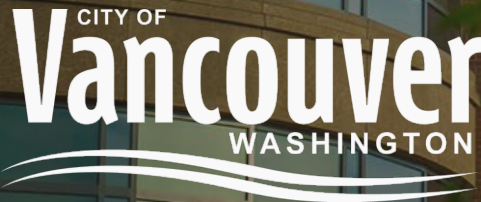


# Block 10 Update



City Council Workshop  
May 6, 2019

Chad Eiken, Director  
Community and Economic Development

# Presentation Overview

- Block 10 Background
- Developer Selection Process
- Status of Negotiations
- Uncertainty in Grocery Industry
- Alternative Proposal
- Options for Development
- Proposed Next Steps



# Block 10 Background

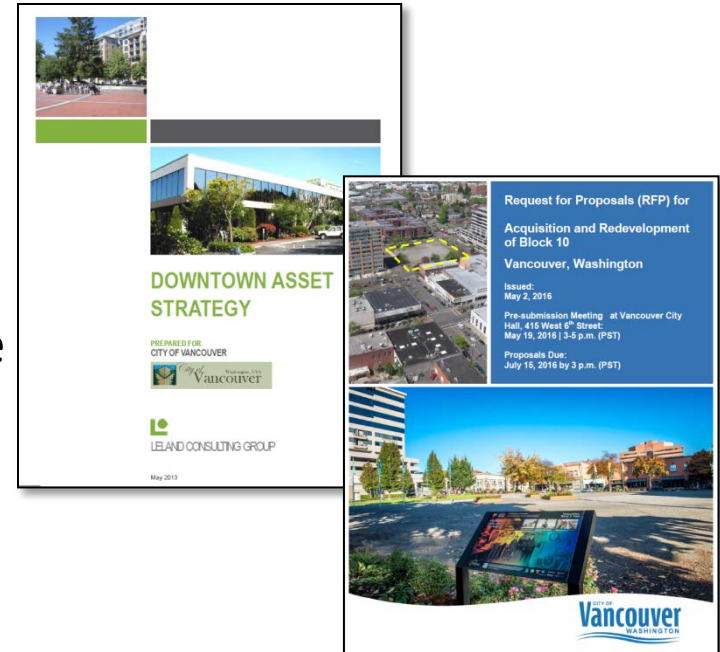
- Vacant block, 41,681 s.f.
- Owned by City; zoned CX
- Last remaining undeveloped brewery block
- Purchased by City in early 1990s
- Held for future redevelopment as other properties developed





# Developer Selection Process

- 2013: Leland Group Study recommendations for disposition
- May 2015: RFI issued, no responses
- May 2016: RFP issued, 3 responses received
- Desired project: high density mixed use building with grocer and retail
- Gramor Development selected, negotiations commenced in 2017



# Status of Negotiations

- Gramor selected as preferred developer following RFP; downtown grocery store most influential factor in selection
- The City and Gramor have been negotiating a draft Disposition and Development Agreement (DDA) for over two years
- Parties have not been able to agree on terms
- Changing grocery industry nationally

# Uncertainty in Grocery Industry

- Grocery business model in transition to online shopping/delivery instead of traditional retail brick and mortar stores
- Many local grocers - Fred Meyer, Safeway, Walmart - offer home grocery delivery
- Grocers analyze an area for residential densities and income targets; downtown still presents challenges
- Gramor well-qualified to attract a grocer



## Grocery Revolution

- ❑ Shopping at online-only food stores has increased to 28% in 2018.
- ❑ 40% of millennials grocery shop online.
- ❑ 67% of food retailers plan to increase staffing and 71% plan to increase space allocation for online fulfillment.

*Source: Food Marketing Institute, fmi.org*

# New Opportunity Zone Designation

- Opportunity Zones: new community investment tool
- Four census tracts in Vancouver designation as Opportunity Zones
- City is attracting attention of Opportunity Zone investors, including on Block 10



# Alternative Development Proposal

- In February, City informally approached Holland Partner Group about retaining their headquarters in the downtown
- Block 10 seen by Holland as desirable site for their corporate headquarters, housing, and retail uses, building on partial acquisition of Vancouvercenter to the south
- Would envision using Opportunity Zone incentive
- Commitment to start construction by end of the year; potential ground lease with option to purchase



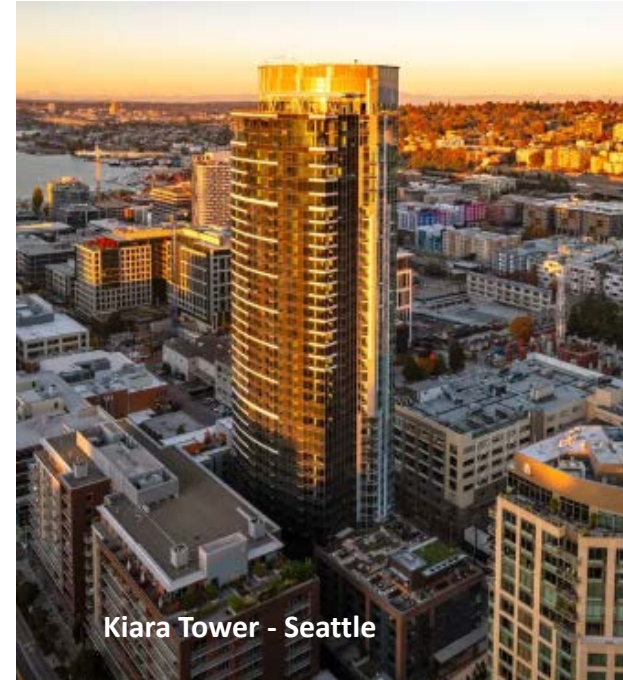
# About Holland Partner Group

- Led by Clyde Holland, locally headquartered and expanding
- Mixed use & multi-family developer engaged in real estate development, construction, redevelopment and management
- In major metropolitan markets in Oregon, Washington, California, Arizona and Colorado



# About Holland Partner Group

- Has developed numerous high quality urban projects and manages a significant portfolio of property assets
- Developing Vancouvercenter Fourth Tower; acquired existing south tower and has option on Vancouvercenter parking garage



# Benefits of Alternative Proposal

- A headquarters-anchored project in 11-story office tower
- Retains and grows employment downtown
- Supplements Vancouvercenter parking; opportunity for additional capacity through efficient management
- Adds downtown work force housing (80% AMI) in 7-story tower
- Activates the Opportunity Zone
- Accelerates time frame for development by two years

# Grocery Store Still a High Priority

- Establishing a grocery in downtown remains a high priority of economic development staff and downtown stakeholders; key to ongoing vitality
- Timing might not be right
  - Need for more residential units downtown
  - Changes in grocery industry
- Feedback from CCRA: should not try to force a grocery store on Block 10

# Options for Proceeding

- Continue negotiations with Gramor with the intent of being able to secure a grocery store and start construction within two years OR
- End current negotiations and either:
  1. Issue another RFP for interested developers to see if other projects might be a possibility
  2. Enter into direct negotiations with Holland Partner Group on a high-density mixed use project to include a corporate headquarters, residential tower, and retail uses



# Proposed Next Steps

1. On May 13, close out RFP process and negotiations with Gramor via a Council resolution
2. On May 13, authorize staff to enter into direct negotiations with Holland Partner Group with the intent of securing a corporate headquarters, work force housing and retail space, subject to a Disposition and Development Agreement and start of construction by end of the year

# Questions and Discussion

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WASHINGTON

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