



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 27th DAY OF SEPTEMBER, 1995 AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Blumenauer, Hales, Kafoury and Lindberg, 5.

OFFICERS IN ATTENDANCE: Cay Kershner, Clerk of the Council; Pete Kasting, Deputy City Attorney; and Officer Chuck Bolliger, Sergeant at Arms.

On a Y-5 roll call, the Consent Agenda was adopted as follows:

CONSENT AGENDA - NO DISCUSSION

1571 Cash investment balances August 24 through September 20, 1995 (Report; Treasurer)

Disposition: Placed on File.

1572 Accept bid of Fujitec America, Inc. for elevator maintenance services at 13 locations for the Bureau of General Services for \$36,036 annually for three years (Purchasing Report - Bid 19-A)

Disposition: Accepted; prepare contract.

1573 Accept bid of Northwest Elevator Company for Kerby Garage hydraulic elevator for \$46,586 (Purchasing Report - Bid 33)

Disposition: Accepted; prepare contract.

1574 Vacate a portion of NE Emerson Street between NE Martin Luther King, Jr. Boulevard and NE 6th Avenue, under certain conditions (Second Reading Agenda 1529; C-9892)

Disposition: Ordinance No. 169325. (Y-5)

1575 Vacate portions of NE 7th Avenue and NE Oregon Street, under certain conditions (Second Reading Agenda 1530; C-9893)

Disposition: Ordinance No. 169326. (Y-5)

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Mayor Vera Katz

***1576** Approve an agreement with the City of Portland Planning and Engineering Employees Association (COPPEEA) regarding the appointment of a COPPEEA-represented employee to the top step of the Technician III classification (Ordinance)

Disposition: Ordinance No. 169327. (Y-5)

***1577** Pay claim of estate of Jean Mary Simons (Ordinance)

Disposition: Ordinance No. 169328. (Y-5)

***1578** Pay claim of Lynn DeRousse (Ordinance)

Disposition: Ordinance No. 169329. (Y-5)

Commissioner Earl Blumenauer

1579 Set hearing date, 9:30 a.m., Wednesday, October 24, 1995, to vacate a portion of NE Elrod Drive west of NE 33rd Drive (Report; Petition; C-9888)

Disposition: Accepted.

1580 Set hearing date, 9:30 a.m., Wednesday, October 24, 1995, to vacate NW Ogden Street south of NW Mills Avenue (Report; Petition; C-9890)

Disposition: Accepted.

Commissioner Charlie Hales

***1581** Contract with PHI Construction for \$92,248 to construct ADA improvements at Portland Tennis Center (Ordinance)

Disposition: Ordinance No. 169330. (Y-5)

Commissioner Gretchen Kafoury

***1582** Agreement with Legacy Emanuel Hospital and Life Flight Network for access to the City's 800 MHz trunking radio system (Ordinance)

Disposition: Ordinance No. 169331. (Y-5)

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- *1583** Authorize contract with McDonald & Wetle, Inc. for re-roofing two buildings at Guilds Lake in the amount of \$256,000 (Ordinance)
Disposition: Ordinance No. 169332. (Y-5)
- *1584** Contract with Multnomah County for \$28,119 to provide moving relocation services and provide for payment (Ordinance)
Disposition: Ordinance No. 169333. (Y-5)
- *1585** Contract with Metro Community Development Corporation for \$40,000 to support affordable housing development and provide for payment (Ordinance)
Disposition: Ordinance No. 169334. (Y-5)
- *1586** Contract with Multnomah County for \$250,000 to administer sewer hook-up program and provide for payment (Ordinance)
Disposition: Ordinance No. 169335. (Y-5)
- *1587** Contract with Multnomah County for \$82,653 for rental payments at the Bridgeview Project and provide for payment (Ordinance)
Disposition: Ordinance No. 169336. (Y-5)
- *1588** Contract with Multnomah County for \$41,500 to provide domestic violence services and provide for payment (Ordinance)
Disposition: Ordinance No. 169337. (Y-5)
- *1589** Contract with Kenton Action Plan for \$29,000 for the Kenton Target Area Project and provide for payment (Ordinance)
Disposition: Ordinance No. 169338. (Y-5)

Commissioner Mike Lindberg

- 1590** Accept completion of the SE Mill Street, 52nd to 56th Avenues, and SE 60th and Stark Street sewer reconstruction project and authorize final payment to Gelco Services, Inc. (Report; Contract No. 29909)
Disposition: Accepted.
- 1591** Confirm appointment of Kathleen Concannon, Roger Burt, Penny H. Harrison, Eric D. Lemelson and Robert F. Okren to the Water Quality Advisory Committee (Report)

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Disposition: Confirmed.

