Portland Downtown Retail Strategy
2009
Implementation Approach to Create The Signature Retail District in Portland’s Central City
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A vibrant downtown is the cornerstone of a healthy regional economy. Downtown is the face of the city, presenting residents and visitors with an enduring sign of the city’s vitality. It is the common neighborhood for all residents, providing Portlanders with the best cultural amenities, the highest concentration of jobs, and the center for civic life. Comprising only one twelfth of one percent of the region’s geography, the central city is home to 13 percent of the regional employment base, generates 15 percent of the City’s property tax revenues, and 4 percent of the region’s low income housing stock. Consequently, much attention has been paid to reinforce downtown as the economic, cultural, and transportation center of this region. Starting with the 1972 Downtown Plan, Portland has devised strategies to keep downtown healthy and attractive for its citizens and visitors. Once again, this vital and distinctive Central City requires renewed focus on the essential elements that make downtown successful, like a vibrant retail core.

Downtown needs economic development, safety, housing, and tourism; a vibrant retail core helps advance these goals and reach overall downtown success. The City’s new Economic Development Strategy calls for creating 10,000 new jobs in the city in the next five years. Portland’s distinctive downtown helps attract the young, educated talent that is critical for recruiting new industries to the region. Retail adds to the city’s distinctiveness because it is the most visible element of the central city. Further, according to the Portland Business Alliance 2008 Business Census and Survey, proximity to businesses, including retail and restaurant amenities, is among the top five reasons firms locate or remain in the downtown area. A healthy retail core is also important for maintaining safe streets in the central city. According to Crime Prevention through Environmental Design guidelines (CEPTED), businesses on the ground floor provide “eyes on the street” and deter criminal activity. Retail also helps stimulate housing development in the downtown area, as it provides essential services to the city’s residents. According to the PDC Housing Inventory, the number of housing units within the central city has grown by 36% since 2002. This can be partially attributed to the vibrancy that retail adds to downtown’s streets. Finally, a strong retail core helps attract tourists from around the world. Tourists invest significant amounts of money into Portland’s economy, which supports businesses and their employees. Further, Downtown is home to many independent retailers and restaurants, so when the tourists are shopping downtown, they are supporting the growth of small businesses.
Conversely, negative fluctuations in the retail market and the resulting vacant storefronts immediately affect the street environment and eventually weaken the vitality of the downtown core. Therefore, retail issues are not just retail issues—they are a critical part of sustaining the health of the downtown, the city, and the region.

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

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

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

**BACKGROUND:**

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

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

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

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

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

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Why?</th>
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<tbody>
<tr>
<td>1. Designate Morrison and Yamhill as the Signature Streets within the Retail Core</td>
<td>- These streets together act as an organizational spine for the district. - They are already home to a number of high-end retailers and regional anchors. - Action items help drive private sector investment along these streets.</td>
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<tr>
<td>2. Establish a Retail Overlay District</td>
<td>- The overlay will direct investment throughout the district but will concentrate resources along the signature streets. - Action items call for visual cues in the built environment, improved continuity within the retail core, better connections to other retail districts, and housing which will provide 24-hour activity to the streets.</td>
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<tr>
<td>3. Create a Unified Identity and an Effective Marketing Strategy for the District</td>
<td>- Visual cues in the built environment and branding need to define the district. - Consistent marketing will improve the perception of downtown retail.</td>
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<tr>
<td>4. Employ a set of Tactical tools to Implement the Retail Spine</td>
<td>- Coordinated management, regulation, financial incentives, and technical assistance will ensure the success of the downtown retail district and the signature streets.</td>
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Morrison and Yamhill are the signature streets within the retail core. While Yamhill is already home to a number of high-end retailers, including Saks Fifth Avenue, Tiffany & Co., Louis Vuitton, Banana Republic, and the proposed Nike Store, opportunities to reinforce the retail core are more present along Morrison. Together these streets act as a spine for the retail core, organizing connections to other districts within the central city. These streets are home to the highest performing retailers, which generate significant foot traffic and draw people from throughout the region. Morrison and Yamhill are the signature streets because the built environment lends to this reasoning: when considering the low-rise structures and public spaces between these streets, the south-facing buildings along Morrison and the north-facing buildings along Yamhill act as walls in an outdoor room (see figures below). Throughout the day sunlight brightens the south-facing walls along Morrison, contributing significantly to the attractiveness of the Signature Streets. Reinforcing these positive qualities with active retail uses along these streets will help increase the viability of the signature retail concept and the entire downtown retail core.

