

Southwest Hills Residential League
% Southwest Neighborhoods, Inc
7688 SW Capital Hwy
Portland, OR 97219
www.swni.org/swhrl
president@swhrl.org

September 4th, 2018

Re: LU 18-112666 CP ZC

Dear Portland City Council Members,

On behalf of the Southwest Hills Residential League (SWHRL) and PDX Heights, a large ad-hoc neighborhood group, we thank you for the opportunity to express our “best and final” proposal for 2855 SW Patton Road, the historical Strohecker’s Market site.

We have taken this opportunity very seriously, assembling a team of volunteers with expertise in land development, grocery business, and land use law. We have taken care to state our positions and rationale clearly and succinctly.

We thank the Applicant, Southwest Hills LLC, and its representatives for their participation in two productive mediation meetings. Unfortunately, in the end, we were not able to reach a point of agreement. We have, however, reduced our requests as a result of those meetings.

Thank you for taking the time to read our written proposal and supporting statements carefully before the September 6th hearing. This important matter will have a significant impact on the livability of the Southwest Hills neighborhood for generations to come.

Sincerely,

A handwritten signature in black ink, appearing to be 'JN' followed by a stylized flourish.

John Neumann
Co-President, SWHRL

Attachments:

Proposal for Strohecker’s Site Zoning Conditions
Exhibits A-F

PROPOSAL FOR STROHECKER'S SITE ZONING CONDITIONS

Presented by Southwest Hills Residential League (SWHRL)
in collaboration with PDX Heights

September 4, 2018

The City's 2035 Comprehensive Plan Goals and Policies in Brief:

Healthy Food Goal. *Access to healthy food is important for many reasons. the Portland Plan goal is for 90 percent of Portlanders to live within a half-mile of a store or market that sells healthy food.*

Policy 4.85 *Provide adequate land supply to accommodate a full spectrum of grocery stores catering to all socioeconomic groups and providing groceries at all levels of affordability.*

Policy 4.86*Encourage small, neighborhood-based retail food opportunities, such as corner markets, food co-ops, food buying clubs, and community-supported agriculture pickup/drop-off sites, to fill in service gaps in food access across the city.*

Goal 8.H *All Portlanders have safe, convenient, and equitable access to high-quality parks, natural areas, trails, and recreational opportunities in their daily lives, which contribute to their health and well-being.*

Preamble:

A neighborhood food and retail center at the Stroheckers site, 2855 SW Patton Rd, has served the neighborhood successfully for over 100 years. The site is the only possible site in the Portland Heights neighborhood to create a new and contemporary neighborhood retail center including healthy food. Most likely, this will occur in the context of a mixed-use development.

2855 SW Patton Rd is presently subject to ordinances which impose 26 use and design conditions developed in and around 1984. Those conditions were the outcome of substantial negotiations among the Strohecker family, the neighborhood association, interested neighbors, and the City. Some of those negotiated conditions are now obsolete, but they should not be removed without a sensible set of replacement conditions. We are proposing 3 new, focused conditions to replace these existing 26 conditions.

SWHRL — the designated neighborhood organization — and PDX Heights — an ad hoc group supported by more than 1170 neighbors — together support the Council replacing the existing 26 conditions with 3 new conditions. Our proposed conditions address both use and design concerns in an appropriate way for this era, while providing the opportunity to adapt to future market conditions. Our

new conditions reflect the City's comprehensive plan goals – including but not limited to healthy food and park access — while greatly expanding the development opportunities for the site.

Our proposals have been developed by a volunteer working group with project development, finance, retail, grocery, land use, architecture, design review, and legal expertise. We offer our proposals as constructive, workable solutions which will promote and enhance the livability of this neighborhood and promote the objectives of the 2035 Comprehensive Plan.

The Applicant has expressed skepticism of the market opportunity for retail business at this location and therefore claims there should be no requirement for any retail use on the property — or perhaps only a token retail presence. It is thus clear that if the Council removes all of the existing conditions and leaves the future of this site to the broad requirements of CM1, the Applicant will not develop a commercially viable retail node much less a healthy food source.

