲ The age distribution of the population within the Forest Grove market area is younger than the State’s as a whole. The 2006 median age within the trade area was estimated at 32.0 years. Statewide median age is 37.0 years. The trends locally will be upward in age but will remain relatively “younger” than the state as a whole.
- ▲ The estimated proportion of the population over the age of 55 in 2006 was 19% for the Forest Grove market and age distribution generally mirrors state averages.
- ▲ Prime consumer age categories, age 25-54 made up approximately 40.1% of the market area population and shows growth within the planning threshold of this study (up to 2011).

## COMMUNITY TAPESTRY SEGMENTS

Households within the Forest Grove market area have been grouped into lifestyle market segments, which reveal **consumer trends**.

### **Green Acres**

A little bit country, Green Acres residents live in pastoral settings of developing suburban fringe areas. The median age is 39.9 years. Married couples, with and without children, comprise the majority of households, primarily single-family dwellings. This upscale market has a median household income of \$62,300. These do-it-yourselfers maintain and remodel their homes, whether painting, installing carpet, or adding a deck, and own all the necessary tools to accomplish their tasks. They also take care of their lawn and gardens, with the right tools. Vehicles of choice include full size pickup trucks. For exercise, residents ride their bikes and go water skiing and kayaking. Other activities include birdwatching, power boating, target shooting, hunting, and attending auto races.

### **Simple Living**

Simple Living neighborhoods are found throughout the U.S., in urban outskirts or suburban areas. Half of the households are occupied by singles, living alone or sharing housing, and 32 percent consist of married-couple families. The median age is 40.1 years. Almost one-third of householders are aged 65 years or older, and 19 percent are aged 75 years or older. Housing is a mix of single-family dwellings and multiunit buildings of varying stories. Some seniors live in assisted living. Fifty-five percent of households are occupied by renters. Almost 40 percent of households receive Social Security benefits. Younger residents enjoy going out dancing, while seniors prefer going to bingo night. To stay fit, residents play softball and volleyball. Many households do not own a PC, cell phone, or DVD player. Residents watch a lot of TV, especially sitcoms and science fiction. (continued. on next page – sidebar)

Recognizing that people who share the same demographic characteristics may have widely divergent desires and preferences, Community Tapestry data (developed by ESRI Business Information Solutions) categorizes neighborhoods throughout the nation into 65 consumer groups or market segments. Neighborhoods are geographically defined by census blocks, which are analyzed and sorted by a variety of demographic and socioeconomic characteristics, as well as other determinants of consumer behavior. Based on this information, neighborhoods are classified as one of 65 market segments.

Households within the Forest Grove market area have been grouped into Community Tapestry or lifestyle market segments, which reveal a great deal of similarity. Senior and older adults who enjoy a quiet small town lifestyle and outdoor recreation activities dominate the local population.

The top market segments are defined as Green Acres, Simple Living and Main Street, USA (details shown to the left on pages 10-11), encompass the majority of households for the Forest Grove area. Generally, tapestry segments should be viewed as adding dimension to demographic characteristics. Lifestyle characteristics help existing and prospective businesses understand the interests, hobbies, needs, wants and spending power of their local consumer market in a way that basic age and income data are unable to communicate.

### **Main Street, USA**

Main Street, USA neighborhoods are a mix of single-family homes and multiunit dwellings, found in the suburbs of smaller metropolitan cities. This market is similar to the U.S. when comparing household type, age, race, educational attainment, housing type, occupation, industry, and household income type distributions. The median age of 36.3 years matches the U.S. median. The median household income is a comfortable \$51,200. Active members of the community, residents participate in local civic issues and work as volunteers. They take care of their lawns and gardens, and work on small home projects. They enjoy going to the beach, visiting theme parks, playing chess, going bowling or ice skating, and participating in aerobics.

## RETAIL MARKET ASSESSMENT

### Retail Gap

The ultimate purpose of understanding the retail potential for Forest Grove is to identify business opportunities in the community and then promote those opportunities to existing and prospective business owners. Quality information and analysis can help existing and prospective entrepreneurs prepare better business plans, thereby reducing the risk of business failure.

The retail trade or market area designated for Forest Grove is shown on the map on page 77. All figures presented in the exhibits that follow reflect the sales and spending activity within this market area. This section examines 'retail leakage' for the most prominent categories of retail and related expenditures. The table on the following page defines the types of goods referenced within several of the broad retail categories. For instance, "apparel" includes women's apparel, men's apparel, children's apparel, footwear, watches and jewelry.

Retail leakage or conversely, surplus is estimated by comparing Supply to Demand as depicted in the page 13. Supply (retail sales) estimates sales to consumers by establishments within the Forest Grove market area. Sales to businesses are excluded. Demand (retail potential) represents the expected amount spent by consumers at retail establishments, based upon consumer expenditure patterns derived from the

Consumer Expenditure Survey. Supply and demand estimates are in current dollars. The difference between supply and demand is either a leakage of sales out of the trade area or a surplus of sales, meaning that certain business sectors are 'importing' sales from outside the trade area.