- *1592** Amend contract with High Tech Sports Therapy Associates to provide second year funds for the Bureau of Water Works and soft tissue injury prevention program (Ordinance; amend Contract No. 29510)

Disposition: Ordinance No. 169339. (Y-5)

- *1593** Authorize a contract and provide for payment for the Tanner Creek stream diversion Phase I, Unit 1 (Ordinance)

Disposition: Ordinance No. 169340. (Y-5)

- *1594** Agreement with ACE Consultants, Inc. for design of a new wastewater pumping station, force main and miscellaneous engineering services during construction (Ordinance)

Disposition: Ordinance No. 169341. (Y-5)

- *1595** Approve Intergovernment Agreement with Multnomah County Drainage District for design and installation of automated trash racks in the Columbia Slough (Ordinance)

Disposition: Ordinance No. 169342. (Y-5)

- *1596** Approve Intergovernmental Agreement with Multnomah County Drainage District for support services for flow management in the Columbia Slough (Ordinance)

Disposition: Ordinance No. 169343. (Y-5)

REGULAR AGENDA

- 1569** **TIME CERTAIN: 9:30 AM** - Update from Arts Celebration, Inc. on Artquake 1995 and the repayment of the \$70,000 loan from the City (Report introduced by Commissioner Lindberg)

Discussion: Commissioner Lindberg said the City should be proud of its role in maintaining a community tradition. He said an evaluation of Artquake is planned in order to avoid so much turmoil in the future and get community consensus early about what should be done.

Karen Whitman, Artquake Chair, said an improved and reformatted Artquake will aid cultural tourism in the City. She thanked Council for its support and said the repayment check to the City has already been sent.

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Commissioner Lindberg asked about the level of voluntary contributions this year.

Ms. Whitman said they were about 20 percent higher than last year. However, the gate was not as high as hoped, which they attribute to the negative media attention and a lack of information.

Commissioner Lindberg said the Regional Arts and Culture Commission (RACC) is developing a cultural tourism strategy, which should be completed in six months. He noted that Council's approval of the loan was based on the condition that any future requests for advances for Artquake would be made to RACC, not the City. Such requests also need to be made far ahead, not just 30 days beforehand.

Mayor Katz said part of the cultural tourism strategy is to use the economic impacts of the Imperial Chinese Tombs exhibit, such as higher hotel use, as a baseline for determining the impact of cultural events on the economy.

Ms. Whitman said they estimated \$20,000 in gross receipts for hotels due to Artquake.

Commissioner Lindberg asked if there were audience profiles for Artquake.

Ms. Whitman said no, but doing that for all cultural events is a key piece of the cultural tourism strategy. She said Artquake's greatest strength, and also its greatest impediment, is its location, as a mandated gate in the middle of a commercial retail center is heresy to many.

Commissioner Blumenauer said evaluating the location should be part of the scenario.

Ms. Whitman agreed that it should not continue to exist in a certain way in the future just because it has done so in the past.

Disposition: Placed on file.

1570

TIME CERTAIN: 9:45 AM - Accept "Earthquake Risk Analysis" (Volumes I and II) as the final report of the Goettel & Horner contract; transmit the information for public distribution and authorize its use by the Task Force on Seismic Strengthening of Existing Buildings in preparing its final recommendations (Report introduced by Commissioner Kafoury)

Discussion: Margaret Mahoney, Director, Bureau of Buildings, said

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the consultants were asked to focus on four topics: 1) review hazards from known fault lines; 2) assess life safety risks for the classes of buildings in Portland; 3) analyze the cost benefits of retrofits; and 4) determine which buildings would most benefit from retrofitting. She described five types of earthquake hazards that do or could occur and the seismic risk they pose to buildings. The second task for the consultants was to look at about 20,000 commercial buildings and try to assess the potential for seismic risk. Sixteen classifications of buildings were identified and the consultants concentrated on the 10 groups where documented damage and casualties are higher. They also studied soil conditions, an area where not much work has been done to date. The consultants reached a number of conclusions about life-safety risks for buildings based on whether they were built on rock, firm or soft soil sites. The level of retrofit was defined as ensuring that all occupants can get out of a building during an earthquake, not a level that minimizes damage. The consultants also compiled information about current retrofit costs and their report shows a range in cost between \$15.00 a square foot to almost \$50.00, depending on the construction type and whether the building is an institutional use.