The Applicant invested in a site with significant restrictions on use and design. In so doing, he took an investment risk. By asking the City to remove all of the design and use conditions, the Applicant seeks to shift his investment risk entirely to the neighborhood. That is not fair, and it is not an appropriate balancing of public objectives and neighborhood interests.

Our proposals, on the other hand, substantially mitigate the Applicant's present predicament while preserving a viable retail and public center adjacent to Portland Heights Park. This is the only possible site in the entire neighborhood which can serve these important public purposes. Our proposals provide a fair balance between the Applicant's interest and the neighborhood interest. Our proposals encourage and promote a commercially viable project which will be an asset to our neighborhood, to the City, and even to the Applicant or his successor.

Our objective:

For the City Council to establish commercially reasonable ordinance conditions which will promote and permit a viable mixed-use project on the Strohecker site and preserve the neighborhood voice in the process.

Our Proposals and Brief Rationale:

1. *Development on the site shall include a minimum 7,500 square feet of space for retail and service uses. That space should exclude non-retail or non- service commercial or any form of office uses.*
 - a. Our proposal is 10% of the 74,497.5 square feet allowable FAR for this site. The site is larger than a typical downtown City block. In this context, our proposal for 7,500 square feet of retail is modest in size.

- b. At one time, Strohecker's operated almost 30,000 square feet of retail, including the wine and liquor store in the daylight level. Our proposed retail space is 25% of that. In this context, our proposal is of modest size.
- c. Our proposal provides a commercially reasonable retail footprint – not too big, not too small. This size is sufficient to accommodate multiple retail uses, with one or more tenants, creating a critical mass that is essential for retail to work.
- d. Our proposal includes sufficient space for a small-format grocer as a single tenant and/or for a combination of smaller retailers providing neighborhood services.
- e. Our proposal supports a development which complements the park as a public space.

2. *At least 5000 square feet of the 7500 square feet retail space shall be dedicated to a neighborhood market, including one or more tenants, with an emphasis on healthy, fresh foods.*

- a. This is one of the few use-specific goals contained within the 2035 Comprehensive Plan.
- b. This is the only site in the Portland Heights neighborhood which is available to meet this goal.
- c. In a recent survey of more than 500 neighborhood residents, residents overwhelmingly expressed support for a neighborhood market. We have provided copies of the survey into the record.
- d. There is strong evidence locally and nationally that customers will continue to shop locally for fresh and healthy foods.
- e. Our recommendation dedicates sufficient space to enable a modern, small format food market, with one or multiple purveyors. We anticipate that other sales and service merchants will fill out the space and create a vibrant neighborhood retail node.

3. *The site shall be subject to a Design Overlay Zone as provided in ZC 33.420. Development or redevelopment of the site shall be subject to the Design Review thresholds set forth in ZC 33.825, which will include at least a Type II review process subject to the Community Design Guidelines.*

- a. There is precedent for design review on small sites. We identified a substantial number across the City. Here are two examples of sites nearby to Stroheckers, which adjoin significant public spaces, where commercial zoning is subject to design review:
 - 2926 SW Barbur Blvd – This site is immediately adjacent to Lair Hill Park.

•SW Vermont and SW 30th – This site is across the street from Mittleman Jewish Center.

- b. There is substantial neighborhood and City interest in the development of this site, in view of its proximity to a heavily-used public park, traffic considerations - including vehicle, pedestrian, and alternatives, and design compatibility. These interests can only be addressed in the context of a specific development proposal.
- c. The site is already subject to significant design constraints, including building height, setbacks, access circulation, lighting, landscaping and park enhancement. Our proposal is to delete all of the historical design conditions in exchange for a process that will assure an appropriate design. Our proposal reduces the burden on the Applicant.
- d. The Parks Bureau has identified the public interest in safe access to Portland Heights Park. Design review will provide a forum to identify the most appropriate public connection between mixed-use retail development and the adjacent park, at a time when the proposed building design, vehicle and pedestrian circulation are known.
- e. SWHRL and PDX Heights have demonstrated an ability to work constructively and to promote a sensible project.