In reality, the consumer marketplace is quite fluid. Even if goods are locally available, priced appropriately, and of good value, local shoppers will always do a certain amount of shopping away from home. Certain businesses such as restaurants are often dependent on drawing customers from beyond the local residential population. However, the estimates of sales leakage and surplus are good indicators of the availability of goods within the local market.

Currently, Forest Grove is located toward the western edge of a major marketplace, the Portland metropolitan area. However, a local trade area of 10-minutes driving time is a strong indicator of local retail supply and demand. As a general rule of thumb, shoppers will do most of their convenience goods shopping within a ten-minute drive time if the goods are available to purchase. For the purchase of non-convenience goods, consumers prefer to comparison shop and will drive 20 minutes or longer, especially in suburban and rural areas.

#### **BUSINESS MIX**

A successful business district in virtually any size community will have a balance and mix of uses that includes retail shopping, professional, financial and government services, entertainment, housing and retail shopping. Many smaller districts rely on their destination appeal within a regional market. One of the principal goals over the next five years and longer will be to increase the number of retail businesses within the core downtown area. Category descriptions are

Downtown Forest Grove has the environment and capability to serve not only the local market but regional visitors an interesting variety and small selection of niche goods and services. The keys for these businesses will be to:

- ▲ Provide excellent service
- ▲ Offer unique, quality merchandise
- ▲ Target high dollar volumes per square foot (i.e., smaller spaces, in-depth merchandise and high turnover inventory) for a business to succeed
- ▲ Focus on the 'middle market' with moderately priced goods
- ▲ Work within downtown Forest Grove to provide complementary product lines

The results of the retail gap analysis, as well as conversations with business owners and civic leaders, indicate that Forest Grove has ample opportunity to grow its retail base and fill niches and voids in the regional visitor marketplace. Identifying the most appropriate business mix for Forest Grove, as earlier noted, is a function of demographics and lifestyle characteristics, spending potential, the existing business base and retail trends.

Success will be achieved in Forest Grove with stores and business owners that *fill the leakage gaps* noted in this section and:

- ▲ Provide a good quality product
- ▲ Serve trade area market effectively
- ▲ Aggressively market to these target customer groups
- ▲ Fill specific, unique niches within those categories
- ▲ **Have focus, imagination and strive to meet the**

**Keys to Success in  
Downtown Business  
Development**

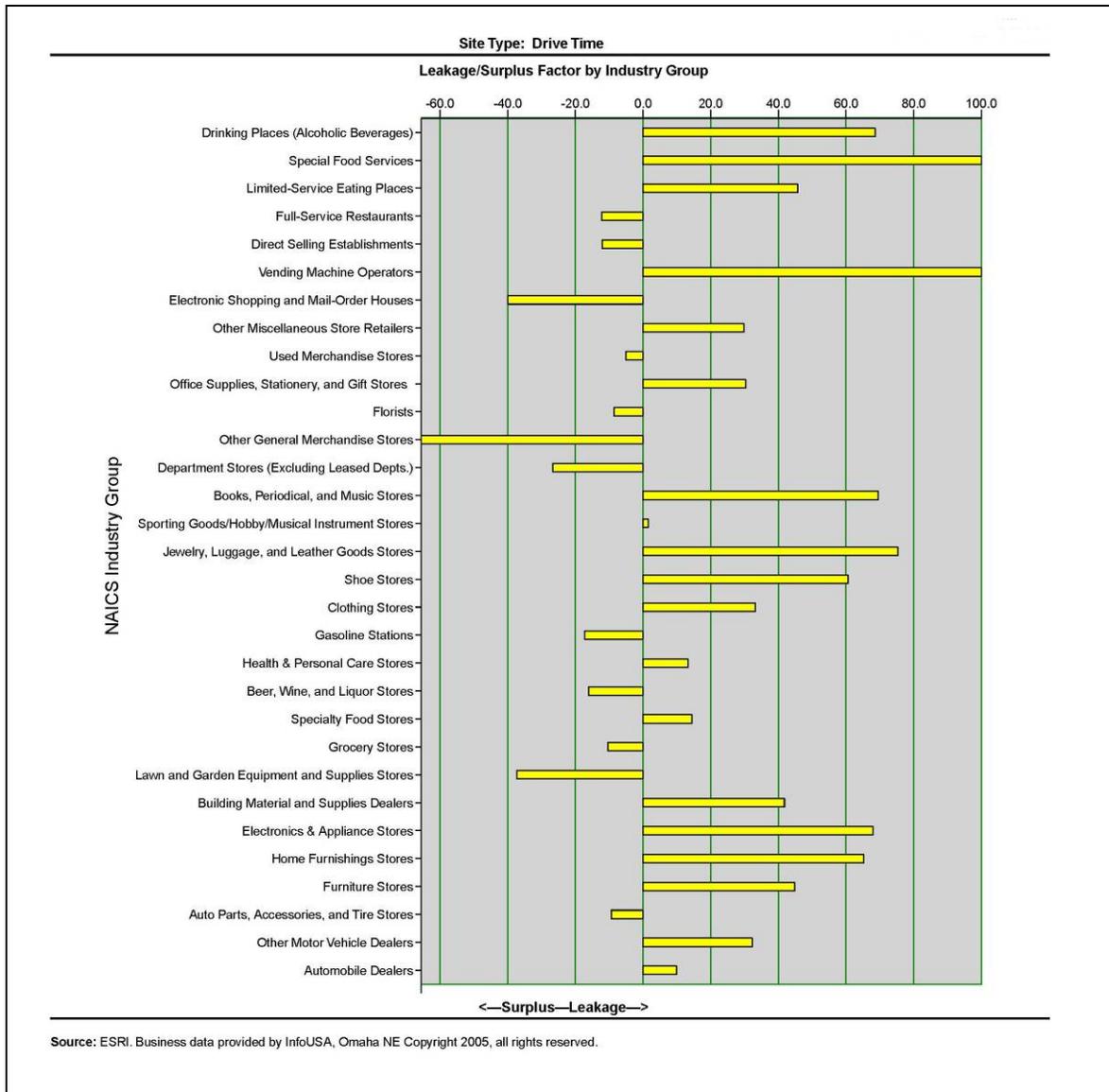
- ◆ Unique tenants
- ◆ Small, quality spaces w/ high visibility, great windows, lighting, signage!
- ◆ Concentrated nodes to create a critical mass