Ms. Mahoney said the study considered both life safety and non-life safety benefits. They concluded that for rock sites, life safety benefits will be a small fraction of retrofit costs in all cases. For firm soil sites, life safety benefits will exceed retrofit costs for unreinforced masonry buildings in almost all cases and will also exceed the cost for a certain type of construction where there is a higher occupancy. On soft soil types, there is a much greater number of construction types where the cost benefit ratio is positive. This data gives the Bureau a good idea of construction costs for retrofits, the probability of risks for different types of earthquakes and helps it focus in on the most vulnerable building types. The next step is to take this data and determine options for what might be an acceptable risk level for Portland. The Task Force will then come back with recommendations to Council on which buildings ought to be retrofitted. It is also looking at existing retrofit efforts on particular types of buildings, such as police and fire stations, schools and low-income housing, and at the state of retrofit for the related infrastructure, such as bridges and water, sewer, gas and electric utilities. The Task Force also called for the Bureau to take a further look at what specified West Coast cities are doing with regard to seismic retrofit and to coordinate its activities with the newly created State Seismic Task Force. The goal is to have recommendations by Spring, 1996, as to whether there ought to be mandatory retrofits and, if so, for which buildings. A lengthy public review process will then occur prior to returning to Council in the Fall. A public presentation of the report is scheduled tomorrow, timed to coincide with the Earthquake

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Engineering Institute's regional conference.

James Bileau, President, Oregon Earthquake Awareness, said it is premature for the City to accept this as the final report and to authorize its use by the Task Force in preparing its final recommendations. That is because the consultants themselves note that the material presented should not be relied upon for any specific application without verification of its accuracy, suitability and applicability. This report needs a paid-for peer review, particularly in the area of seismic risk, hazard analysis and building-related issues. The number of references is very meager and some of the information included is questionable. Many of the consultant's conclusions are subjective and lack supporting data. He encouraged Council to attend tomorrow's meeting and the regional conference.

Commissioner Kafoury said in accepting the report, Council is not saying this is the definitive work on seismic issues. The Task Force, which has been working for two years, will have lots of opportunities to review other material. This, however, is a very good start. She said she does not know how one quantifies the value of life but this gives some guidance about making decisions. As the City moves into the next phase, a study of the essential buildings in the community, it will be able to see what the costs are going to be and how much of a public burden it will be to bring them up to some minimal level of protection. The next phase will be retrofitting downtown buildings.

Mayor Katz said there is potentially a large price tag for both the public and private buildings. Council will have to make the decision about how far the City should go and how much to do. The whole area of emergency preparedness and public safety for the City's own buildings is a major concern.

Commissioner Blumenauer said because of the immense implications there should be some way to boil down the tons of paper to something that could be taken out to the neighborhoods. At some point the City will have a big earthquake and making people aware of the difficult decisions that both government and individuals need to make is very important.

Commissioner Kafoury said community preparedness should be in conjunction with fire and emergency services but she does not think the Task Force of the Bureau of Buildings is the right entity.

Mayor Katz concurred that a comprehensive package of information is needed.

Disposition: Accepted. (Y-5)

***1597**

Authorize the Livable City Housing Council to obtain \$300,000 City General Fund allocation from Livable City Housing Investment Fund and enter into a Loan Program Agreement with the Enterprise Foundation to provide a \$2,000,000 loan fund for use by qualified nonprofit housing development organizations for predevelopment, acquisition, bridge financing and property development expenses (Ordinance introduced by Mayor Katz and Commissioners Hales and Kafoury)

Discussion: Mayor Katz said the Housing Council has an opportunity to receive a generous gift from the Enterprise Foundation, provided the City can provide a loan guarantee of \$300,000. That is what is before Council now.

Neyle Hunter, Livable City Housing Council, said this is the first of several items coming to Council that deal with how City resources can be leveraged to create new pools of funds to accomplish specific purposes. In this case, the Enterprise Foundation was willing to lend predevelopment expense funds to non-profit organizations, which are the most difficult expenses for them to pay for. He described a request the Housing Council received for acquisition financing and street improvements from a non-profit organization. The Council approached the Enterprise Foundation and Neighborhood Partnership Fund to see if a pool could be created for projects of this type. Both were willing to consider this. What is before Council today is a program which says non-profits serving a specific target area can borrow money for predevelopment acquisition, bridge and construction financing at a rate of six percent, with the top 30 percent guaranteed.

Disposition: Ordinance No. 169344. (Y-5)

Commissioner Mike Lindberg

***1598**

Accept a grant from Chicago on behalf of the Urban Consortium Energy Task Force for \$41,961 for FY 1995-96 to fulfill the role of Chair of the Urban Consortium Energy Task Force (Ordinance)

Discussion: Commissioner Lindberg, discussing this and the following three agenda items, said one of the grants the City received this year was to investigate how utility franchises can be leveraged to reduce utility costs and increase energy efficiency. That includes having the City act more like a wholesale customer by aggregating its utility accounts, rather than having each little office billed separately. The grant also allows an examination of street light and traffic signal utility rates to see if they can be reduced. He noted that the increasingly competitive market among electricity providers also has

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implications for the City. Several grants will allow them to explore the use of alternative-fuel vehicles, such as natural gas or propane. He noted that the City will have 30 different clean-air vehicles on display at the next Auto Show. A map of fueling stations for such vehicles will also be issued.

