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## Two more Opportunity Zone projects sized up for the Central Eastside

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Portland developers aren't the only ones looking to develop projects through the new federal Opportunity Zone tax incentive program.

California private equity firm LLJ Ventures has acquired two properties in the Central Eastside Industrial District, both of which lie in one of the 86 Opportunity Zones in Oregon. Opportunity Zones, in short, provide tax breaks on long-term investments in certain low-income census tracts.

Leonardo Simpser, managing partner with LLJ, said the firm set up an Opportunity Zone Fund that investors funded with capital gains that, because of the Opportunity Zone program, are tax deferred.

With those funds, LLJ purchased the property at the corner of Southeast Second Avenue and Southeast Ash Street. Simpser said LLJ is exploring the possibility of developing a creative office building with parking on the site, which is currently a parking lot.

LLJ also purchased the property at 193 S.E. Martin Luther King Jr. Blvd., which is home to an old Salvation Army building. It did not use Opportunity Zone funds for that one. Simpser said the plan is to get the site entitled and development-ready for an investor who has a "large equity event" — someone who sells a company or a large property, for example — and would like to invest in an Opportunity Zone project for the tax savings.

LLJ bought both of the properties from Bridge Housing, a California-based affordable housing developer with multiple projects in Portland. The deal on the properties closed Nov. 29, but the transaction has not posted on the county records site yet. Simpser declined to disclose how much LLJ paid for the properties.

These latest acquisitions aren't the first for LLJ in Portland. The firm also acquired the Yacht Harbor Club apartments last year for \$70 million.

Simpser said he likes the real estate opportunities he sees in Portland, including those in the Opportunity Zones.



BRIANA BRUIJN | PORTLAND BUSINESS JOURNAL

A California private equity firm has acquired two properties in the Central Eastside Industrial District for potential new developments in one of Oregon's 86 Opportunity Zones.

"We are loving Portland long-term," he said. "In the short term, it's overbuilt in terms of office and Class A multifamily, but we like it. It's favored by millennials, it's setting trends. We think the future is more along the lines of what Portland is doing."

LLJ's plans for Opportunity Zone projects are just the latest to surface since the program first became available earlier this year as a result of the Tax Cuts and Jobs Act of 2017.

Vanessa Sturgeon's firm, Sturgeon Development Partners, launched an Opportunity Zone Fund this week to raise about \$330 million for two projects. One would be a \$43 million hotel renovation in Salem; the other would be a \$285 million mixed-use tower in Portland, the location of which has not been disclosed.

SkanskaKemperBard and Lorentz Bruun Construction have also proposed an Opportunity Zone project, a 140,000-square-foot office building in the Central Eastside.

**Jon Bell**

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