

Headquarters Hotel spurs development in Lloyd District



Courtesy of Ankrom Moisan Associated Architects

The proposed 19-story office tower near the Convention Center would be project's the first phase.

\$500 million, two-phase project, on the boards for about three years, expected to move forward soon

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Though slow to develop, the proposed Convention Center Headquarters Hotel is nonetheless increasing development in the Lloyd District, adjacent to the Convention Center. The Portland Development Commission, in conjunction with developer StarTerra, continues to plot the progress of a two-phase development directly north of the Convention Center.

The two phases will include an office tower and a retail entertainment hub, which the PDC believes will accentuate the Headquarters Hotel once that project starts moving forward in earnest.

The first phase of the project, across the street from the Convention Center, is planned as a 19-story, 325,000-square-foot office tower with about 3,000 square feet of

first-floor retail. The hub, the second phase of the project, will include between 200 and 400 residential units and between 100,000 and 300,000 square feet of retail space, with the inclusion of entertainment venues.

The entertainment venues and retail are intended to act as an added draw to the proposed Headquarters Hotel, said Sara King, project manager for the PDC. A project of this magnitude has not been attempted in the Lloyd District for many years.

"This is one of the most significant developments we've seen out there, at least in recent memory," King said.

Combined, the two phases of development are expected to cost about \$500 million. The PDC says its investment will remain minimal, at about \$5 million.

For all the human activity in the area, the

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Hotel: Economy's slump forces cautionary approach

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Lloyd District is underdeveloped, said Marty Buckenmeyer, an architect with Ankrom Moisan Associated Architects, which designed the development's office tower.

"The challenge (for all of us) is trying to imagine what this area is going to look like in the future," Buckenmeyer said. "But we know it will not be the Pearl District and it will not be downtown."

The project has been on the boards for about three years, but King believes its development will move forward in the next couple of years. The PDC's development disposition with the project's developer requires StarTerra to com-

plete pre-leasing activity on phase one by 2010. Phase two, King said, must close no later than 2014.

In the month since the PDC board was last updated on the project, the terms of the disposition have changed. Some incentives, such as those for Northwest-themed retail outlets, have been reduced; however, other incentives, such as those targeting industry clusters, have been added. Affordable housing was also added to the new development agreement.

Due to the downturn in the economy, which has created a burden for the real estate market, the second phase of the project will progress cautiously, accord-

ing to the PDC and StarTerra.

"It's important to note that the housing market is in some flux right now, and we haven't determined what the housing element of our development will be," said Barry Schlesinger, a part owner of StarTerra.

Mark Rosenbaum, chair of the PDC Board, had suggested earlier that the retail incentives were too high for the project, while Commissioner Bertha Ferran had pushed for a deeper level of commitment to affordable housing.

But despite the shuffling of incentives, King expects the development to increase tax revenue by \$28 million over the next 10 years.



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Development of the two-phase project would occur on PDC-owned properties known as block 47 and block 49, directly north of the Convention Center.