



DATE: January 14, 2026
TO: Board of Commissioners
FROM: Wesley Cornell, Executive Director
SUBJECT: Report Number 26-02
Authorizing the Acquisition of Real Property Located at 125 NW Fourth Avenue

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

This action by the Prosper Portland Board of Commissioners (Board) would authorize the Executive Director to proceed to closing with Block 33 Investment Partners LLC (Seller) on the acquisition of Block 33 (Property), an improved surface parking lot in the Old Town/Chinatown District, for a purchase price of \$7,250,000.

Block 33 consists of parcels R140428, R140426, R140425, and R140427, located at 125 NW Fourth Avenue. The 40,000 square foot Property currently operates as a surface parking lot and will continue to serve adjacent social service providers, hotels, retail, and entertainment uses, while preserving the site for potential future redevelopment.

STRATEGIC ALIGNMENT AND OUTCOMES

The acquisition and longer-term development of Block 33 aligns with the City of Portland's economic development strategy, Advance Portland, Objective 3: Foster a Vibrant Central City and Commercial Districts, specifically through Outcome 3.4: Catalyze Public-Private Partnership to Unlock Infill Development of Large Scale Mixed-Use, Mixed-Income Sites with High Transit Accessibility.

Acquisition of the Property also enables Prosper Portland to manage future activation of a key underutilized site in the heart of Old Town/Chinatown. This action directly supports Outcome 3.4's goal to strategically activate properties to serve community and economic needs by allowing for interim pop-up activations at the site when not being otherwise used as parking for adjacent non-profit organizations, businesses, and tenants.

As part of our commitment to responsible stewardship, Prosper Portland will implement enhanced security and cleanliness measures on the site. These improvements are intended to address concerns raised by nearby businesses, visitors, and social service staff, ensuring the property is a safe, well-maintained asset that contributes positively to the district's overall environment.

BACKGROUND AND CONTEXT

The Property has operated as a parking lot for more than 50 years, supporting retail shopping, entertainment, hotel, social service, and business activities located in neighborhood historic buildings that lack onsite parking. Prosper Portland has engaged with multiple owners of the Property in recent

decades regarding feasibility of redevelopment and has been approached about various forms of involvement with the site, including acquisition, tenanting, and direct financial investment in potential redevelopment.

There are no immediate redevelopment plans for the site. Future development concepts would be developed in collaboration with the community and will require Board approval. Prosper Portland's ownership of this site would ensure future development aligns with community-identified priorities and long-standing commitments to the Old Town/Chinatown District, including the 2019 City Council-approved Old Town/Chinatown Action Plan Extension. The Property's size, location, and development potential make it well-suited for a larger scale project that can deliver significant beneficial impact for the district. The Property is within the Westside Tax Increment Finance (TIF) District approved by Portland City Council in 2024, and future TIF resources could potentially be leveraged to maximize development impact on the site.

EQUITY IMPACT

In recent decades and through the COVID-19 pandemic, the neighborhood has experienced significant challenges including a high concentration of social service providers serving individuals experiencing homelessness, addiction, or mental health issues. The district continues to face persistent economic disparities and has seen the erosion of its historic cultural identity as development pressures and disinvestment have simultaneously impacted the area.

Through this acquisition, Prosper Portland gains the opportunity to guide the Property's future redevelopment to further the goals of the Old Town/Chinatown Action Plan in alignment with the goals and needs of the community.

COMMUNITY PARTICIPATION AND FEEDBACK

The Old Town/Chinatown Five-Year Action Plan, accepted by Portland City Council on August 6, 2014, and extended for an additional five years on September 4, 2019, was completed with significant community input. The forthcoming Westside TIF District Action Plan, developed in partnership with a working group of community members from the Old Town, downtown, and Broadway Corridor areas, will continue to provide a community-guided strategic approach to Prosper Portland-controlled properties and investments.