Commissioner Blumenauer said the City believes it is paying significantly higher rates for electricity for street lights than those charged at the waste treatment plant. They anticipate an opportunity to make a big difference in some of these areas, given the more competitive environment.

Disposition: Ordinance No. 169345. (Y-5)

- *1599** Accept a grant from Chicago on behalf of the Urban Consortium Energy Task Force for \$75,000 for FY 1995-96 to implement the Performance Based Franchise Agreements and Aggregated Energy Purchases project (Ordinance)

Disposition: Ordinance No. 169346. (Y-5)

- *1600** Accept a grant from Chicago on behalf of the Urban Consortium Energy Task Force for \$25,000 for FY 1995-96 for the Alternative Fuel Vehicle Show and Fleet Managers Conference (Ordinance)

Disposition: Ordinance No. 169347. (Y-5)

- *1601** Authorize an Intergovernmental Agreement with the Oregon Department of Energy to augment the Clean Cities Program and Alternative Fuels Vehicle education efforts in the City of Portland (Ordinance)

Disposition: Ordinance No. 169348. (Y-5)

- *1602** Approve Stormwater Treatment Facility Agreement with the Port of Portland (Ordinance)

Discussion: John Lang, Bureau of Environmental Services, said this project creates a wetland on a 26-acre site in the Ramsey Lake area in North Portland. Its purpose is to treat stormwater runoff from both the south portion of the Port's Rivergate industrial area and the St. Johns' area where water has been separated out of the combined sewer system. This is probably the largest "green" project yet developed by the City in terms of providing a natural treatment process. Besides reducing the Combined Sewer Overflow (CSO) problem, it also provides environmental enhancements along the Columbia Slough and public education opportunities. A number of

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partnerships have been created to advance these goals, including involving Roosevelt High School students in monitoring and other activities. The Port will deed 26 acres for the wetland and contribute \$430,000 as its share of the cost of providing stormwater runoff treatment.

Mike Houck, Audubon Society, congratulated BES on its more multi-objective approach instead of just taking stormwater and sticking it in a pipe. This will recreate previous wetlands which have been filled so natural wetlands are not being used. A critical piece will be to use the monitoring data obtained here on other similar projects with the goal of creating a regional "green-frastructure" that complements the harder engineering approaches to dealing with stormwater.

Mr. Lang showed a video tape of a news clip about the City's effort to create wetlands in order to solve the stormwater runoff problem. He thanked both BES and Port of Portland staff for their joint efforts on this project.

Mayor Katz said one thing that needs to be added on now is the education piece, with the possibility of establishing an apprentice program with the City.

Mr. Houk agreed and said he hoped Portland State University and others in the Portland area could be involved in collecting the information.

Mayor Katz said her sense is that the educational component is still a little superficial and needs to be given some more thought.

Commissioner Hales asked how much more development is allowable in the area and whether this facility can accommodate it or will another facility be needed.

Mr. Lang said this site will accommodate all the runoff from the two areas, fully developed, and there is also some excess capacity if the Bureau wants to bring in some additional separated stormwater.

Disposition: Ordinance No. 169349. (Y-5)

City Auditor Barbara Clark

1603

Assess property for sewer system development contracts of the Mid-County Sewer Project for the period ending August 30, 1995 and Non Mid-County for the period ending August 30, 1995 (Second Reading Agenda 1563; Z0615 through Z0617)

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Disposition: Ordinance No. 169350. (Y-5)

1604

Assess property for sewer connection contracts processed through the Private Plumbing Loan Program for the period ending September 13, 1995 (Second Reading Agenda 1564; P0013)

Disposition: Ordinance No. 169351. (Y-5)

At 10:45 a.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 27TH DAY OF SEPTEMBER, 1995 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Blumenauer, Hales, Kafoury and Lindberg, 5.

OFFICERS IN ATTENDANCE: Cay Kershner, Clerk of the Council; Michael Holstun, Senior Deputy City Attorney; and Officer Chuck Bolliger, Sergeant at Arms.

REGULAR AGENDA

Commissioner Charlie Hales

1606

Tentatively deny appeal of Allvest, Inc., applicant, and uphold Hearings Officer's decision, with clarification, to deny application for a conditional use and design review in order to use an existing building for a rehabilitation services program at 723-737 East Burnside Street (Findings; 95-00256 CU DZ)

Discussion: Michael Holstun, Senior Deputy City Attorney, noted that at its last meeting Council directed that findings be prepared in support of its tentative decision. Those findings have been drafted and distributed.