Conclusion:

We are in support of the City removing the existing 26 conditions, but *if and only if* the City replaces those conditions with those we propose or something substantially similar.

We are prepared to discuss our reasoning for each of these proposals. We are prepared to work with the City Attorney and other City staff to prepare findings and technically correct language to support and implement our proposals.

This project is perhaps the first project to arise under the City's 2035 Comprehensive Plan and zoning code. It is thus a “poster child” for the City's commitment to walkable neighborhoods, healthy foods, and public parks.

We respectfully ask the Council to hear our voices and to support our recommendations.

Jonathan Ater
Larry Dully
Bill Failing
Chris Kopca
Shannon Hiller-Webb
Adam Lamotte
Erik Lawrence
Aesha Lorenz Al-Saeed

John Neumann
Blythe Olson
David Olson
Carrie Richter (Attorney for Blythe Olson)
Nancy Seton

LIST OF EXHIBITS

Exhibit A

Example properties zoned CM1d in Southwest Portland

Exhibit B

Local Grocery and Market Square Footage Analysis on 20 Minute Neighborhood Access to Fresh, Healthy Food Food & Community by Shannon Hiller-Webb, Co-Founder of Green Zebra

Exhibit C

Statement by Chris Kopca, former Sr. VP of Real Estate for Downtown Development Group

Exhibit D

Statement by Larry Dully, former Director of Development for Portland Development Commission

Exhibit E

Statement by Erik Lawrence, member of PDX Heights

Exhibit F

Statement by Shannon Hiller-Webb, Co-Founder of Green Zebra

Exhibit A

Example properties zoned CM1d in Southwest Portland



Two lots: 2926 SW 4th Ave & 3007 SW Barbur Blvd
Between SW 4th Ave and Barbur Blvd, across from Lair Hill Park



Five lots at SW 30th and Vermont St/Capitol Hwy
Across from Mittleman Jewish Community Center

Exhibit B

Local Grocery and Market Square Footage Analysis on 20 Minute Neighborhood Access to Fresh, Healthy Food Food & Community by Shannon Hiller-Webb, Co-Founder of Green Zebra

1. Grocery is a narrow margin, perishable product industry. Having a company/owner who has grocery experience and understands the demographic/neighborhood to offer the right product mix is going to be key to success. A comprehensive pricing strategy combined with density of product within the space to meet the rent demands and sales goals will be essential. In reviewing a healthy evaluation of the local, regional and national market a square footage rationale has emerged.
2. Small Format Stores (SFS) are one of the fastest growing models:
 - SFS generate \$800-\$1000 per sq. ft. (conventional groceries generate over \$500 per sq. ft.)
 - operate with a lower labor model 6000 SF = 6 million (120k per week) 7500 SF = 7.5 million, 4.8 million for \$800
 - Gross Margin 37%
 - Rent is generally 2% of sales
 - \$25 per sq. ft. with 50% rent subsidy
3. 3000 SF – standard convenience store model which does not offer access to healthy, fresh options. There is an emerging beta test model with Amazon Go which may be a specific tenant in the future but the key piece they are refining is the square footage. Green Zebra Grocery (GZG) is an anomaly in this space as the store is supported by resources from the other 2 stores.
4. 5500 SF – Due to the availability of 5000 SF commercial sites there are several single unit local owners in this space with fresh, gourmet options. Most have remained successfully in these spaces for decades and show no signs of growing to a second location. When companies at this size have expanded, they have created spaces around 7500 – 10,000 for their 2nd location. The Strohecker site owner will need to find someone looking to open a new one-off store.
5. 7500 SF – This is the space where we start to see multiple units/chain sizes and an emerging long-time grocery vet coming in with Basics Market. The local, regional and national SFS grocery landscape begins proving this is the sweet spot up to 10,000 where a profitable market with fresh offerings exists.
6. 10,000 SF – Regional and national markets such as Trader Joes, Natural Grocers begin here and as we move into the teens we see Whole Foods, New Seasons and Krogers occupying spaces with their smaller format offerings.