**BUSINESS MIX**

A successful business district in virtually any size community will have a balance and mix of uses that includes retail shopping, professional, financial and government services, entertainment, housing and retail shopping. Forest Grove is in the position of needing to capture residents that have a significant supply of regional shopping choices within a reasonable driving distance. At present, downtown Forest Grove's business base has a very small selection of retail goods and services. One of the principal goals over the next five years will be to increase the number of retail businesses within the core downtown area. Category descriptions are provided on the following page.

**OPPORTUNITIES**

By virtue of its relatively small offerings and proximity to Hoquiam shopping and the size of its trade area, Forest Grove will not be able to compete with or provide a large variety of retail goods, long and predictable shopping hours, and a consistent image of low-cost retail items. However, the visitors, part-time residents, and other local customers will respond favorably when they feel that they are receiving good value for money spent, have a convenient, friendly and safe place to spend time, and consider Forest Grove's downtown an interesting and attractive place to be. These are important values and realistic goals for Forest Grove.



Target Business Opportunities for Forest Grove		
<b>Merchandise</b>	Specialty Jewelry	Electronics
	Footwear	Specialty retail
	Home furnishings & appliances	Footwear
		Home decor
<b>Services</b>		
<b>Restaurants/Food</b>	Specialty Restaurant	Family Restaurant
	Take Out	Extended Hour

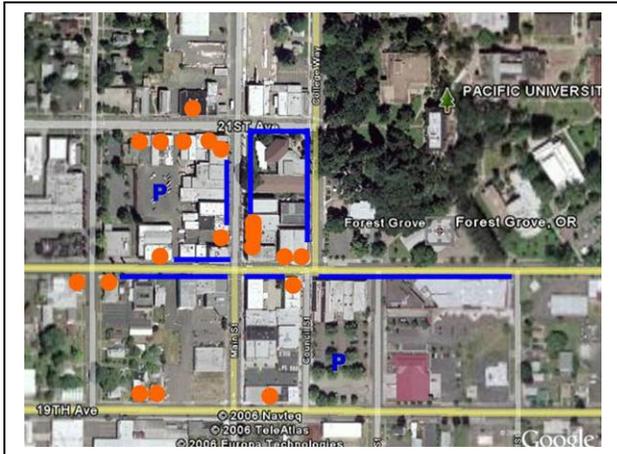
Visitor information organizations, chambers of commerce and observation of communities with a regional presence suggest that the following types of businesses and services are needed:

- ▲ Restaurants and eating places representing a variety of cuisine and prices
- ▲ Unique, one of a kind goods such as arts/crafts/gifts/galleries
- ▲ Convenience goods
- ▲ Recreational/sporting goods and services

Forest Grove's best business opportunities are for specialty retail, professional services, restaurants and home decor-type businesses. The previous table lists business and merchandise opportunities that were identified as appropriate for downtown; combinations of these goods and services as well as many others that have unique appeal to area markets should be considered for business development efforts. Keep in mind that in small towns and small markets, many businesses succeed using the concept of 'retail stacking' where several lines of complementary goods or services operate under one roof. As an example, hair salons offer hair products, tanning services, jewelry sales and manicures. As you review the list, think of existing businesses that could add product lines and/or merchandise/service categories that could be linked together into a successful business.

Retail and general business standards are just as important as the types of businesses attracted to Forest Grove. The focus should be on superior retail standards when qualifying and recruiting a prospective downtown business.

## Business Clustering



There are a number of good quality retail shops in downtown Forest Grove, however, the current pattern of those shopping opportunities isn't ideal for a downtown experience. One of the most important elements of any downtown district is the appropriate clustering of complementary shops, within an easy walking distance, that work in concert to provide a varied and integrated shopping experience. Forest Grove's basic layout of standard city blocks provides the perfect base to manage those uses around designated "nodes". The diagram at the left shows the location of current retail businesses in orange. Although there are quite a few shopping options, they are scattered throughout the downtown. The blue lines designate street frontage that does not contain any shopping options. The effect of these "no shopping available" zones is that once consumers visit their destination and then, perceiving a lack of other places to stop, they move on. Managing Forest Grove's business recruitment to build upon the current opportunities, and create a "park once, shop often" experience.

