



## Hyatt wants its foot in Portland hotel scene; convention center may be it

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The convention center itself was expanded a few years ago and a hotel would help bring in conventions, supporters say.

Hotel giant Hyatt loves Portland and for years has considered its absence in the Rose City a glaring problem.

That's the word from David Tarr, Hyatt's senior vice president for real estate and development. "Portland has always been one of the most requested cities out there in where we don't have a presence," Tarr said. "It's always been a high priority for us."

The company hopes to remedy that problem with a 500-plus-room convention center hotel that could be launched as early as 2013. Hyatt was one of two

responders to Metro's request for proposal for a hotel built adjacent to the Oregon Convention Center.

Hyatt has teamed with the **Schlesinger family** of Portland, Minneapolis-based Mortenson Development Inc., Portland architect Ankrom Moisan and others.

The sole other entrant in the convention center hotel sweepstakes is a team of Starwood/Sheraton Hotels and local developer Langley Investment Properties. Also on the Langley team are Garfield Traub Development, ZGF Architects and Turner Construction Co.

After more than a decade of debate and two failed prior attempts, it's time to finally get a convention center hotel built, said Mick O'Connell, a Schlesinger executive. "What this represents is an offer to invest more than \$100 million in private capital in Portland," he said. "It would generate 1,000 construction jobs and 400-500 permanent jobs after that."

A large, new hotel would also help the convention center bring in more and larger conventions, he added.

Neither O'Connell nor others in the Schlesinger team would say much else about their proposal, deferring to Metro, which is running the process and issued the request for proposal. Metro officials too have ducked under a cone of silence, declining to release the two responses, even refusing to confirm where exactly their bidders propose to erect a hotel or how many rooms it would contain.

Teri Dresler, the Metro official overseeing the convention center hotel RPF, said the staff's goal is to have a recommendation to the Metro Council by mid-August. The agency will withhold releasing more public information until then, she wrote in an email.

It is believed that the Hyatt-team plans to build on several blocks owned or controlled by the Schlesinger family due north of the convention center across Northeast Holladay Street.



Plans call for a scaled down public subsidy of the new hotel, at least compared to the Portland Development Commission plan in 2009-2010. Metro proposes to rebate an unspecified number of years worth of hotel room taxes to the hotel. The project could also get a \$4 million loan from the PDC and a similarly sized chunk of cash from Metro, according to Metro documents.

In earlier interviews, Metro officials pegged the total public subsidy at \$12 million to \$20 million.

The agency is also willing to consider a proposal that includes New Market tax credits and other forms of alternative financing.

Public subsidies of hotels have been a hot issue in Portland. Competitors struggling through the difficult recession steamed as the PDC allowed the Nines, a luxury hotel atop the Macy's in downtown Portland, to stop making loan payments even as it slashed rates and provoked a debilitating rate war.

Hyatt's Tarr said the convention center hotel is a different animal. Tourism officials have speculated that Portland loses as many as 30 large conventions a year due to the lack of a large hotel immediately adjacent to the convention center. The addition of thousands of conventioners and their families would be good for the entire market, he argued.

"When you add a hotel that is in lockstep with the convention center, that's a different paradigm," Tarr said. "That allows you to book more city-wide conventions. All ships will rise with that tide."

A convention center hotel won't be built without public assistance, Tarr said. "When you're talking about a full-service hotel, particularly one with a lot of group meeting space, they're simply not financeable without some form of subsidy," he said. "That's the reality. It's no different in Portland."

Competing hoteliers aren't the only ones concerned about the subsidy. Multnomah County, which gets a small share of the lodging tax revenue, is loathe to lose it or any other revenue source.

**County Chair Jeff Cogen** is "supportive" of the hotel plan. "Our focus is providing services to vulnerable populations, seniors, children and other important human services," said county spokesman David Austin. "If the hotel gets completed with private dollars, that's great for everyone. But Multnomah County doesn't have money to put forward for projects like this."

-- **Jeff Manning**

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