7. If the square footage negotiated for the space does not allow for the success of a market and the expertise of an existing grocer to help inform the product mix/pricing and marketing strategy; the concern is what the future tenant of the site will become and will it serve the needs of the community and the goals outlined by the city in the 2035 Comprehensive Plan supporting access to fresh, healthy food.
8. Product Mix Goal – Daily or multi-week fresh shops for quality meat/seafood, cheeses and grab 'n go, prepared food commands higher margin for convenience and balances margin of basket
 - Alcohol selection wine/beer/cider/exclusive on-tap program makes it a destination
 - Amazing coffee program ensures a daily trip and add-on basket size potential
 - Can command higher prices on select items for the convenience within the neighborhood; commodity items remain competitively priced
 - Twin-line selection offers the best of natural and conventional and a pricing mix strategy and adds fill-in trips
9. Data Points:
 - Average Consumer makes 151 annual trips to the store 62% of all grocery visits are quick trips
 - 20% of trips are single meal focused
 - 42% are interested in purchasing a few items
 - 25% focus on restocking pantry
 - Moms are largest group of consumers though that is starting to shift
 - Anchor grocers strengthen mix of businesses in down economy
 - College educated above 60%, income above 50k inform success of site location

Grocery Square Footage Examples

Grocery Store	Sq Footage	Store Address	ZIP Code	State	Model
Amazon Go	3,000			WA	Emerging Convenience Model
7-Eleven	3,000			National	Convenience
Plaid Pantry	3,000			Regional	Convenience
Green Zebra	4,200	1704 SW Broadway - PSU	97201	OR	Healthy Convenience SFS
SWHRL / PDX HEIGHTS PROPOSED MINIMUM: 5000 Square Feet					
Moreland Farmers Pantry	5,000			OR	Gourmet, Neighborhood Grocer
Little Green Grocer	5,000	Pearl		OR	
People's Food Co-op	5,257	3029 SE 21st Ave	97202	OR	Co-Op
Beaumont Market	5,294	4130 NE Fremont			Neighborhood Grocer
Green Zebra	5,600	Kenton Location		OR	Healthy Convenience SFS
Food Front Cooperative Grocery	6,000	6344 SW Capitol Hwy	97239	OR	Co-Op
City Market	6,000			OR	Multi-Tenant Specialty Grocery
Scheetz	7,000			Regional	Unconventional Convenience
Bi Rite	7,400			SF CA	Gourmet, Neighborhood Grocer
Basics Market	7,500	5035 NE Sandy Blvd		OR	
Food Front Cooperative Grocery	7,596	2375 NW Thurman		OR	Natural Foods
Green Zebra	8,200	808 NE Multnomah - Lloyd	97232	OR	Healthy Convenience SFS
Providore	9,260	2340 NE Sandy Blvd	97232	OR	Multi-Tenant Specialty Grocery
World Foods	10,000	830 NW Everett St	97209	OR	Gourmet, Neighborhood Grocer
Local Choice	10,000			OR	Local Gourmet, Neighborhood Grocer
Trader Joe's	10,500	11753 SW Beaverton Hillsdale Hwy	97005	OR	Fresh Format
Market of Choice	10,711	8502 SW Terwilliger Blvd	97219	OR	Twin Line
Zupan's	11,500	2340 W Burnside St	97210	OR	Gourmet, Neighborhood Grocer
World Foods	12,047	9845 SW Barbur Blvd	97219	OR	Gourmet, Neighborhood Grocer
Market Hall Foods	14,000			SF CA	Multi-Tenant Specialty Grocery
Trader Joe's	14,436	2122 NW Glisan St	97210	OR	Fresh Format
Whole Foods	14,800	2825 E Burnside St	97214	OR	Organic Grocer
New Seasons	15,000	Sellwood		OR	Twin Line
Strohecker's	19,776		2855 SW Patton Rd	97201	

January 12, 2018

City of Portland, Oregon // Bureau of Planning & Sustainability // Geographic Information System

The information on this map was derived from City of Portland GIS databases. Care was taken in the creation of this map but it is provided "as is". The City of Portland cannot accept any responsibility for errors, omissions or positional accuracy.