## Identity & Image

Commercial brands and branding seem to be all the rage right now and the concept of community branding is no different. A community's identity and image are important, especially for communities who want to attract visitors. If you mention Pendleton, for example, the expression of "the old west" is immediately at hand.

A destination brand, or community identity, is the totality of perceptions that a customer holds about the experience associated with a place. Image development for a comparatively small destination, like Forest Grove, often exist within other regional efforts (not in competition). Successful management of these perceptions and experience can secure enduring benefits for both the hosts and their customers. The hallmark of a successful destination brand is determined by the promises it makes and the promises it keeps - - and how they align with reality.

As downtown Forest Grove progresses with its revitalization and promotional activities, it should be able to draw an increasing number of shoppers who are looking for an alternative to other shopping experiences. Forest Grove's market position will need to be honest, unique and provide a contrast to large life-style centers while maintaining elements of quality that customers have come to expect. In order to articulate that opportunity, Forest Grove will need to develop recognizable symbols for downtown.



*The Spirit of the Columbia*

*This is the logo & tagline developed for Astoria, Oregon, a community at the mouth of the Columbia River.*

*A destination brand is much more than a logo & tagline, it is the totality of perceptions about a place.*

*To help shape those perceptions, many communities develop logos & taglines to help 'tell their story' and set them apart.*

*Below is a sample of the image logo used by the Forest Grove Chamber of Commerce.*



Chamber of Commerce

## Tourism Trends

Today's tourists are experienced. The visitors that will be interested in Forest Grove are discerning and are increasingly seeking authentic experiences in locations that are largely unaffected by the incursions of franchises, look-alike streets and "big box stores". They are more sophisticated, knowledgeable and many seek to learn and understand the places that they visit. This search for authentic experiences has been one of the catalysts for the growth in tourism with a cultural and heritage influence.

The World Tourism Organization has identified the following as being among the leading trends influencing tourism today:

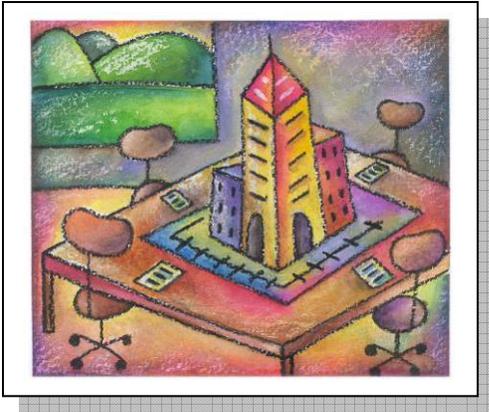
- ▶ Shorter duration stays
- ▶ Multiple short breaks during the year
- ▶ A shift from active vacations to vacations as experiences
- ▶ Travelers want a participatory, authentic experience which provides them with opportunities for new knowledge.

## It Has to Be Worth the Trip

A simple rule of thumb used by many destination planners is that a community, event, or attraction needs to entertain or keep day visitors busy for about four times longer than it takes for them to travel to that location.

This means that if a day visitor travels 15 minutes, they need to be entertained for an hour. If they travel one hour they need to be occupied for four hours. These are the principles that are often used by planners and developers when they locate facilities such as movie theaters, shopping centers and attractions.

A destination's objective should be to develop facilities, events, attractions and activities that will sustain visitor interest for much of the day if they want to encourage people to travel for at least two hours (one way from major metropolitan centers) to reach them.



## Downtown Revitalization Partners & Redevelopment Philosophy

The City of Forest Grove is the local public agency that will take the lead on many of public improvement projects and policy recommendations outlined in this plan. Just as important as the public partners are *private* sector partners to take the lead on projects and initiatives they are best suited for, including projects of the type highlighted in the Redevelopment Opportunities section of this report. Organizing the energy on the private sector side of this equation and expanding tools on the public sector side is the critical path to Forest Grove's success. Both types of leadership are critical - - with both groups working closely together - - in order for downtown revitalization efforts to be truly successful.

Forest Grove is fortunate in that many of the components of a successful downtown are already in place. Putting all of those elements together, coordinating marketing efforts, and successful recruitment are key to Forest Grove's future achievements.

### Public Sector Partners

The City of Forest Grove is the primary public partner in the revitalization of downtown Forest Grove. To date, the city has had success with its streetscape program that has been proactively pursued and funding sources secured.