Commissioner Hales moved adoption of the findings attached to Mr. Holstun's September 26th memorandum. Commissioner Lindberg seconded.

Mr. Holstun said the findings were broken into two sections in order to address some of the issues raised by the filing of the alternative writ of mandamus and to also address the information contained in the application and the letter submitted to Council by Mr. Sullivan on behalf of Allvest. At that point Mr. Sullivan was representing J. Blaine Hoggard as well. The findings also address Allvest's September 18th letter to Council. One conclusion is that there is enough confusion about whether there is still an appeal before City Council that a decision on the appeal itself is warranted. The second part of the decision addresses the standards. He noted that the findings specifically address one of the key interpretative issues raised -- the "spacing standard" in PCC 33.329.030(b). These findings attempt to clarify the Hearings Officer's interpretation of that standard as applied to the existing VOA (Volunteers of America) facility, notwithstanding the fact that it is in place by virtue of its

non-conforming use status.

Mayor Katz said she wanted to make sure that piece was spelled out.

Commissioner Kafoury thanked Mr. Holstun for his work on the spacing as she believes that it is important to have this piece as the City moves forward on an overall siting policy, a process Allvest has agreed to participate in.

Mayor Katz reiterated her insistence that any future applicants for such facilities talk about their history of results. In this case, however, other issues are involved.

Disposition: Appeal denied; Hearings Officer's decision upheld with supplemental findings. (Y-5)

1605

TIME CERTAIN: 2:00 PM - Consider request to amend the Comprehensive Plan map and change the zone of property located at 8200 NE Sandy Blvd. (old Shriners Hospital) from R1h, medium density multi-dwelling, to CGh, general commercial with aircraft landing zone overlay, and from R1h to RHh, high density multi-dwelling with aircraft landing zone overlay, in order to redevelop site into a corporate retreat center (Hearing; LUR 94-00021 CP ZC)

Discussion: Mr. Holstun outlined procedures to be followed in a quasi-judicial hearing.

Susan McKinney, Planning Bureau, described this 9.2 acre site, noting that the Old Shriners Hospital located on the southern portion has been vacant since 1983. The northern portion is undeveloped. The applicant proposes to redevelop and expand the vacant hospital site into a European corporate retreat center. The existing building would provide hotel and other facilities and a new building would consist of two levels of hotel rooms, with parking underneath. Because the site is zoned for multi-dwelling residential use, a Comprehensive Plan Map amendment is required for approval of applicant's proposal for a commercial use and rezoning of the southern 8.12 acres from R1h to CGh. Because the Comprehensive Plan Map Amendment requires that housing potential be replaced when the zone is changed from residential to commercial, the applicant has also proposed a zone change for the northern 1.8 acres from R1h to RHh, a high-density multi-dwelling zone. She said there are two approval criteria for a Comprehensive Plan amendment. The first is that the requested designation on balance is found to be equally or more supportive of the Comprehensive Plan than the prior designation. She said the Hearings Officer's recommendation and the staff's revised report and recommendation both determined that on

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balance this proposal did not meet that criterion. In addition, Policy 10.7 of the Comprehensive Plan states that the applicant must show the change is consistent and supportive of the appropriate goals and policies. If the proposal is inconsistent with just one of the relevant policy goals, it makes it impossible to meet the consistency criteria. Policy 10.7 also requires compatibility with the land use pattern established by the Comprehensive Plan Map, statewide land use planning goals and any adopted area plans. This proposal is not consistent with the land use pattern as the existing commercial, residential zoning mix in the area creates a stepdown pattern of commercial zoning along the corridors with residential zoning behind. Application of the Rh zone in front of a CG commercial zone is not consistent with the stepdown pattern and will create a pocket of commercial zoning between two residential zones, a very arbitrary zoning pattern. Also, there is no other RH zoning in the area and while a high rise apartment complex would increase transportation efficiency and use of the infrastructure, this type of density is not found anywhere else in the area and would be incompatible. The second approval criteria for approval of a change from residential to commercial is that the requested designation does not result in a net loss of potential housing units. She reviewed the methods by which that can be accomplished, noting that the applicant has proposed upzoning the northern portion of the site to a higher-density residential use, although the housing would not be built as part of this proposal. However, the upzone to RH would replace only 78 of the potential 426 housing units lost through this zone change. The applicant also proposes to replace lost housing potential by purchasing credits from Central City Concern. The proposal to the Hearings Officer included purchasing units in an existing commercially zoned building in downtown Portland. The Hearings Officer and staff determined that the purchase of these units, already under construction, did not meet the intent of the no-net loss housing policy, which is to create new housing potential. She said staff understand that applicant will propose the purchase of replacement housing from Central City Concern with no specific site in mind. This will not provide guaranteed housing potential as housing replacement needs to occur simultaneously with the zone change request. Otherwise housing potential is out there in limbo. Finally, the applicant has not submitted the required covenant stating that the housing would retain that status for at least 25 years, something very difficult to do on a site which does not yet exist.

