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College near construction on new Old Town campus

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Wendy Culverwell

*Business Journal Staff Writer -
Portland Business Journal*

[Email](#) | [Twitter](#)

After nearly four years of preparation, the Oregon College of Oriental Medicine is starting to prepare its new campus in Portland's Old Town neighborhood.

It will take about a year to transform the historic, four-story former Globe Hotel into a modern, five-story college campus. The \$15.3 million makeover of the hotel will start within the next two weeks.

The school's pending arrival brings one more newcomer to the Old Town Chinatown neighborhood at the north end of downtown Portland. There, OCOM will join the University of Oregon, Mercy Corps, Pacific Northwest College of Art, Northwest Evaluation Association and the Portland Development Commission in helping to revive a neighborhood that until a few years ago was devoid of most daytime traffic.

Uwajimaya, a Seattle-based Asian grocery chain, also recently reaffirmed its commitment to anchor a development project.

It all adds up to a stirring revitalization for the neighborhood, whose boundaries run roughly north of Burnside Street, west to Northwest Broadway and east to the Willamette River.

The success originates with a 2005 Portland Development Commission study that focused development on a few key blocks. OCOM will occupy a portion of Block 8, which the PDC acquired in 2005 to transform into a new fire station. That plan fell apart and the site was put out for redevelopment.



OCOM President Michael Gaeta anticipates moving in by the start of the 2011 school year.

An economic impact

Though Old Town/Chinatown is an obvious destination for a college of oriental medicine, OCOM President Michael Gaeta said he cast a large net once the school concluded its Mall 205 neighborhood in Southeast Portland no longer suited its mission.

Gaeta and the board scouted sites from Hillsboro's Sunset Corridor to Portland's Central Eastside Industrial District. But it was Old Town, where the city of Portland was actively seeking to site an alternative medical program, where Gaeta felt most at home.

Gaeta said the Globe, originally constructed in 1911, was his second choice. The Skidmore Fountain building was his first, but Portland-based nonprofit Mercy Corps already had it lined up for its new world headquarters. OCOM quickly embraced the Globe, especially after feng shui expert Alex Stark declared it was auspiciously oriented to the Willamette River to promote healing.

When it opens next September, the college will make a big economic splash. OCOM employs 45 full-time and 93 part-time staff members, serves about 280 students in its graduate and doctoral programs and treats about 30,000 patients annually.

It has an annual operating budget of \$6 million but a much larger impact when community service, student aid and capital spending are figured. According to a 2008 economic impact statement, its \$15.6 million in annual spending translates into a \$39.9 million impact.

Local businesses are eager to see the school settle in.

"I think you'll see more of the businesses focus on trying to capture that traffic," said Dorian Yee, who heads the Old Town Chinatown Business Association, a six-year old nonprofit dedicated to promoting local business interests.

The college expected to move this year but lost time to the recession.

The college's arrival is a "long time coming," said Alexander Mace, president of the Old Town Chinatown Neighborhood Association.

OCOM attracts about 2,000 patients a month to its present site near Mall 205. That could grow to 3,000 in Old Town, which is better served by transit.

"It's another shot in the arm for the neighborhood," said Kevin Brake, a Portland Development Commission senior project manager working on the OCOM move.

The PDC development deal gives the college an 86 percent ownership stake in the Globe Hotel, which occupies a quarter of the block. PDC will own the rest of the block and anticipates rede-



veloping it in the future. In the short-term, it could be used as a temporary community garden.

The college will develop the project with Beam Development, which will own 14 percent of the project and eventually turn it over to the school, said President Brad Malsin.

The project launch is part of a larger vision for Beam, which is teaming with the Naito family to revive several Old Town properties it owns in the area near the Willamette River and West Burnside Street.

College seeks to sell current building

OCOM's partners include Ankrom Moisan Architects and U.S. Bank, which is issuing the construction loan. The project will comply with the Portland Development Commission's contracting goals regarding the use of disadvantaged businesses to work on the project.

To ready the Globe Hotel for its college occupants, Ankrom Moisan designed a down-to-the-studs renovation that includes a seismic update.

Re-purposing the building for a modern tenant was complicated by the neighborhood's historic status. The Portland New Chinatown/Japantown Historic District was formed in 1989 to preserve the neighborhood culture and character. The Globe Hotel is a contributing building to that status.

Preservation officials allowed the school to replace ancient windows with new ones, so long as they echo the old ones. Officials also approved plans to add a fifth-floor penthouse, so long as it is invisible from the street.

The project is being funded by federal New Market Tax Credits, Historic Tax Credits, a low-interest loan from PDC, the bank loan and an equity contribution from the college itself. PDC's contribution is roughly \$5 million.

To raise equity for the effort, OCOM is selling its current campus at 10525 S.E. Cherry Blossom Drive with an asking price of \$3.125 million. Gaeta said interest is strong.

However, to keep the project from stalling, the school lined up a bridge loan to ensure it fulfills its equity requirement.

The Oregon College of Oriental Medicine formed in 1983, making it one of the oldest colleges of Oriental medicine in the United States. Its growth mirrors growing U.S. interest in acupuncture, herbal medicine and other natural healing. The school enrolled seven students its first year. Now, it enrolls about 75 in each new class.

When complete, the Globe building will have 40,000 square feet, about double the college's current space.

Wendy Culverwell covers real estate, retail and hospitality.

