

Going Downtown

Proposal asks Lithia Motors to anchor major urban development in Medford

As a car dealership plans to vacate a six-block chunk of downtown, Medford's revitalization agency wants to jump on a development proposal before it's left with empty parking lots.

"I thought it was important to get an urban design in front of the Lithia management team as soon as possible," said Kurt Olsen, Medford Urban Renewal Agency director.

Olsen will present preliminary plans today for Middleford Commons, a civic neighborhood project including Lithia Motors' headquarters, to the Medford City Council during its noon session in Council Chambers, City Hall, 411 W. Eighth St. The plan was developed by Portland architectural firm Crandall Arambula, and construction could start as soon as 2008, Olsen said.

Since fall 2004, MURA and others have been formulating plans for a multi-story corporate headquarters building, two office buildings, four mixed-use residential/retail buildings and park space where Lithia automobile dealerships are now located. The area consists of the majority of the property between Central and Riverside avenues and Main and Jackson streets.

"I love the plan — it's beautiful," said Sid DeBoer, chairman and chief executive officer of Lithia Motors Inc. "But it's pie in the sky right now.



"You're talking a \$150 million project or something," he added.

Lithia is looking at moving its six dealerships in the downtown area to 113 acres it owns out on Highway 62 near the airport. The move would take place within the next six years, when current leases on the Medford lots expire. MURA hopes Lithia, which has 86 stores in 14 states and growing, will build its national headquarters downtown.

DeBoer said there are many obstacles, such as the cost to build downtown versus on the less-expensive property by the airport. He said he's in the process of figuring costs for the two projects.

Another obstacle would be buying back the downtown property which

he said he sold about six years ago to Capital Automotive REIT, from whom the company has been leasing.

"That's why we need MURA and we need economic development," he said. "I've got to justify it to shareholders."

Bob Repine, director of Oregon Housing and Community Services, said given all the changes in downtown Medford with Rogue Community College, the new library, a growing presence of Southern Oregon University and the Bella Vita development, this project has a better chance than some out-of-the-blue proposal.

"It's just kind of like lining up all the stars," said Repine, who is familiar with the proposal. "I think the timing is extremely exciting, quite frankly."

He said by bringing in the work force, and based on the other things happening downtown, the housing component stands a good chance of filling up. The housing could be affordable units or a mixture of affordable and market-rate units, and stands a good chance of being successfully funded, he said.

"We currently have resource program funding to build those kinds of housing units," he said.

Olsen said there's a lot of financial support yet to be assembled.

"Most everything that's going to happen here is going to be private investment," he said.

He said urban renewal's role would be acquiring property, widening Fourth Street, building the park blocks along Bartlett Street (keeping one lane in each direction) and reconfiguring the ground floor of the Middleford parking structure so pedestrians could pass through.

Olsen said early estimates have determined the project could cost \$147 million. This would include \$75 million from private investors for 750,000 square feet of office space, \$60 million for 300 housing units, and \$12 million for ground-floor retail space.

MURA received \$60,000 in state funds from the Transportation and Growth Management Program to identify options for redeveloping the area.

Additionally, on June 30 MURA received \$18,000 from the Oregon Department of Land Conservation and Development for additional workshops on the plan.

Olsen said tenants could include an upscale hotel and a conference center. He said this is a rare opportunity for the city.

"The chance of finding a Fortune 500 company that wants to put a corporate headquarters downtown, it just wouldn't happen," he said. "(Lithia is) the second largest Fortune 500 company in Oregon, behind Nike."

Olsen said the project could take five to 10 years to build.

Rob Scott, director of Medford's planning department, said it would be great to create the business activity downtown, but there are huge hurdles.

"No one should underestimate what it would take to pull this off," he said.

Mayor Gary Wheeler, former member of the MURA board, said the project would be an asset to downtown. He said should the Lithia component not work out, there still would be opportunities for the available space.

"If they don't decide to do this, that still leaves this property available to development," he said. "I think we'd just have to use our imagination."

Reach reporter Meg Landers at 776-4481 or e-mail Goingdowntown@mtribune.com.