Bureau of Planning and Sustainability
Innovation. Collaboration. Practical Solutions.

City of Portland, Oregon
 Ted Wheeler, Mayor • Susan Anderson, Director



Exhibit C

Statement by Chris Kopca, former Sr. VP of Real Estate for Downtown Development Group

1. I was Sr. VP of Real Estate for Downtown Development Group for 24 years, retiring in 2017. I worked on preparing and implementing DDG's various redevelopment retail strategies for numerous buildings the City, particularly but not limited to downtown. Previously, I worked 16 years as Senior Project Manager for the Portland Development Commission. I had a 40 year career in the retail development industry.
2. I have also served as both a Member and then Chair of the Portland Design Commission for a total of 6 years.
3. I am a member of the SWHRL Board. I was an active participant in the SWHRL/PDX Heights working group which prepared the proposals being submitted to the City Council for three new use and design conditions on the Strohecker site. I also participated in the unsuccessful mediation effort with the Applicant.
4. I am unable to appear at the City Council hearing on September 6, 2018, because I am out of the country. In this statement, I share my experience, contemporary research, and recommendations to the working group which support the proposals we make to City Council.
5. In addition to my first hand experience in the scoping and development retail centers, I conferred with 4 of the most active retail brokers in Portland and 2 parties that developed smaller scale retail projects focusing on local food markets before making final recommendations to the working group on the minimum scale and composition of the proposed neighborhood retail node at the Stohecker's site.
6. Based on my professional and practical experience, and my contemporary research described in paragraph 4, I believe that an optimum size for a retail presence on the Strohecker site is approximately 7,500 square feet. As a practical matter, there must be a critical mass of retail business to generate sufficient customer traffic. Too small a footprint would make it very difficult for any retailer to survive and would not meet the reasonable needs of the neighborhood.
7. Our working group carefully considered the statistical data , public information, and anecdotal evidence that there is a continuing and likely growing demand in Portland and nationally for neighborhood food markets providing fresh and healthy food. Such markets are organized as small merchants - such as Green Zebra, or as multiple purveyor markets in shared space - such as City Market, or as side-by-side tenants in separate units. In any case, it takes a critical mass to enable a successful enterprise. Complimentary businesses, such as a wine shop or florist or post office, help generate traffic.

8. It takes time to resurrect a closed retail location. For example, it took over 18 months for a new tenant to take over the former Zupan's location on SE Belmont. The former Kienows stores in Uptown and Raleigh Hills and on SE Belmont stood vacant for many months if not years. The vacancy at the Strohecker site does not prove that a retail venture - especially a new model - cannot succeed on this site. It only proves that the Strohecker model and operation failed.
9. The 2035 Comprehensive Plan encourages the development of modest neighborhood centers, including healthy food. This neighborhood site is both suited to such a development and also the only site in the entire neighborhood which can serve this important role.
10. I believe this site is an appropriate site for design review, in light of its proximity to Portland Heights Park, the proposed removal of existing design restrictions, the fact that the site is triangular and lends itself to many possible configurations, and the strong public interest in the future of this important site. In many respects, this site is one-of-a-kind. It is an important community resource, and it is appropriate that there be a continuing public voice in its future.

Exhibit D

Statement by Larry Dully, former Director of Development for Portland Development Commission

