

Sherwood Old Town Strategic Action Plan

IMPLEMENTATION – PRIORITY/CATALYST PROJECTS

Date May 30, 2025, revised December 30, 2025
To City of Sherwood
From Chris Zahas and David Fiske, Leland Consulting Group (Edited by First Forty Feet)
CC Will Grimm and Jason Graf, First Forty Feet

Introduction

In the summer of 2024, the City of Sherwood engaged a consultant team led by First Forty Feet (FFF) to assist in the production of a strategic action plan to promote the ongoing revitalization of Sherwood's Old Town. Following extensive outreach with main street businesses, a project advisory committee, City staff, elected officials, and the community at large, the consultant team is now preparing a road map with actionable steps focused on catalytic redevelopment within a 5-year timeframe.

Leland Consulting Group (Leland), acting as subconsultants to FFF, has provided the following memo to highlight potential action steps for two city owned sites at the southeastern portion of Old Town. Prioritized through discussions with City Council, the two sites known as the "Arts Center Lot" and "Public Works Site" represent a major opportunity for the City to catalyze future development at the southeastern terminus of Old Town while maintaining important controls and establishing new standards of quality in design and development in the area.

The remainder of this memo will detail a potential high-level development strategy for these two sites, and will include:

- Site Description
- Recommended Program
- Development Strategy
- Level of Investment
- Timing
- Action Steps

Arts Center Lot ("Site D")

Site Description

A 5,320-square foot gravel lot owned by the City directly adjacent to the Sherwood Center for the Arts. Located where Pine and Columbia streets intersect, the site is in a prime location to add another complementary use to the Arts Center, Cooper Mountain Ale Works, and Cannery Square across the street.



Source: First Forty Feet

Recommended Program

The size and location of the site lends itself to **single-story retail or restaurant space with active street frontage**. Due to parking constraints, economic and market feasibility considerations, and the lack of depth on the site, neither housing nor office are seen as a viable use. Introducing a high-quality retail frontage in this location will act as another draw for residents and visitors at the southeastern edge of Old Town, further activating Cannery Square and the adjoining Center for the Arts.

City ownership of the site will allow the City to direct the design and quality of development, and the City should emphasize factors that will ensure a signature building that is optimized for retail success. This would include high ceilings, significant window transparency on the primary frontage, and back-of-house operations located at the portion of the lot furthest away from the frontage and Arts Center entrance. See Figure 1 below for an example of the proposed style of single-story retail.

Development Strategy Options

The following are two potential options for redevelopment of the Arts Center Lot (Site D) that consider a developer offering for private development or a City build, own and operated approach.

Figure 1 Example of single-story restaurant with high-ceiling, high-transparency design



Source: Google Earth; Yama Sushi & Izakaya, Portland, OR

Development Strategy- Developer Offering Option

- **Developer Selection:** The City could undertake a **development offering** to solicit interested buyers from the private market.
 - A development offering allows the City to articulate desired uses and design requirements for the site and dictate the terms on which they evaluate interested buyers, effectively setting the table for future negotiations.
 - Interested developers must respond with a proposal that includes price, proposed program, financials, and credentials to execute the project.
 - The City could seek a development partner to purchase the site and own and operate the retail building. The City may also consider a long-term ground lease instead, where the City retains ownership of the land and receives annual lease payments. Ground leases are typically for 50 or more years plus extensions. However, ground leases are less desirable for developers, are more difficult to finance, and will result in a lower price to the City, all else being equal.
 - Given the small size of the parcel, it is assumed the development will utilize the Center for the Arts parking lot as well as on-street parking.
- **Development Agreements & Negotiation:** Once a preferred developer has been selected, the City would enter into negotiations with the developer to agree upon purchase and sale terms.
 - Memorandum of understanding (MOU) is a common first step following developer selection, incorporating a broad outline of a deal structure. While typically nonbinding, an MOU provides

enough certainty for both parties to begin the more expensive process of negotiations, architectural design, and financing. For a small site such as this, an MOU might not be necessary, and the City and developer can move directly to the next steps.