Many of the elements that Forest Grove needs to continue pursuing fall in the category that would often be completed by an Urban Renewal Agency. It is important that an Urban Renewal effort be guided by specific projects and priorities that are well defined and well understood in advance. This effort is not a funding source that is looking for projects but quite the opposite, a funding mechanism for projects that are key to Forest Grove's revitalization options. It is recommended that the Forest Grove consider the feasibility and desirability of an Urban Renewal Agency that would adopt the following strategies:

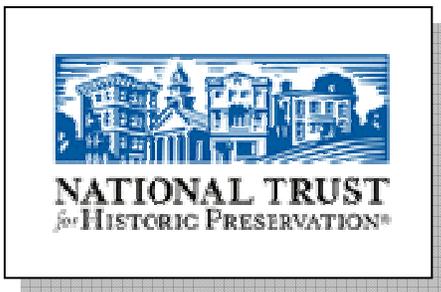
- Use a balanced approach to redevelopment, including the use of a variety of tools and strategies for stimulating redevelopment and increasing economic activity
- The Agency will support tipping point, or catalyst, projects that will help fuel additional investment within the downtown core
- The Agency will focus upon phased projects that include both short- and longer-termed timelines & outcomes
- The Agency will support multiple projects that occur simultaneously to help keep redevelopment moving ahead (and showing success) on a variety of fronts

- The Agency will adopt criteria that are used to 'sift' redevelopment projects through in order to better guide decision making (see Strategic Internal Policies section that follows)

## Private Sector Partners

Currently, downtown Forest Grove is lacking momentum in an organized downtown organization to take the private sector lead in downtown revitalization activities. In the past, Forest Grove had the energy and work of the City Club, but the group's capacity to carry out various projects has waned in recent years. The Forest Grove Chamber is an excellent partner for the downtown, but they are limited in the amount of time and focus they can give to the downtown core without endangering relationships with their 'outside the core' members. In fact, defining just what constitutes the downtown has been a point of contention. A sub-committee or stand-alone organization is needed whose focus is on downtown *alone*. This group could be a sub-committee of the Chamber or it could be a reorganized City Club. The Resource Team's recommendation is that current City Club members roll their time and energy into a "Working Group" within the Chamber of Commerce. This allows close partnership within the business community but ensures that an active, sustaining effort is looking out for the unique needs of downtown. As this group gains momentum it might be possible undertake downtown revitalization activities through a comprehensive (Main Street) approach that

addresses design, business and housing development, promotions/marketing, and organizational development. If downtown stakeholders are interested in pursuing a new version of the Main Street Program, the timing is good as the 2007 State Legislature will most likely approve the creation of a new statewide Main Street Program that will be administered through the State Historic Preservation Office.



### **The Four Points of Main Street**

Described below are the four points of the Main Street approach which work together to build a sustainable and complete community revitalization effort.

**Organization** involves getting everyone working toward the same goal and assembling the appropriate human and financial resources to implement a Main Street revitalization program. A governing board and standing committees make up the fundamental organizational structure of the volunteer-driven program. Volunteers are coordinated and supported by a paid program director as well. This structure not only divides the workload and clearly delineates responsibilities, but also builds consensus and cooperation among the various stakeholders.

**Promotion** sells a positive image of the commercial district and encourages consumers and investors to live, work, shop, play and invest in the Main Street district. By marketing a district's unique characteristics to residents, investors, business

owners, and visitors, an effective promotional strategy forges a positive image through advertising, retail promotional activity, special events, and marketing campaigns carried out by local volunteers. These activities improve consumer and investor confidence in the district and encourage commercial activity and investment in the area.

**Design** means getting Main Street into top physical shape. Capitalizing on its best assets — such as historic buildings and pedestrian-oriented streets — is just part of the story. An inviting atmosphere, created through attractive window displays, parking areas, building improvements, street furniture, signs, sidewalks, street lights, and landscaping, conveys a positive visual message about the commercial district and what it has to offer. Design activities also include instilling good maintenance practices in the commercial district, enhancing the physical appearance of the commercial district by rehabilitating historic buildings, encouraging appropriate new construction, developing sensitive design management systems, and long-term planning.

**Economic Restructuring** strengthens a community's existing economic assets while expanding and diversifying its economic base. The Main Street program helps sharpen the competitiveness of existing business owners and recruits compatible new businesses and new economic uses to build a commercial district that responds to today's consumers' needs. Converting unused or underused commercial space into economically productive

property also helps boost the profitability of the district.