Regarding the adequacy of services criteria, Ms. McKinney said the Bureau of Transportation Planning has recommended denial of the proposal because it cannot comply with Goal 6 of the Comprehensive Plan or the State Transportation Planning Rule. The Bureau of Traffic Management was unable to respond to the proposal because

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the applicant's traffic analysis did not include the proposed upzone to RH which would increase traffic in the area nor did it look at the full buildout potential if some other use was selected. The applicant is to be commended for the proposed reuse of an historic structure but the best protection for it would be a conditional use, not a Comprehensive Plan Map change to general commercial. The site was recommended for designation as a scenic site, but only at the level of partial protection so as not to sacrifice its housing potential. Ms. McKinney noted that once a zone change to commercial is approved, the site could be developed with any allowed use in that zone, i.e. a large auto-dependent shopping mall. The applicant requested the Hearings Officer to condition the site for use only as a corporate retreat site but Comprehensive Plan Map amendments must be based on compliance with goals and policies, adequacy of services and zoning patterns. The proposal does not meet those requirements. The Hearings Officer found that it was more important to retain the housing potential and meet other City goals than it was to preserve an historic site.

Greg Jones, Office of Transportation, said most Goal 6 (Transportation) policies apply to this case. The site is located at the apex of two transit corridors and two major City transit streets. The region, the City and Tri-Met have an investment in seeing that those corridors support the planned residential densities along those streets. He said there is very high quality transit service on both 82nd and Sandy and to reduce Vehicle Miles Travelled (VMT) per capita, they need to make sure that housing is placed where it can be most efficiently served by transit. He said Goal 6 is written to protect the investment the City has made in the right-of-way, including transit service and street improvements.

Mr. Jones said this is one of the few transit-corridor sites still available for a lot of housing. If it is not built here, it will be placed where it will be more difficult and expensive to provide high level transit service. He noted Policy 6.4, Land Use and Transportation, which directs that transportation investments and land use planning be coordinated to get the most efficient system possible. At this site, the Bureau would support higher density residential rather than commercial uses which generate more traffic and would not have the potential for reducing vehicle miles travelled. He said this proposal also does not meet Policy 6.9, Transit Oriented Development, which calls for an increase in residential densities on major City transit streets. It is impossible for them to support this proposal and still support these goals.

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Ms. McKinney read the approval criteria.

John Tess, 123 NW Second, representing the applicant and property owners, said this proposal was developed in concert with Planning staff and reflects the many meetings held with them as well as two meetings with the Planning Director. The policy issue involves a conflict between City goals which promote the preservation of an historic building and scenic site and those which promote housing objectives. He said while this proposal is a hybrid, it does meet all applicable City goals.

Ben Brantingham, 11716 SE Clover Lane, Happy Valley, co-applicant, said this project would allow them to do something redemptive which has the support of the community. He said the process has taken nearly five times the amount of time and money originally estimated but they are still committed to the project and believe they can pull it off.

Bob Brantingham, Minneapolis, MN, co-applicant and project architect, said his love is historic restoration of old buildings and this project is a fantastic opportunity despite the zoning conflict. He said they spent a lot of time looking at the highest and best use of the property, working on the assumption that the building be saved.

Bing Sheldon, 123 NW Second, 97209, emphasized that this proposal was crafted closely with staff and many of the criticisms leveled at the proposal are for items staff recommended. He said if the City is trying to satisfy the no-net loss housing question, which is why split zoning is proposed, it is strange that the applicant is criticized for something that staff suggested. He said staff bases its disapproval on four factors: 1) applicants have not responded adequately to the approval criteria; 2) the no-net-loss housing requirement has not been met; 3) unless the parcel is developed for housing, the City will lose a density threshold upon which capital and transportation plans can be based; and 4) there are no guarantees that, if the change is approved, the building will be preserved. The applicants, however, believe this is a good reuse of an important resource and believe there are tools to do so, even if the ones they have proposed, as suggested by staff, are not the right ones. He said the reason they requested the zone change was because staff told them that a hotel use would require that the property be designated commercial. The actual use, however, would not have the same impact as a hotel as this operation is much closer to a retreat like Menucha. He said the Zoning Code does not have good categories to fit what is going on here and compared this site to the vacant residentially-zoned Kennedy School site which was rezoned to commercial through a legislative action by Council. The Sunshine Dairy site on Belmont is a similar situation.

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He said they tried to address the Code housing requirements through the upzoning and through the purchase of Central City Concern housing credits.