- Development and disposition agreement (DDA) or purchase and sale agreement (PSA) will be the primary legal document that executes the terms of the sale and conveys the property to the developer. This document will specify the terms of the conveyance, such as design and use requirements, parking agreements, entitlements, timeline of project completion, remedies for nonperformance, termination clauses or mechanisms of resolving any dispute, and any other specifications determined throughout the negotiation process. For a site of this size, this process may take up to six months to complete, which should include time for the buyer to develop architectural plans.
- Clawback terms or a first right of refusal may be part of the DDA/PSA terms. The City may wish to include terms by which the City can 'claw back' ownership of the property if the developer does not meet other terms of the agreement. The City may also wish to include a first right of refusal as a deed restriction to give the City the opportunity to purchase the property if it is ever sold again in the future.

Level of Investment

The table below estimates the level of new investment through construction that would result from the development of a single-level retail pad on the Arts Center site.

Retail Square Footage	Cost of Construction per Square Foot	Total Estimated Value of Investment
5,000	\$315*	\$1,575,000

**Based on conservative estimate of construction costs for similar projects in the Portland-metro*

Timing

This site is ready for development, and there is adequate market support for the small amount of retail that this project would add to the downtown marketplace. The City can begin the development offering process as soon as it is ready.

Action Steps

Action Step	Timing
Finalize vision and desired terms for a development offering	ASAP
Draft and release development offering for bid	Fall 2026

Evaluate developer proposals	Fall 2026
Development agreement negotiations (MOU, DDA/PSA)	Winter / Spring 2027
Execute agreement	Spring 2027
Development begins	Spring / Summer 2027

Development Strategy- City Builds, Owns, and Operates Option

- **Contract for Development Feasibility Study:** Procure a qualified consultant (or consultant team) to complete a feasibility study that includes:
 - Program confirmation: preferred uses (e.g., retail/restaurant pad and/or mixed-use option), target square footage, tenancy assumptions, and operational needs.
 - Site planning & design parameters: massing, frontage activation, access, service/loading, and compatibility with Old Town character.
 - Market and financial feasibility: demand, achievable rents/leases, pro forma, public return, lifecycle/operating costs, and risk analysis.
 - Delivery approach: recommended procurement pathway (design-bid-build, design-build, CM/GC, or DDA-style development services with City ownership).
 - Parking and access strategy: confirm shared use of the Center for the Arts lot and on-street parking.
 - Implementation plan: cost estimate, schedule, phasing, and required entitlements.
- **Select Development Team (Qualifications-Based):** Issue an RFQ/RFP and select a design and construction team. The City may procure design first and contractor second, or procure a combined design-build/CM-GC team, depending on feasibility findings.
- **Negotiate and Execute City-Led Agreements:** execute City-led contracts that secure scope, cost, and performance for a City-owned asset. This includes agreements with the architect/engineer and construction team (and, if needed, a developer-advisor), with provisions that set final program and design standards, lock in pricing and milestones, control changes, and protect the City through clear remedies and approval points..

Level of Investment

The table below estimates the level of new investment through construction that would result from the development of a single-level retail pad on the Arts Center site.

Retail Square Footage	Cost of Construction per Square Foot	Total Estimated Value of Investment
5,000	\$315*	\$1,575,000

**Based on conservative estimate of construction costs for similar projects in the Portland-metro*

Timing

This site is ready for development, and there is adequate market support for the small amount of retail that this project would add to the downtown marketplace. The City can begin the development offering process as soon as it is ready.

