



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** April 9, 2025  
**TO:** Board of Commissioners  
**FROM:** Shea Flaherty-Betin, Executive Director  
**SUBJECT:** Report Number 25-12

Authorizing the Terms of the Sale of Prosper Portland-Owned 98-Room Hotel in the Former Oregon Convention Center Tax Increment Finance District

### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution No. 7603

This action by the Prosper Portland Board of Commissioners (Board) will authorize the terms for the sale of a Prosper Portland owned property, the Inn at the Convention Center Hotel (the Hotel), located at 420 NE Holladay Street in the now terminated Oregon Convention Center Tax Increment Finance District (see a site map in Attachment A), to PDK Hotels LLC, or their approved assignee. If approved, the terms set forth in Resolution No 7603, Exhibit A, would authorize the Executive Director to execute a Purchase and Sale Agreement (PSA) and any other documents necessary to dispose of the Hotel.

### **STRATEGIC PLAN ALIGNMENT AND OUTCOMES**

This action will deliver of the agency's Financial Sustainability Plan objective to optimize financial return of the agency's existing real estate assets, while generating program income for future agency priorities.

It also delivers on Advance Portland Objective 3, Fostering a Vibrant Central City and Commercial Districts, and more specifically Objective 3.4, enhancing and maintaining the Central City as a centralized regional gathering spot by supporting the disposition and renovation of a hotel adjacent to and serving visitors of the Oregon Convention Center and adjacent regional assets.

### **BACKGROUND AND CONTEXT**

On May 8, 2002, through Resolution No. 5855, the Prosper Portland Board authorized acquisition of the 98-room Inn at the Convention Center located at 420 NE Holladay Street, for the purpose of demolishing the building and using the site and adjacent land for the development of a new convention center hotel. Ultimately, through a Metro-led process, a different site was selected for the development of the Hyatt Regency Portland at the Oregon Convention Center. The Inn at the Convention Center Hotel meanwhile has been in continuous operation since its acquisition. However, because the original intent was to demolish the building for redevelopment, Prosper Portland has made only minimal, critically needed investments in the asset and many of the systems have reached (or exceeded) the end of their useful life.

In early 2024, as the Oregon Convention Center TIF District terminated, Prosper Portland concluded that the renovation project cost and ongoing ownership of the Hotel was not in direct alignment with Prosper Portland's strategic priorities or best interest. Staff then pursued a disposition strategy to sell the asset via a competitive Request for Offers (RFO) process. While the Hotel, formerly within the Oregon Convention Center TIF District, is now within the boundaries of the new Lloyd-Holladay Tax Increment Finance district, there are no significant resources in the new district for the first five years and a number of competing community priorities for investment.

PDK Hotels LLC submitted the only proposal to the RFO. PDK Hotels LLC is a local, minority-owned, vertically integrated hospitality company specializing in hotel management and construction. Under the leadership of CEO Devon Kumar, PDK Hotels oversees hotel operations while its subsidiary, PDK Construction LLC, manages development and renovation projects.

### **EQUITY IMPACT**

The renovation of the Hotel advances construction sustainability goals by preserving the existing building rather than demolition and redevelopment of the site. The PSA requires that the Buyer adhere to Prosper Portland's Construction Business and Workforce Equity policies when performing their hotel renovation.

### **COMMUNITY PARTICIPATION AND FEEDBACK**

Through our community engagement with Go Lloyd and other area stakeholders related to TIF investment priorities, staff presented different scenarios for the property including an immediate sale; making critical repairs and holding for improved market conditions; or investing in a major renovation. Community budget feedback received reaffirmed the preference to reposition the asset to ensure it contributes to both the economic growth and neighborhood character in the district.

### **BUDGET AND FINANCIAL INFORMATION**

While the Oregon Convention Center TIF district is terminated, and the Hotel is now within the new Lloyd-Holladay TIF District, budgeted program income resources for asset management continue to be carried in the Oregon Convention Center TIF District Fund. Attachment B shows the current year (FY 2024-25 Revised) budget and Requested Budget for FY 2025-26 for the Oregon Convention Center TIF District Fund. The only resources remaining include \$2,209,000 reserved for the Hotel property management funded through Hotel operational revenue and a remaining \$1,097,000 of program income. This amount is not sufficient to complete any partial or full scope of repairs needed to return this property to optimal performance, and there are no meaningful further amounts available via the new Lloyd-Holladay TIF District in the FY 2025-26 and forecast years.