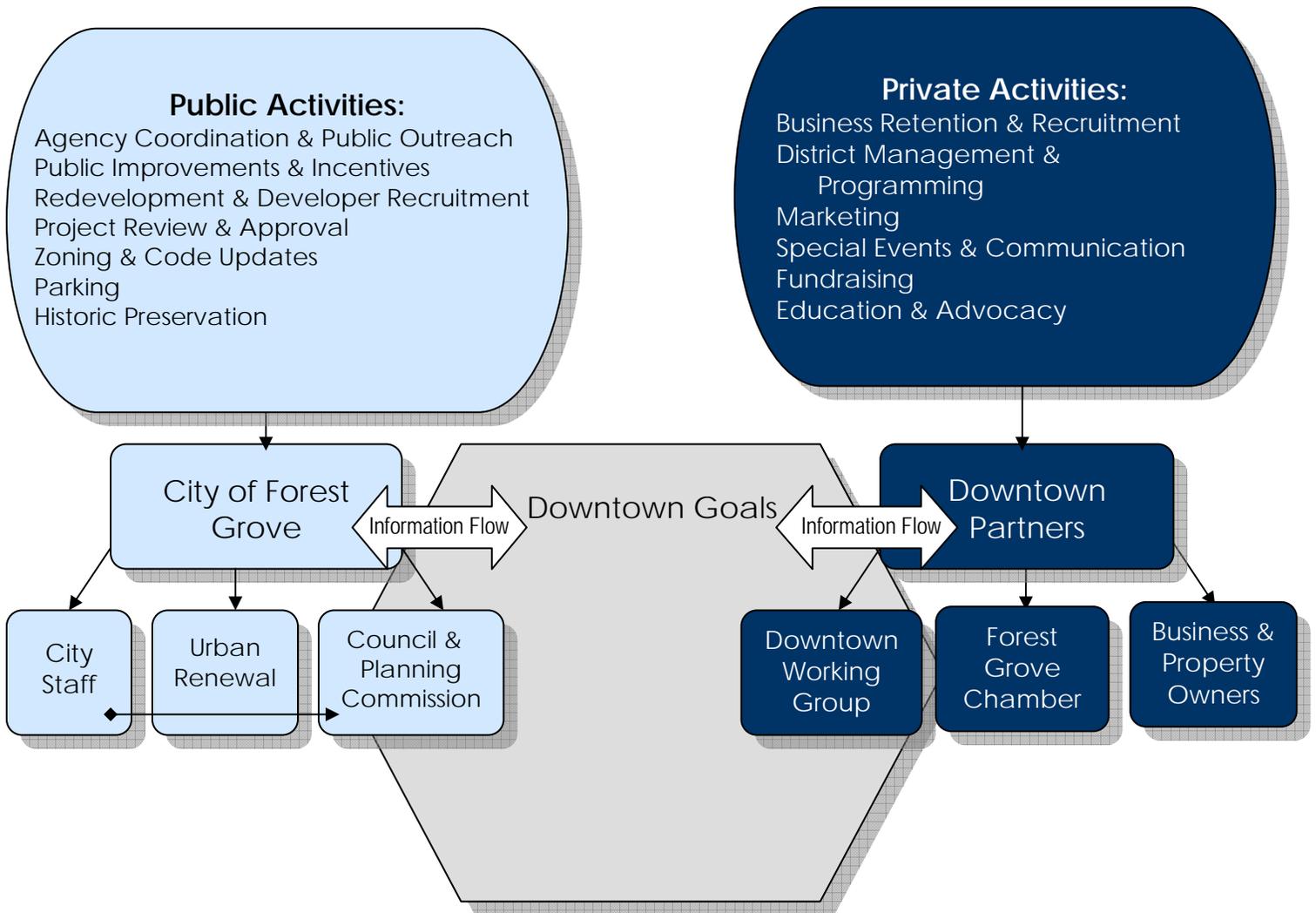
The Main Street approach is incremental; it is not designed to produce immediate change. Because they often fail to address the underlying causes of commercial district decline, expensive improvements, such as pedestrian malls or sports arenas, do not always generate the desired economic results. In order to succeed, a long-term revitalization effort requires careful attention to every aspect of downtown — a process that takes time and requires leadership and local capacity building.

## Roles & Responsibilities for Project Implementation

Implementing a successful downtown revitalization effort is a complex task. This is especially true for downtown redevelopment because there are many types of projects and a variety of public and private players. The flowchart that follows on the next page outlines two categories of redevelopment activities that will be undertaken for downtown Forest Grove and the roles and responsibilities within each.

It also indicates the creation of a Downtown Working Group. This working alliance is critical to the success of Forest Grove's redevelopment effort. To help clarify how the Downtown Plan will be implemented, the matrix below outlines next steps by category and responsibility.

## Downtown Project Management Model for Forest Grove



## Recommended Next Steps

This plan is broad in scope as it addresses the needs of downtown through an integrated and comprehensive approach. The goal is for the City to continue the good work that has occurred - -while playing a more active role in redevelopment, possibly through an Urban Renewal Agency. This section of the report lays out internal policies that should be adopted to assist with project selection and prioritization. The last chapter of this report, *Implementation Strategies*, outlines next steps for project implementation.



# Chapter 5: Implementation Strategies

Creating a vision and plan for downtown Forest Grove is just the beginning of the revitalization process. Implementation of the plan is where 'the rubber hits the road' and where commitment and efforts should be focused. This section addresses the all-important issue of successfully transitioning Forest Grove's vision for downtown into reality.

In setting the work plan to achieve the vision, the following are important considerations to keep in mind:

- ◆ **Downtown revitalization should be both a public & private effort, with everyone working off the same plan**
- ◆ **The community in partnership with the city moves forward with policy updates & public sector improvements (streetscape, circulation, public spaces, etc.)**
- ◆ **Community champions partner to lead private sector redevelopment efforts**
- ◆ **Both groups should also be regularly communicating with each other on implementation strategies and progress**

## STRATEGIC INITIATIVES

The recommendations of the Resource Team report fall into the following categories:

### **Strategic Initiative 1: Downtown Organization**

Building the capacity of existing groups to pull together private sector efforts is of primary importance in Forest Grove. This initiative addresses necessary changes in “who does what” to carry out the goals of Strategic Initiative 2. This section includes action items in training. Each action item is accompanied by a suggested timeline.