Over more than a decade, Prosper Portland has worked with the Old Town Chinatown Community Association and other partners to advance the goals of the Old Town/Chinatown Action Plan. This acquisition builds upon years of community dialogue about the future of Old Town/Chinatown. The agency maintains ongoing relationships with community stakeholders, neighborhood organizations, and existing individual businesses and nonprofits throughout its involvement in the neighborhood, and these relationships have informed the agency's understanding of priorities and concerns in the neighborhood, including the importance of this particular property.

BUDGET AND FINANCIAL INFORMATION

There are limited Old Town/Chinatown Action Plan program income resources remaining, and these are fully committed to other significant investments in the district – including office to residential conversions, re-tenanting of vacant commercial space, public realm improvements like the Chinatown Gate and new skatepark, and support for cultural and historic nonprofit anchors in the district.

The purchase would therefore be funded through the Strategic Investment Fund (SIF), summarized in Attachment B. The SIF is designated for financially sustainable investments that advance the agency's

mission. The property is currently generating steady income through parking lot operations, which will serve to both cover carrying costs and provide resources for security and stewardship enhancements. The proposed purchase price of \$7,250,000 falls within the range established by two independent appraisals, which valued the property between \$6,750,000 and \$9,000,000. When market conditions improve and future redevelopment becomes more feasible, Westside TIF resources would be needed to plan and execute future development strategies, community engagement, and any public-private partnership negotiation.

Should the Board authorize acquisition, the existing parking operations agreement with Parking NW will be assumed, and staff will monitor financial and operational performance closely. In the event that operating performance is not deemed satisfactory, a 60-day notice of termination clause is included in the management contract.

RISK ASSESSMENT

Financial risks have been mitigated to date by providing earnest money in the form of a promissory note rather than cash, and agreement to be released from the note in the event that the Board does not approve this transaction.

Investment risks associated with property acquisition and operations in the Central City, and particularly Old Town, reflect ongoing market challenges, increased development costs, and the potential for changing market conditions to affect property value. These risks are mitigated by the property's consistent program income and a land banking strategy which provides flexibility to wait for improved conditions. The property's ongoing income generation offsets carrying costs, and any future development will be subject to rigorous financial analysis.

Due diligence has been completed by staff, and no unexpected environmental or geotechnical conditions were found. The improvements on the property itself are minimal, and in decent condition. The property title carries existing development restrictions that include particular programming obligations on the block at some future time. These obligations can either be included in a future development design, or a monetary payment can substitute compliance. Potential financial obligations of up to \$1,600,000 could be incurred if none of the development requirements are met. Some obligations may be fulfilled as a matter of course during development design, and others could possibly be modified through a negotiated settlement with the parties to the obligation.

