

## Developer Pulls Out of West End Building Sale

LAKE OSWEGO – On Wednesday, March 5, 2014, the City of Lake Oswego was informed by Kensington Investment Group, the prospective buyer of the City's 14-acre West End Building property, that it was exercising its option to terminate the Purchase and Sale Agreement based on its recent due diligence examination of the property. The original sale agreement, signed this past November, had Kensington buying the property for \$16.5 million as long as two contingencies were met: Kensington being satisfied with its inspection and due diligence on the property, and the City rezoning the property from Office Campus to General Commercial. The City was midway through the rezoning process when it received word from Mr. Jensen that his firm was unable to come up with a development plan that would work on the site. In his letter to the City, Mr. Jensen cited certain regulatory challenges that would make it difficult to develop the property to the densities needed to justify the current purchase price. "While we love the real estate and the Lake Oswego market, certain site constraints made it difficult to create a development plan that made financial sense," said Mr. Jensen.

An adopted goal of the Lake Oswego City Council is to sell the West End Building and put the property back on the tax rolls. Mayor Kent Studebaker said he was hoping the deal would go through and that Kensington would soon put the property to more productive use. "The West End Building represents a cost to the City of approximately \$1.5 million per year. That is taxpayer money that could be better spent on the City's capital projects which have a much clearer benefit to the community than retention of the West End Building." At this point, the City Council still intends to sell the property, but how it will go about doing this and whether it will continue to pursue the zone change is unclear. "The Council will take up this conversation in the very near future," said Mayor Studebaker.

For additional information, please contact Brant Williams, Redevelopment Director, at 503-635-6138.

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