The property was purchased in 2002 for \$5,250,000 and is currently anticipated to sell for \$3,200,000. Additionally, Prosper Portland staff estimate that the hotel generated a cumulative total of \$2,000,000 in net operating income over the past twenty years.

Proceeds from the sale of the Hotel will be transferred to the Strategic Investment Fund, where those resources will be used for economic development investments citywide. Any residual program income funds in the Oregon Convention Center TIF District will be transferred to the Lloyd-Holladay TIF District in the FY 2025-26 Budget to be invested in line with community priorities that will be defined through district action planning.

**RISK ASSESSMENT**

The primary risk of this action is if the sale process timeline becomes extended, or the sale does not close, then the remaining budget available to cover holding costs will be further reduced. If the decision is not to move forward with negotiations with this buyer, the financial costs of property ownership will continue to accrue until the property is disposed, putting significant financial pressures on the limited remaining funds within the Oregon Convention Center TIF District Fund.

**ATTACHMENTS**

- A. Property Photo and Site Map
- B. TIF District Financial Summary

**PHOTO AND SITE MAP**



**Photo of the Inn at Convention Center looking to the northwest**



**420 NE Holladay Street**

**TIF District Financial Summary**

**Financial Summary  
 Forecast**

	Revision	Requested	Forecast	Forecast	Forecast	Forecast
<b>Convention Center TIF Fund</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>FY 2029-30</b>
Beginning Fund Balance	3,449,764	860,009	664	55,407	281,170	506,933
<b>Revenue</b>						
Interest on Investments	48,307	27,632	16,105	-	-	-
Rent and Property Income	3,258,614	1,566,559	1,066,559	1,066,559	1,066,559	1,066,559
Reimbursements	22,235	-	-	-	-	-
<b>Total Revenue</b>	<b>3,329,156</b>	<b>1,594,191</b>	<b>1,082,664</b>	<b>1,066,559</b>	<b>1,066,559</b>	<b>1,066,559</b>
<b>Total Resources</b>	<b>6,778,920</b>	<b>2,454,200</b>	<b>1,083,328</b>	<b>1,121,966</b>	<b>1,347,729</b>	<b>1,573,492</b>
<b>Requirements</b>						
<b>Administration</b>						
A00027-Debt Management-CNV	2,500	2,500	-	-	-	-
<b>Administration Total</b>	<b>2,500</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Property Redevelopment</b>						
<b>Real Estate Management</b>						
A00306-910 NE MLK Building-CNV	67,771	-	-	-	-	-
A00307-Frmr B&K Car Rental-CNV	-	-	-	20,000	20,000	20,000
A00309-Inn at Conv Ctr Mgmt-CNV	2,209,201	-	-	-	-	-
A00310-Hotel Garage Operations-CNV	1,501,015	1,257,249	720,796	720,796	720,796	720,796
<b>Real Estate Predevelopment</b>						
A00584-100 Multnomah-CNV	13,000	-	-	-	-	-
A00306-910 NE MLK Building-CNV	110,000	-	-	-	-	-
A00309-Inn at Conv Ctr Mgmt-CNV	1,097,594	-	-	-	-	-
<b>Redevelopment Grants</b>						
A00775-Percent of Arts Grants-OCC	306,820	-	-	-	-	-
<b>Property Redevelopment Total</b>	<b>5,305,401</b>	<b>1,257,249</b>	<b>720,796</b>	<b>740,796</b>	<b>740,796</b>	<b>740,796</b>
<b>Total Program Expenditures</b>	<b>5,307,901</b>	<b>1,259,749</b>	<b>720,796</b>	<b>740,796</b>	<b>740,796</b>	<b>740,796</b>
Personnel Services	230,907	318,322	50,000	50,000	50,000	57,500
<b>Total Fund Expenditures</b>	<b>5,538,808</b>	<b>1,578,071</b>	<b>770,796</b>	<b>790,796</b>	<b>790,796</b>	<b>798,296</b>
Interfund Transfers - Indirect Charges	308,895	209,099	50,000	50,000	50,000	50,000
Interfund Transfers - Cash Transfers	71,208	666,366	207,125	-	-	-
Contingency	860,009	664	55,407	281,170	506,933	725,196
<b>Total Fund Requirements</b>	<b>6,778,920</b>	<b>2,454,200</b>	<b>1,083,328</b>	<b>1,121,966</b>	<b>1,347,729</b>	<b>1,573,492</b>