### **Strategic Initiative 2: Business Development**

There are a number of business mix and clustering opportunities that can be put into motion in Forest Grove in the near-term. Utilizing the findings and conclusions of the market assessment and business analysis, the action items will move the economics for downtown in the right direction. This section also includes information assisting property owners with vacancies and financing.

### **Strategic Initiative 3: Redevelopment Tool Kit**

The specific elements of redevelopment are packaged in one convenient strategy, the Redevelopment Tool Kit. This group of incentives looks at existing and potential strategies that will assist local efforts at infill and rehabilitation.

### **Strategic Initiative 4: Redevelopment**

Encouraging infill and façade rehabilitation efforts is a significant part of this report's recommendations, in addition to public infrastructure projects. Providing the right climate and right incentives for desirable redevelopment is a hallmark of successful downtowns.

### **Strategic Initiative 5: Housing Development**

A critical strategy in downtown commercial development is the creation of additional housing. Time and time again, housing has shown to contribute to the demand for additional shops, service, entertainment and restaurants.

### **Strategic Initiative 6: Historic Preservation**

Historic preservation and rehabilitation can be an ideal economic development strategy for attracting and retaining small business. Exploring elements of the creation of an Historic District can be key to the future of downtown Forest Grove. The steps for Forest Grove are highlighted in this strategy.

### **Strategic Initiative 7: Visitor Development**

Although not the major thrust of this report, many of the same techniques and businesses that are important to the local market will draw a wider consumer audience.

The goals and recommended actions are outlined on the following pages.

**Strategic Initiative 1: Downtown Organization**

- Goals:**
- ◆ Build a working group members from previous efforts and property and business owners.
  - ◆ Outline short and mid-term goals and priorities for the group.
  - ◆ Establish lines of communication and responsibilities as related to other groups (City, Chamber, Regional Partners)

**Implementation Actions**

Action 1.1	Conduct a roundtable discussion of the results of the Resource Team Report. Invite all stakeholders and possible participants in the ongoing process.
Action 1.2	Send representatives to the ODDA Conference. The role of downtown organizations in business recruitment and development, downtown funding and organizing those efforts will be included.
Action 1.3	Visit area communities with existing Downtown Organizations. What are they doing well? How are they doing it? What would they do differently?
Action 1.4	Building from the City Club, property owners and business owners, form the Working Group within the Chamber of Commerce.
Action 1.5	Set goals, based upon the other strategic initiatives, for the group. Set short-term goals to keep the group motivated.

**Strategic Initiative 2: Business Development**

<b>Goals:</b>	<ul style="list-style-type: none"> <li>◆ Retain, strengthen and expand the business base.</li> <li>◆ Recruit businesses that will complement and improve the commercial mix.</li> <li>◆ Enhance 'historic downtown shopping' opportunities</li> </ul>
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**Implementation Actions:**

Action 2.1	Package Assets. Promote the physical and market vision for downtown Forest Grove to existing business and property owners as well as community leaders. Develop marketing materials, such as <i>Top 10 Reasons to Locate a Business in Downtown Forest Grove. (2007)</i>
Action 2.2	Organize a Business Development Team to undertake coordinated business development activities. (2007)
Action 2.3	Work with ODDA to provide business development training and to create an organized gameplan for business recruitment. (2007)

Action 2.4	Organize and package information to effectively market to Pacific University's faculty, staff and students. (2007 – ongoing)
Action 2.5	Conduct recruitment efforts with an eye toward filling in Market Gaps and Downtown Cluster Gaps noted in the report. (2007 – ongoing)
Action 2.6	Aggressively market downtown to Forest Grove's new residents (2007 – ongoing)
Action 2.7	Organize and implement a Community Marketing Plan (2007 – ongoing)
Action 2.8	Go on field trips and conferences to gain new ideas and knowledge related to downtown revitalization (2007-ongoing)
Action 2.9	Target key properties that are ready for occupancy now and assist with marketing. Quality businesses seek quality retail space. Consider the appropriate business for each location given the existing base of anchor businesses. In the short term, cluster additional retail on Pacific Avenue and Main Street to help create the critical mass of businesses needed to support pedestrian traffic flow (2007-on-going)
Action 2.10	Coordinate with the City of Forest Grove on properties best suited for redevelopment. (2007 – on-going)
Action 2.11	Professional services are thriving in downtown Forest Grove. Efforts at business recruitment should include this strong market force. Encouraging clustering of financial and professional services will continue to draw customers and tenants into downtown. Careful attention should be paid to location, however this is a significant opportunity for downtown's future.
Action 2.12	Create a property owners information kit that includes: <ul style="list-style-type: none"> <li>• Rental rate information.</li> <li>• Key market gaps.</li> <li>• State, local and regional financing/funding opportunities.</li> </ul>

**Strategic Initiative 3: Redevelopment Tool Kit**

<b>Goals:</b>	<ul style="list-style-type: none"> <li>◆ Create broad range of tools through various agencies that fit the entire spectrum of downtown development opportunities.</li> <li>◆ Consider feasibility of Urban Renewal agency to fill the role of many of these actions.</li> </ul>
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**Implementation Actions:**