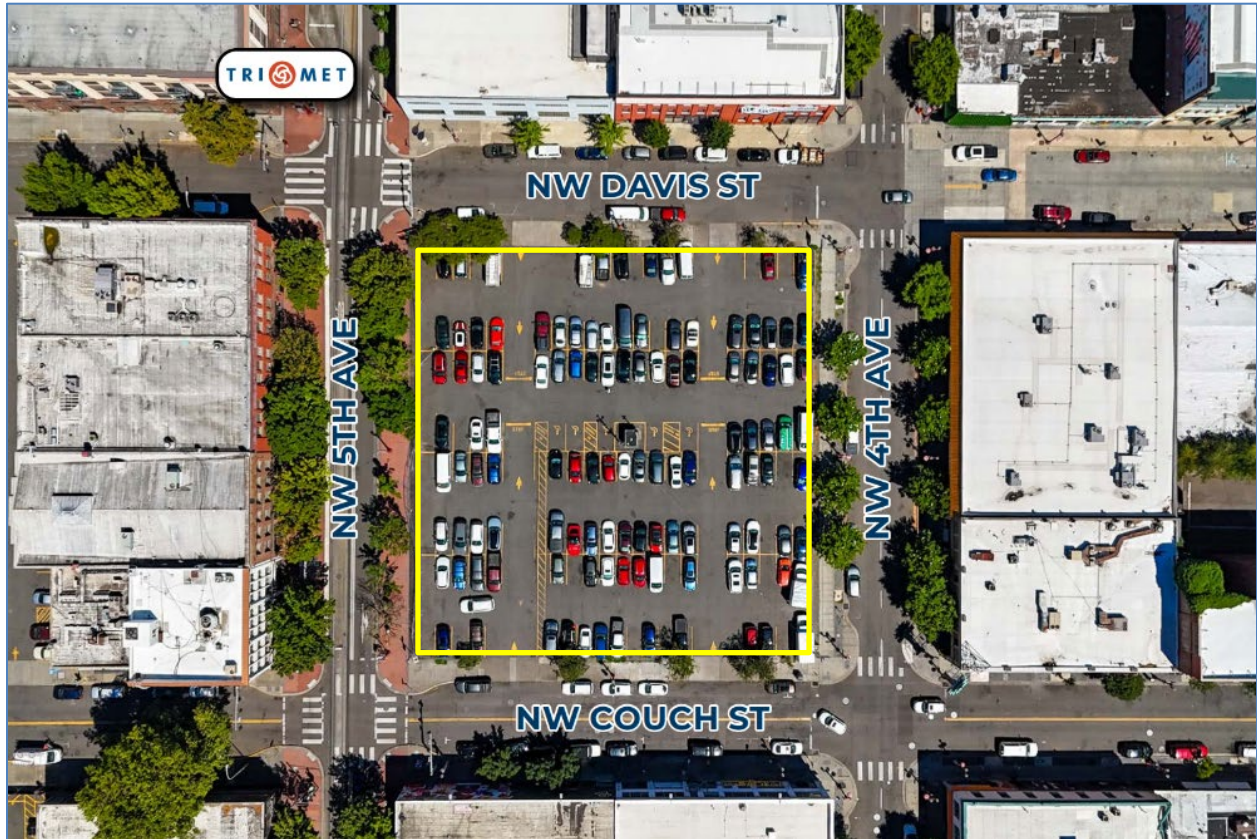
Operational risks include property management responsibilities and liabilities from parking lot operations. Prosper Portland has experience managing similar properties, which mitigates these concerns.

ATTACHMENTS

- A. Aerial Site Map
- B. Strategic Investment Fund Overview
- C. Summary of Acquisition Terms

