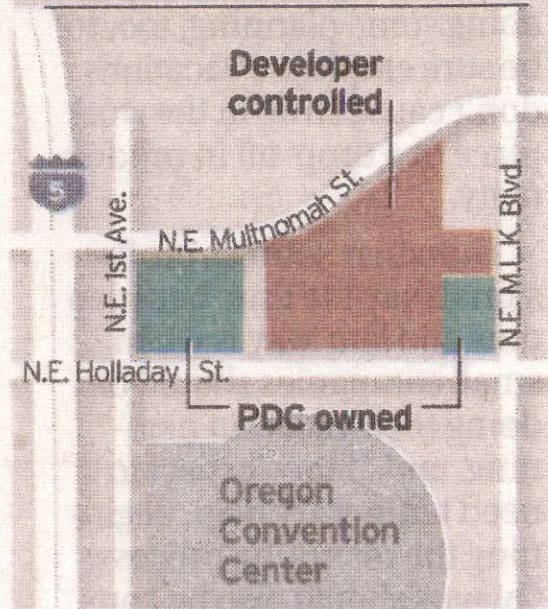


Proposed site



RENÉ EISENBART/THE OREGONIAN

This image shows the 100 Multnomah office building proposed by developers Barry Schlesinger and Wayne Rembold.



The Oregonian

The future is on the Oregon Convention Center's doorstep

A proposed PDC deal would bring offices and an entertainment area to empty lots across the street

Thursday, April 24, 2008

DYLAN RIVERA
The Oregonian

The Portland Development Commission is on the cusp of a deal that could transform the Oregon Convention Center's front door into a vibrant entertainment destination, making good on decades of dreams for the area.

The redevelopment agency wants to join with a team of local developers to create a four-acre high-rise entertainment district that would kick off with construction of a 19-story office building later this year. Called 100 Multnomah, the \$133 million tower would rise next to Interstate 5, with commanding views of downtown Portland.

Following that, developers and the agency see the potential for a \$400 million restaurant- and entertainment-heavy cluster of buildings at the Northeast Martin Luther King Boulevard-Holladay Street intersection, where there is the convention center MAX stop and not much else.

"It is not a good front door to our convention center," said Sara King, project manager for the PDC.

In uncertain economic times, the developers are hoping to catch what may be the tail end of a downtown-area employment boom that has fueled construction of several office buildings.

Details of a proposed pact between the PDC and the developers came up Wednesday at the PDC board of directors meeting. As early as May 14, the board could vote to finalize a development agreement that would sell public land to the developers in exchange for commitments to build a dense urban hub and enliven the area.

The redevelopment agency owns about 1.25 acres of land just north of the convention center, on two small parcels. A joint venture of local developers Barry Schlesinger and Wayne Rembold has a contract to buy 2.7 acres between those pieces.

Sensing that they could accomplish more with a unified site, the developers and the PDC have been in talks since 2005 about some sort of joint development.

Putting the parcels together will allow more flexibility in meeting public goals than if the land were developed bit by bit, King said.

"You may be able to put in open space where you couldn't on a smaller site," she said. "You get the right uses in the right space."

Terms of the deal would have the PDC agree to sell its land to StarTerra LLC, a joint venture of the Rembold and Schlesinger families, for \$5 million, the value listed in a November 2007 appraisal. But the PDC would finance the sale, loaning StarTerra the purchase price, and charging no interest during construction and 3 percent thereafter, King said, "acknowledging that this is a risky and ambitious project at a somewhat challenging time."

The office building comprises the first phase of the project. The entertainment hub along King Boulevard would come in a second phase, with conditions that would force the developer to return to the development commission for approval of second-phase plans.

The PDC also would require the developer to produce at least 200 housing units in the second phase, and it would forgive as much as the entire \$5 million loan if the developer meets a variety of public goals. Those include building open space, less parking than code requires and leasing to tourism-oriented tenants that would boost the convention center.

The downtown-area office market has been red hot in recent years, with two high-rise buildings under construction in the downtown core and a few smaller ones in the Pearl District. The 100 Multnomah building will bring 320,000 square feet of office space, with 450 parking spaces inside the building. With a ratio of 1.4 spaces per 1,000 square feet, it would offer more parking than most downtown buildings, but less than the 2 per 1,000 allowed in the Lloyd District. The builders also plan a bike hub, offering showers and storage for employees that work in the building, and potentially the public.

Michael Holzgang, an office broker with Colliers International, said the 100 Multnomah project will offer views of downtown, proximity to MAX light rail and incomparable visibility for any company that can put its name on the building, which would hover over one of the busiest sections of Interstate 5 in the region.

"The Lloyd District has proven to have a critical mass of some good strong tenants and a high occupancy rate and in the future to continue growing the tenant base, they really need to have some new product," said Holzgang, who is not involved in the project. Brokers with Capacity Commercial Group are representing the developers in talks with potential office tenants.

Dylan Rivera: 503-221-8532; dylanrivera@news.oregonian.com

©2008 The Oregonian