

The Oregonian

Millions in Infrastructure Costs Sank Zidell Yards Development in South Waterfront

*By Elliot Njus
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Just weeks ago, both city officials and the Zidell family thought they were close to a deal to kick-start a long-anticipated development on the family's South Waterfront land.

The Zidell family had raised their ambitions for the site five-fold, from a million square feet of development to as much as 5 million -- the equivalent of four and a half U.S. Bancorp Towers.

But infrastructure costs had ballooned, too. It would cost as much as \$90 million to build the streets, utilities and parks to support the built-from-scratch neighborhood. The city had initially pledged \$23.7 million.

The gap couldn't be closed. Talks were called off three weeks ago, and ZRZ Realty Co., the family's real-estate arm, announced it was suspending development.

"It all gets back to one simply articulated issue which hasn't been so simple," said Jay Zidell, whose grandfather founded a ship-scraping operation in what would become the South Waterfront. "That's getting the infrastructure paid for."

The site, which the family calls Zidell Yards, is a rare blank slate near the central city. Its development would close the remaining gap between the developed north and south ends of the South Waterfront.

The Zidells' master plan for the site calls for up to 2,200 housing units and 1.5 million square feet of office space, as well as a hotel and a grocery store. It would also include three parks and connect the Willamette River Greenway, a riverfront trail that's interrupted through the site.

In addition to a funding gap, there was also disagreement over where the money would be spent. When the ZRZ contemplated phasing in the development, starting on the south end of the site, to ease the up-front cost to the city, Zidell said Portland officials prioritized projects on the north side of the site.

The city and the Zidell family did manage to narrow the cost gap.

The city increased its offer to \$47 million for infrastructure, plus \$6 million to buy land for an affordable housing project. The Zidells, meanwhile, dropped their ask to \$60 million.

"While the city has remained a committed partner in this work, taxpayer resources are not unlimited and ultimately we couldn't reach an agreement at this point in time," said Shawn Uhlman, a spokesman for Prosper Portland, the city's economic development agency.

Zidell said the family would rather wait than scale back its plans for the site.

"Could we scale it back, dumb it down? Sure," Zidell said. "But it's not an interest to us."

He also said the city would have made back its investment over the 20-year buildout period through development fees and construction taxes, even without considering new property tax revenues.

Portland's broader building boom faces headwinds. The construction of new apartments has slowed as rent growth has slowed. The cost of labor and materials has climbed. And a yearslong

economic expansion has lasted far longer than previous ones, raising the risk a recession could be in the offing. But that had little to do with the decision to shelve the development, Zidell said, and the family was ready to proceed apace until a few weeks ago.

The family hasn't yet considered alternate plan, Zidell said.

He and other representatives met with the Portland Diamond Project, a group of investors hoping to bring a Major League Baseball team to Portland, but talks hadn't continued beyond that initial meeting.

"We have a terrific vision. We have a tremendous master plan," Zidell said. "Were committed to it."

Willamette Week

Murmurs: Judge Says Eudaly Can Block Activist on Facebook

*By W Staff
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In other news: A giant of Oregon land-use planning has died.

Judge Says Eudaly Can Block Activist on Facebook: A federal judge has dismissed a lawsuit against City Commissioner Chloe Eudaly for blocking a local activist from her private Facebook page, declining to turn over the pages in response to a public records request, and allegedly bullying the activist. The judge ruled June 29 that Eudaly can say what she wants on her private Facebook page, and that her comments were not threatening enough to prevent activist Mimi German from speaking. Judge Michael W. Mosman also ruled the First Amendment does not give people the right to make city commissioners listen to them. "Ms. German's right to petition the City Council does not include the right that Commissioner Eudaly listen [to], or even be present for, Ms. German's testimony," the judge wrote. A Eudaly staffer tells WW the lawsuit was frivolous, but German plans on filing again. "I see it as positive," she says.

Signature Gatherer Alleges Elections Fraud: On the eve of the July 6 deadline for turning in signatures to qualify measures for the November ballot, a woman named Connea Derber filed complaints June 29 alleging elections fraud by the signature-gathering firm Ballot Access LLC. Derber says she witnessed numerous violations as she gathered signatures for the firm on behalf of anti-tax Initiative Petition 31. Ballot Access owner Lee Vasche says the complaints, first reported by WW, were "manufactured" by opponents of the petition and lack any substance. But House Majority Leader Jennifer Williamson (D-Portland) called the alleged violations "absolutely unacceptable," and the state elections division pledged to investigate.

Oregon Newspaper Ad War Results in Federal Ruling: A spat between two Oregon newspaper companies ended up in Washington, D.C., earlier this year. On April 28, the Federal Trade Commission found that Oregon Lithoprint Inc., publisher of the News Register in McMinnville, had violated federal antitrust guidelines by offering to divvy up foreclosure ads with a competitor, the Pamplin Media-owned Newberg Graphic, which rejected OLI's proposal. The FTC found the move was "inviting collusion," which could have the effect of eliminating competition, forcing the advertiser to pay more than if both companies vied for the business. In a settlement agreement, OLI agreed to refrain from such practice in the future and appoint a

compliance officer to report to the FTC for the next five years. OLI co-owner Jeb Bladine did not respond to a request for comment.

Legendary Land-Use Planner Dies: One of the giants of Oregon land-use planning died of cancer June 16. John Fregonese, 66, began as a city planner in Woodburn, moved on to Ashland, then made a national name for himself at Metro. As the agency's planning director from 1992 to 1997, he wrote the Metro Vision 2040 plan, an exercise later copied by many cities across the country, including Salt Lake City and Austin, which hired Fregonese's firm. Metro Councilor Bob Stacy, who worked with Fregonese as executive director of 1000 Friends of Oregon, says he revolutionized the role of planners in bringing disparate interest groups together to find a common vision. "John popularized the approach of presenting a variety of options for the future rather than just one," Stacy says. "He was inquisitive, creative and very smart."