Ian McKechnie, Central City Concern, said the applicants approached them to purchase housing credits which would provide seed money to his organization in its ambitious housing development plans. He said this was seen by them as win-win situation.

Commissioner Blumenauer asked how that increased the amount of housing in the City.

Mr. McKechnie said this would enhance the odds of their being able to build 122 units of housing.

Commissioner Blumenauer asked how this sale of credits increases actual housing.

Mr. McKechnie said they had already taken commercial sites to create housing.

Mayor Katz asked how many additional units will be added.

Commissioner Blumenauer said he has heard no mention of the transportation component in the proposal. The staff assertion that this proposal would increase per capita VMT is not addressed. He asked how applicants would reduce that on this site.

Mr. Sheldon said staff assumed that housing would be developed at this site. However, that may or may not happen and this facility could sit empty for the next 25 years and there would be no beneficial effect on VMT policy. He said the neighborhood will suggest other parcels for housing in lieu of this site; that would support both the transportation goals and the open space and historic designations. He argued that it is too narrow a definition to suggest that this site is predetermined to do x and y for transportation. Development does not have to happen on this site merely because the site is zoned for residential. He asked how Council rationalized approval of a commercial use, rather than housing, at Kennedy School.

Commissioner Blumenauer asked him if he thought 33rd was the same as the intersection of two State highways.

Mr. Sheldon said no, but 33rd is a close-in residential neighborhood. Belmont might be a closer example.

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Mayor Katz asked if they looked at other nearby sites for housing or if this possibility was raised because staff suggested it.

Mr. Sheldon said that was an option raised recently by neighbors after they learned about the no-net loss housing policy at the Hearing.

Commissioner Lindberg asked about collaboration with City staff and the negative recommendation.

Mr. Sheldon said they always knew there were some policy conflicts here. He believes they were whipsawed between satisfying the no-net loss housing policy by upzoning a portion of the site and then being told there were all sorts of fundamental policy problems with that, i.e. the density would be too high and it would be spot zoning. He asked why CM zoning was not suggested, adding that they tried hard to find a solution that meets all the criteria and what they have presented is what City staff recommended.

Hilda Kemp, 8336 NE Going, said all the neighbors favor this proposal as it saves an historic site and provides open space in a neighborhood where it is lacking. She said there is very heavy traffic at 82nd and Sandy and more housing there would make it worse.

Orson Sather, Chair, Sumner Association of Neighbors, 9129 NE Webster, supported the project because it preserves green space in an park-deficient area. He said increasing the density here will increase the crime rate and claimed that currently the transit station and the buses are underused.

Mayor Katz asked if the neighborhood association offered up any other parcels as potential housing sites.

Mr. Sather said they have no other areas to offer.

Paul des Granges, 3241 NE 75th, 97213, said the City should concentrate on improving existing neighborhoods rather than relying on abstract housing formulas which will cause further neighborhood deterioration.

Peter Mott, The Grotto, supported this proposal and questioned when 426 housing units will be built, if ever. He said the property is increasingly becoming an eyesore and leaving it empty is not in the best interests of the City.

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Kyle Ziegler, Executive Director, Parkrose Business District, said this gem has been sitting empty too long. She suggested building housing on 122nd, due east on Sandy, where there is lots of land available. She said Parkrose is infamous for having no parks and it is important to preserve the open space here. Placing multi-family housing on a busy corner with a tire store and other commercial outlets is not appropriate.

Commissioner Hales noted that this proposal does not in any way rezone this property as open space. He said if the property were rezoned from Residential to General Commercial there is no guarantee that this area would remain green.

Commissioner Lindberg asked Ms. Ziegler if she would participate in any effort to identify other housing sites.

Ms. Ziegler said she would.

Judi Charles, 9540 NE Skidmore, said it is not the highest and best use to have high density housing on 82nd and Sandy. She said the building is 73 years old and should be preserved rather than razed.

Richard Harris, Acting Director, Central City Concern, said his organization is trying to create more housing at a time when it is losing its ability to develop it. He said both parties would benefit from the use of the housing credits as proposed.

Mayor Katz asked how many units could be added with these credits.

Mr. Harris said he is uncertain exactly how much the credits are worth but they would certainly provide predevelopment funds such as the Portland Development Commission previously provided with tax increment funds.

Bill Bitar, President, Parkrose Business Association, 9828 E. Burnside, 97216, said this is a unique development proposal for a unique property.

In rebuttal, Mr. Sheldon said the applicant would be willing to place a 25-year covenant on the property to guarantee that the housing is maintained and that the property will not convert to another use. He said in similar cases Council has developed a one-at-a-time policy, i.e. the Kennedy School proposal which was adopted by a legislative process so it did not have to satisfy the no-net loss housing requirement. This proposal was recommended by staff and the owners are not married to it but do want to preserve the building and grounds. They are looking for a way to accomplish that without

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degradation of the transportation system or a loss of housing. He said the applicant is willing to consider CM zoning or a conditional use, although staff told them this was inappropriate. He said giving Central City Concern a fund resource would allow it to create housing. He concluded that this is a credible developer whose only interest is preservation.