Action 3.1	Flexibility and streamlining in permitting (i.e., if 'x,y,z' criteria are met, then the project qualifies for fast-track permitting)
Action 3.2	Free design assistance (i.e., 15 hrs of professional architectural assistance). Urban Renewal Directors across the state agree on the value of this tool. This type of assistance helps both the developer (by providing much needed technical assistance) and the downtown district (by achieving façade upgrades that

	complement the existing downtown fabric).
Action 3.3	Implement a Façade Improvement Program. Forest Grove has many buildings that would be greatly improved with modest updates to the existing facades.
Action 3.4	Signage Grant Program (i.e., where Urban Renewal would provide a 1:1 matching grant of up to \$1000 for signage upgrades.) As a special add-on, a small grant of up to \$2,500 for signage (no back-lit plastic signs) will be offered in conjunction with a \$25,000 loan.
Action 3.5	Waiving, reducing or deferring (up to five years) System Development Charges following staff review (i.e., 'trading' SDC charges associated with redevelopment of commercial storefronts with required façade upgrades. The rationale behind this is that an existing building has already paid for its impacts and that requiring the amount that would be paid in SDCs to be put directly into the façade is a win for both the City and property owner.)
Action 3.6	Outright grants to help fill funding gaps. This tool should be used only in very special cases to help fill a small project gap, where no other funding sources are available.
Action 3.7	Forgivable debt, where if certain performance criteria are met within a specified length of time, then the project loan transfers to a grant (i.e., The Dalles' demolition loan for \$50k that turns into a grant if the property is built upon within 2 years of demolition). This is a creative and flexible program that helps ensure that right things happen in a timely manner.
Action 3.8	Grants or loans for required seismic or ADA upgrades. This is another tool to help prompt redevelopment when there is a change of use and/or occupancy.
Action 3.9	Streetscape improvements as part of specific redevelopment projects.
Action 3.10	Optioning downtown 'opportunity site' properties for redevelopment - - making sure the option is transferable to the developer. This tool allows the Urban Renewal Agency to proactively engage in the property redevelopment process. The decision to move forward with the option process should be based on properties that are of <i>strategic importance</i> or offer an <i>immediate opportunity</i> .
Action 3.11	Vertical Housing Development Zones - where the City makes application, on behalf of a developer, to create a VHDZ district to Oregon Housing & Community Services. The district may be comprised of a single property or larger area. The program allows for a 10-year tax abatement for projects that include housing (either market rate, affordable or a combination of the two) <i>over ground floor retail</i> . The abatement ranges from 20% for one floor of housing, capping at 80% for four floors of housing.

### Strategic Initiative 4: Redevelopment

<b>Goals:</b>	<ul style="list-style-type: none"> <li>◆ Encourage appropriate infill development at key catalyst sites.</li> <li>◆ Provide right structure for upper floor housing.</li> <li>◆ Increase access and utilization of façade rehabilitation tools.</li> </ul>
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#### Implementation Actions:

<b>Action 4.1</b>	Infill Development. Develop a working relationship with owners of key 'opportunity site' properties to help initiate infill projects that include ground floor retail and upper floor housing. (2007-ongoing)
<b>Action 4.2</b>	Infill Development. Use incentives in the Redevelopment Tool Kit to help fill gaps, as needed, as downtown infill projects. (2007-ongoing)
<b>Action 4.3</b>	Façade Rehabs. Coordinate façade loan approval within a design review process on projects where the face of a building will be updated. (2007)

### Strategic Initiative 5: Housing Development

<b>Goals:</b>	<ul style="list-style-type: none"> <li>◆ Conduct educational efforts on benefits of downtown housing.</li> <li>◆ Encourage, through local tools, development of upper story housing options in the downtown core.</li> </ul>
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#### Implementation Actions:

Action 5.1	Host a Housing Development Workshop to update the City and other stakeholders of programs, resources and assistance available for downtown housing development. (2007)
Action 5.2	Continue working with developers (both for- and non-profit) in the development and redevelopment of mixed-use projects that include a range of housing products. (2007-ongoing)
Action 5.3	Explore the use of a Vertical Housing Development Zone and other tools, as necessary, to help incent mixed use projects that include housing over ground floor retail. (2007)

### Strategic Initiative 6: Historic Preservation

<b>Goals:</b>	<ul style="list-style-type: none"> <li>◆ Build a detailed inventory of historic buildings.</li> <li>◆ Create a stronger city center by building upon historic building assets.</li> <li>◆ Create opportunities for federal tax credits, recognition, grants and special assessments for building owners.</li> </ul>
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#### Implementation Actions:

Action 6.1	Host Historic Preservation Workshop: <i>Everything You Wanted to Know About Historic Preservation But Were Afraid to Ask.</i> (2007)
Action 6.2	Move forward with next steps inventory and analysis to determine whether Forest Grove's downtown could expand National Register listings. Build upon existing Clark district. (2007)
Action 6.3	Connect review process with area Façade Loan Programs to assess compatibility for Forest Grove. (2007)