1. I was Director of Development for Portland Development Commission in the 80's and 90's responsible for the City's Urban Renewal areas. Our retail projects ranged in size from Pioneer Place to Walnut Park at MLK and Killingworth. As a development consultant for 17 years, I also advised the Portland OMF and Parks, PDC, Multnomah County and PPS on the development and leasing of variety of mixed-use projects. I am a long-time resident of Portland Heights. Some months ago, I was invited to consult with the SWHRL board with respect to the future of the Strohecker site. In recent weeks, I have been an active participant in the SWHRL/PDX Heights working group which prepared the proposals being submitted to the City Council for three new use and design conditions on the Strohecker site.
2. The Strohecker site is of unusual community and public interest. It is immediately adjacent to a well-used public park, and it provided a mix of retail services to the neighborhood – under the umbrella of a grocery store – for more than 100 years. The failure of the Strohecker business is unfortunate, but it does not diminish the importance of this site to the neighborhood and thus to the City. Particularly in light of the City's 2035 Comprehensive Plan goals and policies, this is a site that demands thoughtful, creative, and focused redevelopment. Our proposed conditions will encourage that kind of development.
3. The Applicant is correct that the current use and design conditions on the property preclude a sensible, modern use of the property. In my view, the Applicant is wrong in suggesting that it is in the public interest to remove all those conditions, and not provide some reasonable replacement retail conditions. It is quite likely that if the all the present conditions are removed, this Applicant will not provide retail space. We have no idea what the Applicant or future owner will develop on the site and how that will impact the neighborhood or the park.
4. Based on my professional and practical experience, which helped inform the working group proposals, I believe that a favorable size for a retail presence on the Strohecker site is approximately 7,500 square feet. As a practical matter, there must be a critical mass of retail business to generate sufficient customer traffic. Too small a footprint will make it very difficult for any retailer to survive. Too large a square footage may not be leasable to quality stores the neighborhood desires.
5. Our working group considered the statistical data and anecdotal evidence that there is a continuing and likely growing demand in Portland and nationally for neighborhood food markets providing fresh and healthy food. Such markets are organized as small merchants - such as Green Zebra, or as multiple purveyor markets in shared space - such as City Market, or as side-by-side tenants in separate units such as a coffee shop, café and complementary neighborhood retail service such as a pharmacy or Postal Annex. In any case, it takes a critical mass to generate traffic for a successful retail enterprise.

I urge the Council to adopt our proposed new conditions.

Exhibit E

Statement by Erik Lawrence, Member of PDX Heights

1. On behalf of PDX Heights association, I was an active participant in the SWHRL/PDX Heights working group which prepared the proposals being submitted to the City Council for three new use and design conditions on the Strohecker site.
2. I am a lifelong Oregonian. With my wife and three children, I have lived close to the Strohecker site for 10 years. Professionally, I am an investment advisor and financial planner. I have substantial expertise in business planning and financial analysis. I also am active in many community affairs, and I believe that I have substantial expertise and understanding of the things that we do and can do to promote Portland as a healthy, vibrant city.
3. The Strohecker site and the Portland Heights Park together form a centerpiece of the Portland Heights neighborhood. Rather than grieve the loss of the Strohecker business, we need to focus on the future, on working together to create a viable retail node going forward.
4. To that end, we conducted a survey of more than 500 neighborhood residents. The final survey results are attached to my statement. In brief, they show [Erik please summarize]
5. The Applicant does not want to take the risk of retail because he and his advisors suggest that there is insufficient demand in this neighborhood. I have seen many business forecasts in my day, and I know that economic forecasts are only as good as the assumptions being made. To my eyes, it does not make sense to rule out retail at this location. After all, the neighborhood has not changed demographically, it in fact supported retail at this site for more than 100 years, it supports a gas station and auto mechanic 3 blocks away from this site, and it supports a thriving restaurant across from Ainsworth School.
6. There can be no doubt that the Strohecker business declined in recent years, going through two ownership changes, and never really updating or adapting to the times we live in. The failure of that business is unfortunate, but we know that new business enterprises rise from the ashes of old ones.
7. The proposals we make to Council will unlock the Strohecker site from its existing use and design conditions and permit innovative people to create a new and vibrant neighborhood centerpiece. I urge Council to support our proposals.

