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Historic Armory building may become performing arts center.

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Byline: Aimee Curl

Gerding/Edlen Development Co. is considering a performing arts use for the historic Armory building, located in Block 3 of the Brewery Blocks development in Portland.

Gerding/Edlen plans to ask the Portland Development Commission for a nearly \$2.5-million loan to pay off the building's existing debt so it could be held off the market. This would give Portland Center Stage time to raise the funds needed to redevelop it as a new performance venue.

The loan would be for a maximum of three years at 4 percent interest. The interest would begin accruing immediately but payments wouldn't be due until the end of the loan's term.

The proposal will go before the commission during its monthly meeting Wednesday. Staff has recommended a yes vote, providing that two conditions are met.

The first is that the building is appraised. County records list the Armory's current market value at \$2 million.

The second requirement is that repayments of Gerding/Edlen's existing \$6 million loan -- which helped construct the below-grade-parking garage for the project -- be accelerated.

The current schedule calls for \$3 million, plus 8 percent interest, to be repaid in 2008 and the remaining \$3 million, plus interest, to be paid in 2012. Under the accelerated schedule, \$1 million would be repaid by December 2003 and \$4 million by June 2005.

This provision would insure that an additional loan would have minimal impact on other projects in the urban renewal area that depend on tax increment financing from PDC.

Abe Farkas, development director at PDC, called Portland Center Stage "a valuable community asset."

"Portland Center Stage would potentially use the entire building, but would have to have a significant fundraising campaign to renovate it," Farkas said.

The city's largest professional theater, Portland Center Stage is a resident company of the Portland Center for the Performing Arts and currently performs in the Newmark Theatre.

Bob Gerding, principal at Gerding/Edlen and a member of the Portland Center Stage board of directors, couldn't be reached for comment.

The Brewery Blocks, a five-block, 1.7 million-square-foot, mixed-use project, is located in Portland's Pearl District between Northwest 10th and 13th avenues and Burnside and Davis streets.

Construction is underway on the 15-story, 123-unit condominium tower on Block 3, projected for completion by next spring. The Armory shares a common wall with the condo tower.

Scott Eaton, director of marketing for Gerding/Edlen, said the company is still evaluating a commercial use for the 37,000-square-foot building.

Built in 1889, the Armory was last used as part of Stroh's brewing operation. It has stood vacant since November 1999.

"Our main thrust is to figure out how to preserve the building," Eaton said. "Because it's unique, it doesn't meet the demands of most retailers today. It would be perfect for a venue like Portland Center Stage, perfect for a health club and a good venue for a larger scale retailer."

Eaton said Gerding/Edlen would prefer to sign a single user for the building. If it's a retailer, they'd have to need at least 35,000 square feet.

"There's not a lot of those running around right now," he said. "It's a great location, with good parking. For the right user it would be perfect, but the right user is difficult to find."

Eaton said 24-Hour Fitness, which has a location just down the street at Northwest 12th Avenue and Johnson Street, was eyeing the space. However, he said the company isn't as interested as it once was and a different health club has stepped forward.

Unlike the performance space option, if a deal is reached with a commercial tenant, redevelopment of the Armory would begin in short order.

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