—I. Designate Morrison and Yamhill as the Signature Streets within the Retail Core—
— Strategy —

I. Designate Morrison and Yamhill as the Signature Streets within the Retail Core.

Implementation

1. Drive private sector investment along Morrison and Yamhill and encourage the creation of a contiguous retail spine by deploying the following resources and incentives:
   - Financial
   - Regulatory
   - Marketing
   (These will all be discussed in further sections)

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

<table>
<thead>
<tr>
<th>Large Scale Development Projects</th>
<th>Priority</th>
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<tbody>
<tr>
<td>10th &amp; Yamhill</td>
<td>1st</td>
</tr>
<tr>
<td>3rd &amp; Alder</td>
<td>2nd</td>
</tr>
<tr>
<td>Block 216</td>
<td>3rd</td>
</tr>
<tr>
<td>Park Ave. West</td>
<td>4th</td>
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<tr>
<td>(in case construction languishes)</td>
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</tbody>
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<tr>
<th>Medium Scale Projects</th>
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<tbody>
<tr>
<td>Priorities</td>
<td></td>
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<tr>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Former Carl Greve</td>
<td>Yeon Building</td>
</tr>
<tr>
<td>Kress/Caplan</td>
<td>Pacific 1st Center</td>
</tr>
<tr>
<td>Pioneer Place</td>
<td>Executive Building</td>
</tr>
<tr>
<td>Galleria</td>
<td>Selling Building</td>
</tr>
<tr>
<td>Park Ave. West</td>
<td>(retail vacancy)</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Small Scale Projects</th>
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<tbody>
<tr>
<td>Priorities</td>
<td></td>
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<tr>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Storefront Improvements</td>
<td>Streetscape/Landscaping</td>
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<tr>
<td>Marketing</td>
<td>Lighting</td>
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<tr>
<td>Safety</td>
<td>Signage</td>
</tr>
<tr>
<td>Garage Cleaning &amp; Maintenance</td>
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</tr>
</tbody>
</table>
— Strategy —

I. Designate Morrison and Yamhill as the Signature Streets within the Retail Core.

Implementation

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

4. Extend Block-by-Block Initiative to Morrison and Yamhill.
   » Identify key storefronts needing renovation, key vacancy sites, and blank walls to bring greater transparency to the retail core. Consider extending the program to improve lighting and signage.

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

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

   » Targeted Categories for Recruitment and Retention:

   | Existing retailers expanding or relocating in the Retail Core |
   | Retailers at risk of displacement from the Retail Core |
   | Fast Fashion: |
   | • Retail destinations that offer a fashion concept at a reasonable price point |
   | • Larger scale concepts (10,000 square feet or greater) |
   | • Destination retail with high volume traffic potential |
   | • Exclusive, first-to-market outlets in Portland metro area |
   | • Examples: |
   | » Zara |
   | » H & M |
   | » Uniqlo |
   | » Top Shop |
   | » French Connection |

   | Indigenous Retail: |
   | • Continue prioritization of recruitment and retention assistance programs for locally based retailers |

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

   | Public Market: |
   | • Tourist and lunchtime destination |

   | Other Supportive Commercial Services: |
   | • Cosmetics- Sephora, Ulta |
   | • Home Furnishings- Crate and Barrel, CB2 |
   | • Electronics- Best Buy, Sony Store |
   | • Sports Equipment |
   | • Shoe Stores- Cole Haan, Geox |

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

II. Establish a Retail Overlay District.

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

Implementation

1. Create hierarchical system of delivering matching incentives.

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

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

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

3. Improve continuity within the Retail Overlay District.

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

Implementation

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

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

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

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

Park/9th Avenues:
- Capitalize on the Park Avenue Urban Design Vision and reinforce connections that promote more leisurely pedestrian activity. These streets are primary links to the Cultural District, which are populated by pedestrians before and after events. Directors Park, Park Avenue West, and the new streetscape improvements planned for this area will further strengthen the promenade-like feel.