AERIAL SITE MAP

125 NW Fourth Avenue, Portland, Oregon 97209



Strategic Investment Fund Overview

Financial Summary Forecast

Strategic Investment Fund	Prior Year FY 2024-25	Revision FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28	Forecast FY 2028-29	Forecast FY 2029-30
Resources						
Beginning Fund Balance	50,216,848	49,485,614	23,675,403	16,519,571	7,774,238	2,270,758
Revenue						
Fees and Charges	70,631	50,000	50,000	50,000	-	-
Interest on Investments	1,757,110	966,136	757,887	584,946	457,470	339,707
Loan Collections	462,501	1,671,362	3,418,946	1,534,729	1,512,248	1,382,284
Rent and Property Income	(65,000)	2,502,559	1,066,559	1,066,559	1,066,559	1,066,559
Transfers In	5,900,219	4,122,747	-	5,000,000	-	6,540,931
Total Revenue	8,125,461	9,312,804	5,293,392	8,236,234	3,036,277	9,329,481
Total Resources	58,342,309	58,798,418	28,968,795	24,755,805	10,810,515	11,600,239
Requirements						
Economic Development						
Community Economic Development						
A00448-Neighborhood Prosperity Opportunity	-	864,437	-	-	-	-
A00639-Construction Equity Fund-CEF	-	160,000	76,093	50,000	-	-
Business Lending						
A00217-Small Business Lending-SBL	3,955,324	2,282,358	2,000,000	1,000,000	602,342	-
Economic Development Total	3,955,324	3,306,795	2,076,093	1,050,000	602,342	-
Property Redevelopment						
Commercial Property Lending						
A00750-Predevelopment & Construction Loans-RELF	2,999,000	1,000,000	1,000,000	1,500,000	1,581,281	-
A00772-Middle Income Housing-RELF	-	3,200,000	3,000,000	3,000,000	-	-
Real Estate Management						
A00290-Station Place Parking-RVD	-	439,145	-	-	-	-
A00306-910 NE MLK Building-CNV	-	1,000,000	-	-	-	-
A00307-84 NE Weidler-CNV	-	-	-	20,000	20,000	20,000
A00310-Hotel Garage Operations-CNV	-	1,009,070	720,796	720,796	720,796	720,796
A00350-Cascade Station Parcel G-NOI	51,455	46,314	46,314	46,314	-	-
A00545-Cascade Station Parcel E-NOI	44,236	32,190	32,190	32,190	-	-
A00547-Cascade Station Parcel D-NOI	40,080	36,331	36,331	36,331	-	-
A00558-9th & Naito Small Lots-RVD	-	12,743	-	-	-	-
Real Estate Acquisition						
A00871-Block 33-NOI	-	7,000,000	-	-	-	-
Real Estate Predevelopment						
A00752-Real Estate Investments-NOI	-	-	4,000,000	4,000,000	4,000,000	4,000,000
A00584-100 NE Multnomah-CNV	-	10,600	-	-	-	-
Real Estate Disposition						
A00584-100 Multnomah-CNV	-	8,000	-	-	-	-
A00350-Cascade Stn-Prcl G-APW	15,956	-	-	-	-	-
A00545-Cascade Station Prcl E-APW	3,146	-	-	-	-	-
A00547-Cascade Station Parcel D-APW	3,146	2,836,552	-	-	-	-
Property Redevelopment Total	3,157,019	16,630,945	8,835,631	9,355,631	6,322,077	4,740,796
Total Program Expenditures	7,112,343	19,937,740	10,911,724	10,405,631	6,924,419	4,740,796
Personnel Services	8,798	977,093	768,750	787,968	807,669	827,859
Total Fund Expenditures	7,121,141	20,914,833	11,680,474	11,193,599	7,732,088	5,568,655
Interfund Transfers - Indirect Charges	96,713	859,842	768,750	787,968	807,669	827,859
Interfund Transfers - Cash Transfers	1,638,840	4,219,238	-	5,000,000	-	-
Contingency	-	-	180,433	185,846	191,421	197,164
Reserved For Future Expenditures	-	32,804,505	16,339,138	7,588,392	2,079,337	5,006,561
Ending Balance	49,485,614	-	-	-	-	-
Total Fund Requirements	58,342,309	58,798,418	28,968,795	24,755,805	10,810,515	11,600,239

SUMMARY OF PURCHASE & SALE AGREEMENT TERMS

EFFECTIVE DATE: December 30, 2025

BUYER: Prosper Portland

SELLER: Block 33 Investment Partners LLC

PROPERTY: Block 33, a total of approximately 40,000 SF of land comprised of R140428, R140426, R140425, R140427, located at 125 NW Fourth Ave., Portland, OR 97209

PARKING AGREEMENT: Assignment and assumption of existing parking management contract.

PURCHASE PRICE: Seven Million Two Hundred and Fifty Thousand dollars (\$7,250,000)

EARNEST MONEY: One Hundred and Fifty Thousand (\$150,000) promissory note, to be converted to cash within three (3) days of Prosper Portland Board approval and credited toward Purchase Price.

PAYMENT OF PURCHASE PRICE: The balance of the purchase price to be paid by Buyer in cash (or cash equivalent) at closing.

PROPERTY DUE DILIGENCE: Due diligence has been completed and is acceptable to Buyer.

TITLE CONDITION: Subject to certain development obligations that may be applicable to future development of the site. Monetary payment can be made in lieu of fulfilling the obligations.

CLOSING DATE: No later than thirty-five (35) days after waiver of Board Approval Contingency