DATE: September 9, 2026

TO: Board of Commissioners

FROM: Cornell Wesley, Executive Director

SUBJECT: Report Number 25-28

Authorizing the Acquisition of Real Property Located at 3011 NE Killingsworth Street

Board action requested and brief description

Adopt Resolution No. 7657

This action by the Prosper Portland Board of Commissioners (Board) would authorize the Executive Director to proceed to closing with 30K Partners LLC (Seller) on the acquisition of 30th & K (Property), a 30-unit Class B multifamily apartment community located in the Concordia neighborhood of Northeast Portland, for a purchase price of $7,200,000.

The Property is located at the intersection of NE Killingsworth Street and NE 30th Avenue and was constructed in 2017. It is currently fully leased and will continue to operate as multifamily housing following acquisition under a third-party management firm, with rents structured to remain affordable to households between 80–120% of Area Median Income (AMI). This acquisition represents the first property-level execution of Prosper Portland's Middle-Income Housing Preservation Strategy.

Strategic alignment and outcomes

The acquisition of the Property will deliver on several Advance Portland Objectives and Outcomes, including Outcome 3.8: Address housing production across a continuum of affordability; and Outcome 4.3: Improve connections between residential and employment centers by encouraging supply of mixed-income housing at high-access locations with good transit access to employment centers and with a positive impact on affordability issues.

The acquisition also delivers on Prosper Portland's Middle-Income Housing Preservation Strategy, which established a framework for acquiring newer-vintage, institutionally maintained multifamily assets along Inner East Portland's transit corridors to pilot a permanently owned, publicly stewarded middle-income housing portfolio. The strategy targets 5 to 15-year-old Class B+/A properties affordable to households at 80–120% AMI, operated under a limited profit cost-recovery model that covers operating costs, capital reserves, and administration through rents alone, without ongoing public subsidy.

Public ownership of the Property allows Prosper Portland to lock in a favorable cost basis ahead of anticipated rent growth in the Inner East Portland submarket, while providing a stable, non-speculative housing option for the local workforce along a well-served transit corridor. The transaction also establishes a replicable model for future middle-income housing acquisitions under the broader strategy.

Background and context

In December 2025, the Executive Director approved the Portland Middle-Income Housing Preservation Strategy, establishing criteria for acquiring multifamily assets in Inner East Portland to pilot a publicly stewarded middle-income housing portfolio. 30th & K is the first property-level action brought forward under that strategy.

30th & K is a 30-unit property (1 studio, 5 one-bedroom, and 24 two-bedroom units) located in the Concordia neighborhood, three blocks north of the Alberta Arts District. The surrounding submarket is composed primarily of detached single-family homes, historic brick walk-ups, and newer low-rise multifamily buildings along key corridors such as NE Killingsworth and NE Alberta. As a 2017-vintage, institutionally maintained asset, the Property carries minimal near-term capital risk, with no significant capital expenditures anticipated. The Property is currently fully leased, providing immediate income upon acquisition with no lease-up risk.

Staff evaluated the Property against criteria established in the strategy, and 30th & K scored favorably across three weighted criteria: area fundamentals, building profile, and investment metrics.

Equity impact

The Property is an existing, fully leased operating property rather than a new development, and this acquisition does not require the displacement of current residents. The transaction implements the Middle-Income Housing Preservation Strategy approved by CAFÉ in December 2025, which was developed with input from Prosper Portland's real estate and equity staff to target neighborhoods facing gentrification pressure along Inner East Portland's transit corridors. Inner East Portland, including the Concordia and Killingsworth corridor, has experienced sustained gentrification, with rising rents and displacement risk for existing workforce residents. Acquisition and long-term public stewardship of 30th & K advances the following equity outcomes:

- Preserves housing access for existing workforce residents along the NE Killingsworth transit corridor;
- Provides stable, affordable housing to households at 80–120% AMI, a population underserved by both market-rate and subsidized housing programs;
- Prevents speculative acquisition of mid-market assets and reduces further upward pressure on market-rate pricing;
- Demonstrates a scalable, financially self-sustaining model for public housing stewardship that does not depend on ongoing public subsidy; and
- Establishes a replicable template for equitable housing intervention in other Inner East Portland neighborhoods.

Community Participation and Feedback

Although staff did not conduct public engagement specific to this transaction, the acquisition is consistent with the policy priorities identified in the Portland City Council-adopted 2045 Housing Needs Analysis. Following closing, a third-party, professional property management firm will communicate with existing residents regarding continuity of the management relationship.