Exhibit F

Statement by Shannon Hiller-Webb, Co-Founder of Green Zebra

1. I have been in the grocery business since 2010 in Portland as a Co-Founder of Green Zebra Grocery and earlier as a Project Manager for New Seasons Market. I have 26 years of experience in retail leadership, advertising, marketing, design and project management.
2. Since 2014, I have been a consultant to regional retailers, start-ups and companies interested in bringing their products to market. I specialize in small format grocery retail and specialty products.
3. I am an active participant in the SWHRL/PDX Heights working group which prepared the proposals being submitted to the City Council for three new use and design conditions on the Strohecker site.
4. There has been a considerable shift in the retail grocery landscape with technology allowing for online/app delivery, the consolidation of mainline grocers (Albertsons/Safeway), and the emergence of Small Format Stores in greater numbers. These changes reflect the interests of consumers retaining access to fresh, healthy options shopping more frequently and in smaller stores while center of the aisle, non-perishable items are sourced online, or larger more infrequent stock-up trips to Costco, Target, etc... Grocery does 5 trillion global sales and only 3% occur online with slow growth maintaining the need for fresh shops. (<https://www.nytimes.com/2018/08/21/technology/amazon-grocery-boxed-aeon.html>)
5. Portland is supporting this smaller store trend with the success of Green Zebra Grocery and the emergence of Chuck Eggert's new store chain concept, Basics Market, launching in the Portland Clinic building on NE Sandy.
6. The simple fact is that people prefer to do their fresh shopping in person and select their produce, meats, fish, dairy, grab'n'go and baked goods themselves. Consumers enjoy finding local options amongst their brand favorites and many seek this time as an opportunity to connect to their community.
7. Amazon's acquisition of Whole Foods in 2017 caused many players to take a deep breath and hit the pause button. New Seasons and GZG suspended some its proposed projects and halted the pipeline. It is not a surprise that the Strohecker site has not been successfully marketed. It is hard to market a purpose-built building which housed a failing business, especially during a time of dramatic change in scale and acquisition in the industry. (<https://www.forbes.com/sites/gregpetro/2017/08/02/amazons-acquisition-of-whole-foods-is-about-two-things-data-and-product/#6d7b0b68a808>)

8. The Strohecker failure should not inform the potential success of a new model grocer. The store served an outdated model, offered poor product-mix not reflective of the demographic demands, the store was dated and the business poorly marketed at the least. The site remains the only viable commercial site to house a fresh market in the neighborhood and if lost, will never be available again. As one of 13 neighborhoods in the city with the scarcest commercial sites, the opportunity exists for a creative developer and food merchant to satisfy the new market model and the demands of the neighborhood for access to fresh, healthy options. The market should dictate what gets build in many cases however, the city has a responsibility to protect scarce resources where the market may not respond to the cities goals that meets the needs of the community. (Exhibits Commercial Zoning and Mixed Use)
9. Grocery is a narrow margin, perishable product industry. Having a company/owner who has grocery experience and understands the demographic/neighborhood to offer the right product mix is going to be key to success. A comprehensive pricing strategy combined with density of product within the space to meet the rent demands and sales goals will be essential. In reviewing a healthy evaluation of the local, regional and national market a square footage rationale has emerged. (See Exhibit B)
10. Small Format Stores still have unique needs that most commercial land cannot satisfy due to the nature of the business. Parking is necessary though 10-20 spaces that could suit a SFS (Small Format Store), ingress/egress is essential and preferably signalized with high visibility along with good daily traffic counts. The site is better suited to a neighborhood oriented smaller format store and as an anchor tenant will entice other complimentary businesses to make it a thriving mixed use project as these model stores focus on the daily “fresh shop” that includes produce, meats, and prepared foods.
11. The market is now showing a recovery from the pause from the Whole Foods acquisition and is ripe for re- approach with a new proposal. A market offering fresh, healthy options and occupying between 5000 SF – 7500 SF is a likely candidate for a successful mixed-use build at the Strohecker’s site. (<https://www.wsj.com/articles/natural-grocers-shrug-off-amazon-whole-foods-threat-1535313316>)
12. It should also be noted that it is not unusual for existing grocery sites to remain vacant for years as adding a new site to a store hopper takes considerable market and cannibalization study AND when a new store is added it will be in line behind several others sites in progress or being negotiated. Store build out costs and construction time are key factors in slotting that inform business strategy and may not align with a site for several years. Sites worth noting from experience:
 1. Kienows at Beaverton Hillsdale – New Seasons Market Raleigh Hills
 2. Albertsons? – New Seasons Market Mountain Park
 3. Thriftway – New Seasons Market Sellwood
 4. Raleigh Hills Safeway – closed May 2016 still closed