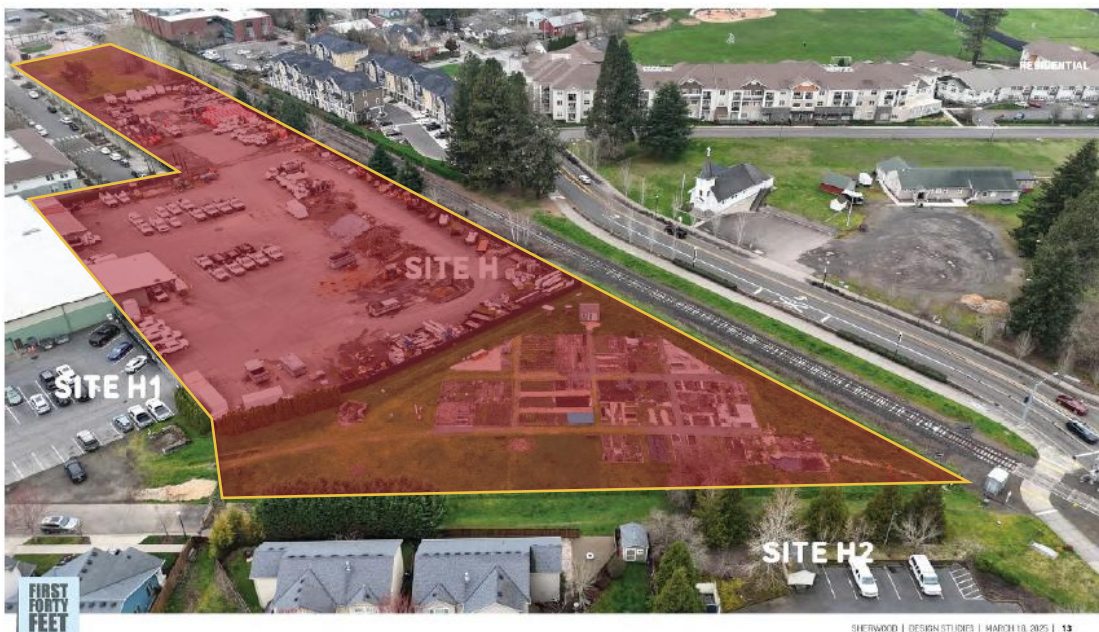
Action Steps

Action Step	Timing
Develop and issue feasibility study	ASAP
Consultant selection and feasibility study	Spring / Fall 2026
Council review and direction	Winter 2026
Prepare RFQ/RFP and select development team	Spring 2027
Concept refinement and entitlements	Spring 2027
Construction documents	Spring / Fall 2027
Permitting and approval	Fall 2027 / Early 2028
Bid and contractor mobilization	Winter 2027 / Early 2028
Major construction phase and finishes, systems & inspections	Spring 2028 / Early 2029
Closeout and handover	Spring 2029

Public Works Site (“Site G” & “Site H”)

Site Description

A total of 4.58 acres across multiple parcels, this site consists of largely vacant land that is being partially used for storage and staging by Public Works. With potential for future redevelopment of the Public Works site directly adjacent to these parcels, and improved connectivity in becoming a major gateway into Old Town if the proposed SW Columbia Street extension is completed, this area represents the most significant opportunity to add walkable, mixed-use development into Old Town.



Source: First Forty Feet

Recommended Program

Adding more residents will help drive activity to Old Town public spaces, events and businesses, and as a City-owned site, offers the best opportunity for the City to catalyze development of new housing, and retail mixed-use within Old Town. Particularly if Columbia Street is extended to Oregon Street, improving circulation and access, this area will be prime for new residential and mixed-use development. Therefore, it is recommended that the site be developed with a diversity of medium- to high-density housing and some retail

In addition, between one and two acres of Site G directly adjacent to and northeast of Cannery Square is recommended as a boutique hotel. Its unique location on the Square and easy walkability to Old Town restaurants and services make it an ideal location for a hotel unlike any in Sherwood. A boutique hotel of approximately 75 rooms would be able to serve multiple customer segments including nearby businesses, visiting friends and family of Sherwood residents, and tourists looking for a convenient jumping off point to wine country.

Development Strategy

The size and existing uses of the Public Works site makes it far more complex than the Arts Center site. Additionally, current market conditions are unlikely to support market-rate housing or hotel development in the immediate term (largely due to rising construction costs and high interest rates). Unless the City is interested in developing affordable housing on the site (the only type of housing development penciling for most developers currently due to the availability of affordable housing subsidies), it is best to wait for the market to improve before moving forward. Even so, the proposed development strategy outlined below remains sound for when market conditions improve.

- **Visioning & Design:** While waiting for the market to improve, the City should undertake a more detailed visioning and design process for the Public Works site. By establishing a more specific vision for the area, the City will be better informed when soliciting development proposals in later stages. The visioning and design process would require the assistance of a design-led consultant team to evaluate the physical and market opportunities and constraints of the site and to develop more specific program ideas such as the type of housing, affordability targets, financial feasibility, and other details. In particular, deeper market research into the feasibility of a boutique hotel is needed, helping to determine what size and concept would work best at this location. The process should also include outreach to the local/regional development community, which would help test the feasibility of ideas while also having the added benefit of pre-marketing the site and generating interest, while also helping to determine the ideal form of development offering (see below).