Budget and Financial Information

The purchase price for 30th & K is $7,200,000. The acquisition will be funded through Prosper Portland's Strategic Investment Fund (SIF), which supports strategic, income-generating real estate investments that advance the agency's mission and long-term financial sustainability. SIF capital is expected to be repaid over time through property cash flow generated under a limited profit cost-recovery model. The Board approved $9,500,000 for multifamily asset acquisition (see Attachment B) through the Strategic Investment Fund for the Fiscal Year (FY) 2026-27 Adopted Budget. Based on the seller-provided operating budget, the Property generates an annual Net Operating Income (NOI) of approximately $422,590.

On a per-unit basis, the $7,200,000 purchase price equates to approximately $240,000 per unit, below the average of $289,300 per unit across three comparable multifamily sales identified by staff in North and Northeast Portland submarkets over the preceding twelve months. This price point is consistent with the Middle-Income Housing Preservation Strategy's objective of acquiring high-quality Class B assets at a cost basis that supports both long-term financial sustainability and rent targets for households at 80–120% AMI.

Risk Assessment

Property Condition Risk: Staff negotiated a 60-day due diligence period wherein they reviewed conditions relating to the building, environmental, title, boundaries, valuation, operating expenses, tenant leases, and service contracts. Staff found no material adverse conditions that could not be adequately mitigated, and recommended waiver of property-related contingencies on August 24th.

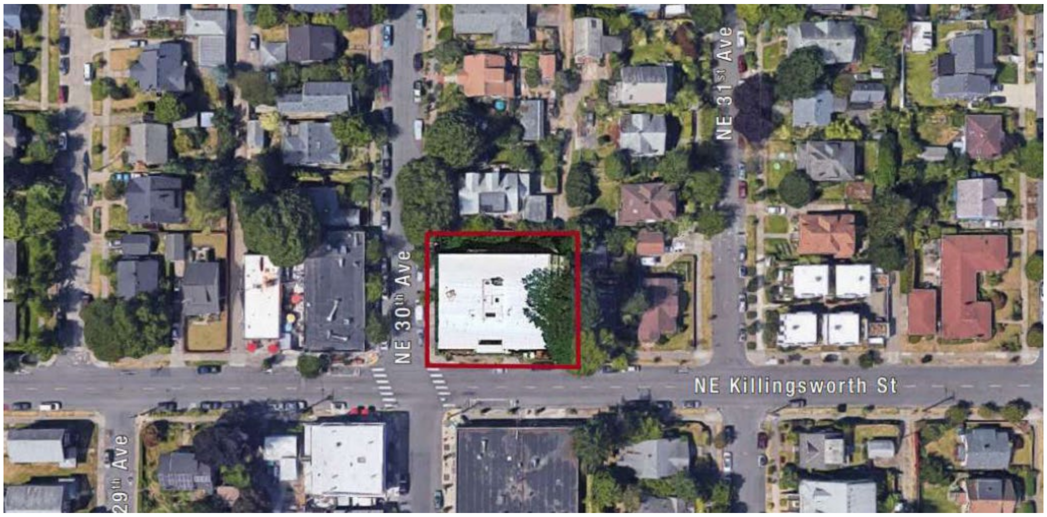
Market and Financial Risk: Changes in rental demand, interest rates, or property values could affect portfolio performance. This risk is mitigated by acquiring the Property during a favorable pricing window, targeting a Class B asset with stable demand, applying conservative underwriting, and using the cost-recovery model to ensure operations remain sustainable at affordable rents over time.

Occupancy and Demand Risk: Vacancy risk is mitigated by the Property's 2-bedroom unit mix in a transit-accessible location that has historically shown stable vacancy, and by positioning rents competitively near or below comparable market-rate assets.