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

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

II. Establish a Retail Overlay District
Implementation

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

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

Implementation

1. Develop a consistent look for the Retail Core

   » Improve pedestrian and shopper comfort by immediately renewing the Sidewalk Access For Everyone (SAFE) program and the Sidewalk Obstruction Ordinance and provide ongoing maintenance and cleaning to the city-owned parking garages.

   » Reinforce the signature concept with standards for storefronts, lighting, public realm elements like trash receptacles, planters, benches, and signage and integrate into city plans and codes for the retail core.

   » Utilize vacant storefronts as billboards to communicate key messages about downtown. Such repurposing of vacant storefronts will create a friendlier pedestrian environment and a sense of retail continuity.

   » Extend the Broadway Unique Sign District regulations to all buildings on designated signature streets. Incent retailers/landlords to match funds to upgrade existing signage.

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

   » Fold Downtown Marketing Initiative into Travel Portland and merge efforts to create consistent messaging and leverage marketing resources.

   » Create an identity and brand for the district and reinforce with all marketing efforts.

   » Identify ways to integrate brand into the built environment through public realm features.

   » Devise a marketing or communications strategy to increase the perception of safety.

3. Implement Marketing Strategy

   » Promote positive messages about downtown and highlight unique downtown events and offerings through multi-channel marketing that includes television, print media, outdoor billboards, and public relations efforts.

   » Identify and dedicate consistent funding source to the downtown marketing strategy.

   » Appropriate specific funds within the DMI budget to market the signature streets.

   » Travel Portland and DMI should explore additional private revenue streams, including retailers, housing developers, property owners, and other commercial sponsorships to fund programs.
— Strategy —

IV. Employ a set of tactical tools to implement the Retail Spine

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

Implementation

Management

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

Regulatory

1. Establish a Retail Compact

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

2. Establish a series of zoning incentives

   » Consider increasing building heights and FAR allowances within the Retail Overlay District for new development that includes large floor plate retail space.

   » Consider allowing property owners to receive a FAR bonus for existing buildings that are remodeled or reconfigured for new retail. Allow any unused FAR from the existing building to be sold and used elsewhere in the downtown for new developments.

   » Establish regulatory incentives that promote retail space with active and transparent retail frontages and high quality facades. Offer a greater match of financial assistance when façade designs promote increased retail continuity, and the signature retail image (to be defined).
— Strategy —

IV. Employ a set of tactical tools to implement the Retail Spine Implementation

Financial Incentives

1. Establish a Landlord Improvement Program
   » This incentive will enable landlords to develop their retail space into a “raw” or “rough” shell. This would include seismic upgrades, floor leveling, electrical upgrades, and providing HVAC capacity for the space (does not include distribution of electric/HVAC). Program would provide a matching investment as follows:
     » Average cost for upgrades roughly $75-$100 psf
     » Program would provide match up to $50 psf (e.g. $500K match for 10K sq. ft. space along a signature street)
     » Rate at which match decreases as one moves away from the retail spine needs to be determined
   » Additional funding mechanisms beyond Tax Increment Financing need to be identified to fully support this program.

2. Establish Tenant Improvement Program
   » Enables retailers to meet their particular interior space needs. Program would provide a matching investment as follows:
     » National retailers often need approximately $50-$60 psf in tenant improvements. Match would provide up to $35 psf.
     » Restaurants often need approximately $100-$200 psf in tenant improvements. Match would provide up to $75 psf.
     (note- costly venting reconfigurations, including exhaust filtration, can cost up to $300K, depending upon the particular building)
     » Rate at which match decreases as one moves away from the retail spine needs to be determined
   » Additional funding mechanisms beyond Tax Increment Financing need to be identified to fully support this program.

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

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

Funding Sources

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

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

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

Technical Assistance

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

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

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