

'CITY BLOCK' DEVELOPMENT MOVING THROUGH PLANNING PHASE

Created on Wednesday, 05 October 2016 | Written by [Daniel Pearson](#) |

Plans are to build a four-story development with retail on the ground floor, apartments above

The city of Canby has plans in the works to sell its downtown property to Portland-based Hanlon Development, which would knock down all existing city structures, except for the historic city hall building, to build a 32,000-square-foot mixed-use development with retail on the ground floor and mostly studio and one-bedroom apartments on the top three.



CANBY PLANNING DEPARTMENT - Portland-based Hanlon Development submitted detailed plans and renderings for its proposed four-story mixed-use building in downtown Canby.

The project, currently working its way through the Canby Planning Commission's vetting process, is a way for the city to keep the five downtown buildings and property it owns from remaining unoccupied or individually for sale for a long period of time, essentially turning blight into beauty, as City Attorney Joseph Lindsay indicated during a recent Canby Urban Renewal Agency (URA) meeting, which is the charge of the URA.

Rick Robinson, Canby's city administrator, said the so-called "city block" properties would be worth a total of about \$1.8 million if sold individually, but selling the property as a whole to Hanlon Development, which has a solid plan for turning those properties into a four-story, 70-unit retail and housing complex, could reinvigorate downtown businesses and create housing that will accommodate what amounts to built-in shoppers living in town, as well as create a new tax-revenue stream for the city of as much as \$15 million.

Mary Hanlon, principal of Hanlon Development, said when the city put out a request for proposals 18 months ago, she drove to downtown Canby to see with her prospecting eyes, conducted research on the community and arrived at the conclusion that the possibility of reactivating the city center was too enticing to pass up.

“I feel like most small towns in Oregon are either being turned into big shopping malls or they’re being overlooked,” Hanlon said. “If it’s done right you can really reactivate a strong sense of community there and residents will have a place to go when they want to be around people and have a pleasant experience.

“Literally, I go to these other communities and some of them feel soulless, or they’re a nightmare to get in and a nightmare to get out,” she continued. “Canby was laid out so nicely. You have (Highway 99E) and the businesses with things you need when you need them, and downtown is set in this quiet, beautiful place. And I think you already have good businesses and community leaders there. The city council and city staff really love their community; that’s clear to me. They understand there is an opportunity here that could never happen without their involvement and their vision. Right now, Canby has a real housing shortage, and the idea of putting people into housing downtown where it’s needed, and close to the real community hub that is Cutsforth’s, is beyond attractive.”

Robinson said that any deal involving the city block properties will include keeping city hall, a historic building constructed in the 1930s by funds from President Franklin Delano Roosevelt’s New Deal initiative, from being torn down.

“First, we need to get a local historic designation recorded in the (property) deed so the exterior of the building will always look the same way as it does today, or better,” Robinson said. “The interior could be renovated for any purposes but it will always look like the historic city hall on the outside. Even if ownership changes five or six times down the line, there will be a deed restriction that goes forward in perpetuity.”

There’s still a lot that has to happen before the downtown “cityscape” is changed forever by a four-story building. The city and Hanlon Development have to agree on exactly what the development will include, the timeline for construction and the level of participation from the URA. The developer has to show the URA that funding exists to make the project possible. And, of course, it has to make its way through the planning phase.

“That’s why it takes months and months and months to really get a project like this off the ground,” Robinson said. “The developer, at the same time, is going back and forth with investors, architects — trying to make the case for the project working. There is no such thing as a simple project and they are more complex now than they were 10 years ago with new or additional regulations and so many failures (from the late 2000s) — there are greater expectations at every point and at every turn. Until 10 years ago it was unlikely that a developer would default on a project, and it’s highly unlikely that would happen here but all of those considerations are incorporated into the negotiations.”

Hanlon said she has investors lined up and ready to green light the deal, but hurdle exist to the cost of construction — with the current construction-industry boom being experienced around the Portland metro area, building costs are 20 percent higher than they were just a few months ago —and convincing bankers that it’s a winning investment.



DANIEL PEARSON - Canby City Administrator Rick Robinson said the old Canby City Hall, once officially designated an historical property, will always look the same.

“We’ll be the first ones doing this kind of project, meaning building class A housing in a small-town downtown,” Hanlon said. “You go to other communities similar in size and you’re not going to see class A housing located right in the middle of their downtown. So, you have to show that the Canby market can support that development. Bankers and appraisers are incredibly conservative, and even more conservative now with what happened (during the recent recession). Bankers are gun-shy when you tell them you plan to build something that hasn’t been done before.”

Parking is the first issue Robinson usually hears about in regards to the city block development. Plans for the development show about 25 parking spaces will be included where city offices, now closed after the move into the new library-civic building last week, stand today, and public parking surrounding the block — in between Ivy Street, Holly Street and First and Second Avenue — will provide spaces for the remaining residents.

A traffic study of the project shows relatively nominal impacts will occur downtown if or when the project is completed, and that existing public parking, including those spaces that are mostly empty at night along First Avenue, is adequate enough to serve 70 units-worth of tenants, Robinson said.

“Would we like them to put three stories of parking there? That would be great, but at this juncture that would make the project untenable,” he said. “The people who conduct business downtown, they almost have an assumption that parking spaces in front of their businesses are their spaces, even though it’s public parking. Applying that same logic, current driveways on (the city block) will be closed when the building is erected, and the new parking spaces that creates will go a long way toward reasonably and appropriately serving that development. There’ll also be more parking during the daytime when people leave and more parking at night because (many downtown business owners) like to close their businesses at 5 p.m.

“This is the downtown core of Canby, and there are no specific parking requirements downtown per city code,” Robinson continued. “We have a struggling downtown business climate right now and I don’t think you will find too many people who would argue against that point. The best way I can see to improve that climate is to create an environment in which ready customers are immediately available, and willing and anxious to shop downtown. I don’t know a better way to provide that than to create housing downtown.”

Hanlon said when she looked at downtown Canby she could immediately see that the town’s founders planned for it to be a hub of social and economic activity, and while it may be more than 100 years later that vision will come true if the development eventually is approved.

“You have Cutsforth’s grocery store, the movie theater, the library and city hall building, a beautiful little downtown park with a gazebo in the center, and you can walk to the fairgrounds,” Hanlon said. “People are already coming into Canby, and we want to be able to support those people who come to Canby by providing them with places to visit downtown, or to go stop and have lunch. We have everything lined up. What we’re doing now is finishing up the environmental impact study, going through the design-approval process and working our way towards a building permit. Our investors clearly like this opportunity and they believe the project will have a positive impact on Canby as a whole.”