Attachments

A. Aerial Site Map and Property Street View
B. Strategic Investment Fund Overview
C. Summary of Acquisition Terms

Aerial Site Map



3011 NE Killingsworth Street, Portland, Oregon 97211

Street View

Strategic Investment Fund Overview

Strategic Investment Fund	Revised FY 2025-26	Adopted FY 2026-27	Forecast FY 2027-28	Forecast FY 2028-29	Forecast FY 2029-30	Forecast FY 2030-31
Resources						
Beginning Fund Balance	48,886,037	32,903,574	11,018,210	5,705,540	3,831,504	5,257,972
Revenue						
Interest on Investments	1,222,151	847,416	302,648	171,613	126,536	165,151
Loan Collections	1,186,390	2,633,777	8,919,051	2,523,864	2,342,910	1,546,901
Rent and Property Income	2,579,705	3,117,600	3,117,600	3,117,600	3,117,600	3,117,600
Transfers In	29,897	2,000,000	7,000,000	-	265,915	-
Total Revenue	**5,018,143**	**8,598,793**	**19,339,299**	**5,813,077**	**5,852,961**	**4,829,652**
Total Resources	**53,904,180**	**41,502,367**	**30,357,509**	**11,518,617**	**9,684,465**	**10,087,624**
Requirements						
Economic Development						
Community Economic Development						
A00448-Neighborhood Prosperity Opportunity	864,437	-	-	-	-	-
Business Lending						
A00217-Small Business Lending-SBL	2,282,358	3,000,000	1,217,642	-	-	-
Economic Development Total	**3,146,795**	**3,000,000**	**1,217,642**	**-**	**-**	**-**
Property Redevelopment						
Commercial Property Lending						
A00750-Predev & Construction Loans-RELF	1,000,000	1,000,000	1,500,000	1,500,000	-	-
A00772-Middle Income Housing-RELF	200,000	4,000,000	4,000,000	1,300,000	-	-
Real Estate Management						
A00290-Station Place Parking-RVD	962,626	808,330	808,330	808,330	808,330	786,400
A00307-84 NE Weidler-CNV	-	34,800	34,800	34,800	34,800	34,800
A00310-Hotel Garage Operations-CNV	1,673,204	1,671,430	1,671,430	1,671,430	1,671,430	1,671,430
A00350-Cascade Station Parcel G-NOI	55,605	52,134	52,134	52,134	52,134	52,134
A00545-Cascade Station Parcel E-NOI	51,924	49,140	49,140	24,300	24,300	24,300
A00547-Cascade Station Parcel D-NOI	49,118	52,470	52,470	52,470	51,470	51,470
A00558-9th & Naito Small Lots-RVD	14,011	14,011	14,011	14,011	14,011	14,011

A00871-Block 33-NOI	112,550	117,700	114,300	114,300	114,300	114,300
Real Estate Acquisition						
A00871-Block 33-NOI	7,260,000	-	-	-	-	-
A00895-Multi Family Units-NOI	-	9,500,000	-	-	-	-
A00752-Real Estate Investments-NOI	-	5,600,000	5,640,000	-	-	-
Real Estate Predevelopment						
A00752-Real Estate Investments-NOI	-	-	600,000	500,000	-	-
A00584-100 NE Multnomah-CNV	10,600	-	-	-	-	-
Real Estate Disposition						
A00584-100 Multnomah-CNV	8,000	-	-	-	-	-
A00547-Cascade Station Parcel D-APW	100,000	500,000	-	-	-	-
Property Redevelopment Total	**11,497,638**	**23,400,015**	**14,536,615**	**6,071,775**	**2,770,775**	**2,748,845**
Total Program Expenditures	**14,644,433**	**26,400,015**	**15,754,257**	**6,071,775**	**2,770,775**	**2,748,845**
Personnel Services	977,093	1,108,586	948,856	807,669	827,859	147,789
Total Fund Expenditures	**15,621,526**	**27,508,601**	**16,703,113**	**6,879,444**	**3,598,634**	**2,896,634**
Interfund Transfers - Indirect Charges	859,842	975,556	948,856	807,669	827,859	147,789
Interfund Transfers - Cash Transfers	4,519,238	2,000,000	7,000,000	-	-	-
Reserved For Future Expenditures	32,903,574	11,018,210	5,705,540	3,831,504	5,257,972	7,043,201
Total Fund Requirements	**53,904,180**	**41,502,367**	**30,357,509**	**11,518,617**	**9,684,465**	**10,087,624**

Summary of Purchase & Sale Agreement Terms

EFFECTIVE DATE: June 9, 2026

BUYER: Prosper Portland

SELLER: 30K Partners, LLC

PROPERTY: 30th & K, approximately 30 multifamily units located at 3011 NE Killingsworth Street, Portland, OR 97211.

PURCHASE PRICE: Seven Million Two Hundred Thousand Dollars ($7,200,000), payable in cash at closing.

EARNEST MONEY: $150,000 deposited in escrow within five (5) days after mutual execution of a Purchase and Sale Agreement (PSA), credited toward the Purchase Price at closing.

DUE DILIGENCE PERIOD: Sixty (60) days from execution of the PSA for Buyer to study the Property and all related documentation.

BOARD APPROVAL CONTINGENCY: Buyer's obligation to purchase is conditioned on final approval by the Prosper Portland Board of Commissioners within thirty (30) days of the expiration of the Due Diligence Period, extendable by an additional thirty (30) days with a $150,000 additional earnest money deposit, of which $25,000 becomes non-refundable upon exercise of the extension.