This more detailed design process can also include considerations about the relocation of Public Works, or strategies to reduce their footprint on the site, the timing of which will determine development potential and phasing of the site. For example, the site directly adjacent to Cannery Square is not big enough to accommodate a hotel, and doing so will likely require using some portion of the Public Works staging area currently occupied today. In addition to the Public Works site, the City may also want to incorporate the adjacent sites to the south (E and F within project documents) into the detailed design process and future development offering.

- **Development Offering & Developer Selection:** Similar to the development offering outlined above, the City should seek a development partner(s) through a competitive process. However, due to the size and potential phasing of the site, this may take the form of multiple requests for qualifications (RFQs), and the City may end up partnering with multiple developers.

- Depending on the outcomes of visioning and design, the City may want to pursue various options in phasing the development offering. These may include:
 - Boutique hotel site next to Cannery Square as an initial offering
 - Waiting for the market to improve and include the entire program of hotel and residential development in a larger offering
 - If further market research determines a boutique hotel offering is unlikely to solicit developer response, the City may convert the entire program to housing and pursue a development an exclusively residential offering.
- An RFQ process will allow the City to cast the widest net possible for the site. As opposed to an RFP, the RFQ should not require the developer to submit detailed drawings of the proposed project or make a price proposal for a land purchase. Instead, the City will select a partner based on their developer's demonstrated track record of successfully building similar urban projects, combined with their expressed vision for the site. Once a preferred developer has been selected, the City would enter into a public-private partnership with the developer to refine the vision and design the project in sufficient detail to arrive at a price and transaction terms. At a minimum, the RFQ should ask for:
 - Firm profile
 - Resumes of principals
 - Project examples
 - References
 - Financial capacity
 - Project vision
- RFQ evaluation should be informed by criteria developed during the preliminary visioning and design process. After evaluating initial proposals, the City may invite one or more submitters to present their qualifications in person, and the City may request additional information to assist in the decision making.
- An optional modification to the selection process would be to conduct a two-step selection process whereby a short list of finalists is developed from the RFQ and no more than three respondents (and ideally only two) are invited to prepare a full proposal complete with architectural drawings, a phasing and financing plan, a purchase price, and pricing terms.
- **Development Agreements & Negotiations:** Once a preferred developer is selected, the process of negotiation will begin much in the same way as outlined above for the Arts Center site. However, due to the nature of the Public Works site, it is likely the negotiation phase will be much longer, incorporating many additional terms and conditions, including potential public-private partnership terms.
 - Similar to the Cannery Row project, this project will likely include some form of public-private partnership to support successful development. This may take the form of public investment in infrastructure, particularly if the development is contingent on the extension of Columbia Street.

Level of Investment

The table below estimates the level of new investment through construction that would result from the development of a 75-room boutique hotel, 130 residential units as well as retail on the pad on the Arts Center site Block G and Block H (Public Works)

Number of Residential Units / Hotel Rooms/ Retail	Cost of Construction per Unit / Room	Total Estimated Value of Investment
130 units*	\$350,000**	\$45,500,000
75 rooms	\$225,000**	\$16,875,000
Retail (14,000 SF)	\$315/SF**	\$4,400,000

**Based on First Forty Feet diagrammatic drawings*

***Based on conservative estimate of construction costs for similar projects in the Portland-metro*

Timing / Phasing

As noted above, due to current market conditions, it is better to wait for the market to improve before attempting to develop the Public Works site. Uncertainty in timing for when Public Works may relocate gives more reason to wait. The City has indicated Public Works may not vacate their current location for another 5 to 10 years. If this is the case, it may behoove the City to request Public Works move some of their storage off of portions of the site so development can begin on part. For example, the hotel site closest to Pine Street may make sense as a first phase while the remainder of the site waits for Public Works to vacate and the completion of the Columbia Street extension. However, the process of undertaking more detailed design and visioning for the future of the site can begin right away and will be a good way to build market momentum and developer interest in the coming years.

Action Steps

Action Step	Timing
Detailed design and visioning	Spring / Summer 2027
Begin developer selection process	Fall 2027 / Winter 2028, depending on market conditions
Evaluate developer proposals	Winter 2028
Development agreement negotiations (MOU, DDA/PSA)	Spring - Fall 2028
Execute agreement	Fall 2028

Development begins

Winter 2029