Commissioner Blumenauer said staff should not be defensive about having attempted to give the applicant information. He said he has seen other projects come to Council that do not conform to City policy and where staff is asked for help. Staff responds, often suspending their professional judgment to help applicants do things differently. Then to have an applicant say this is what staff told us to do is not fair as staff tried to respond to legitimate requests for help, often giving professional advice to architectural and engineering firms that are getting paid a lot of money to provide that to their clients.

Commissioner Hales asked why the proposal is for a CG zone and if there would be a different set of possibilities with a CM zone.

Ms. McKinney said a hotel is defined in the Code as a commercial use which is always, as far as she knows, in a commercial zone. The suggestion staff made was for the upzoned RH; they never suggested the CG zone. This is the first time she has heard about CM zoning. The reason staff did not suggest it is because the CM zone requires one square foot of housing for each square foot of commercial. The applicants do not want to build housing so there is no reason to suggest it here.

Commissioner Hales asked if a conditional use would result in a different outcome.

Ms. McKinney said the conditional use status has expired on this site because it has been vacant over two years. There is no reason why an applicant could not propose one at this site, however, for something such as a school or convalescent home. A commercial use is prohibited in a residential zone.

Mayor Katz asked how long the facility has been vacant.

Ms. McKinney said since 1983.

Mayor Katz said she recalled that when upzoning was done along Martin Luther King Blvd., the feeling was that the property could revert to commercial use if nothing happened after so many years. She asked why the developer chose not to consider housing at this site.

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Commissioner Kafoury said use of the site for quasi-public purposes, such as for a domestic violence victims' shelter, was explored by Multnomah County but the cost of seismic upgrades make it almost impossible to use. It is a wonderful space that no one has yet found anything to do with.

Mr. Brantingham said they felt it was sacred to keep the building but were told by their consultants that the housing units did not pencil out economically. Because the building itself is so cut up, they could only get 41 apartment units out of 66,000 square feet.

Mayor Katz asked about the rationale for the Kennedy School.

Susan Feldman, Planning Bureau, said Council opted to approve the proposal on that site through a legislative, rather than a quasi-judicial, process which did not require that the no-net housing loss approval criteria be addressed.

Mayor Katz asked whether the situation here was not somewhat similar.

Ms. Feldman said that is difficult for her to answer.

Commissioner Blumenauer said Mr. Sheldon is correct in stating that the Council has been deciding similar proposals on a case-by-case basis. This particular site has been reviewed twice since 1959, first in the Comprehensive Plan in 1981 and again in 1991. There is a big difference between this site, located at the intersection of two state highways, and Kennedy School. He said if Council really believes in the 2040 Plan and in making the Transportation Planning Rule work, then it needs to keep faith with those policies to increase housing and reduce VMT. He said this site provides a terrific housing opportunity.

Commissioner Hales said he did not hear testimony that meets the criteria as the proposal has not been found to be equally or more supportive of the Comprehensive Plan as a whole. He said Council is being asked to trade awkward zoning, which is there now, for bad zoning, in order to get a good use. That looks good on a short term basis, particularly as the developer is credible, has a good plan and the support of the neighborhood. But to take 11 acres and rezone it to general commercial, where you can do almost anything, is a pretty big risk for the community to take over the long term.

Commissioner Lindberg asked about placing housing elsewhere in the area. Was there any effort to do that to offset the housing loss here?

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Mr. Brantingham said that suggestion came from the neighborhood, which has been unusually supportive of this proposal. They volunteered that, if this proposal was approved, they would assist in trying to find an adequate offset somewhere else.

Commissioner Kafoury moved to uphold the Hearings Officer's decision. Commissioner Hales seconded.

Commissioner Kafoury said this is a wonderful use and a tough decision for Council. However, the overall goal of the City has to be the preservation and offset of the housing loss. That is what staff has struggled with as this area could provide a big chunk of housing.

Commissioner Blumenauer said Council is committed to improving Sandy Boulevard and 82nd and he was disturbed to hear testimony about problems here. Good things are happening here and he believes this will be a very valuable parcel and will be put to good use.

Commissioner Hales said all of them appreciate what applicant has tried to do in finding a creative reuse for a nice old building which they hope can be preserved. He said unlike other cities, requesting zone changes in Portland is not routine. Portland has tried to do a good Comprehensive Plan and when it designates open space or housing, that is what you get. The City does not jerk people around about permitted uses. Overall that approach works better for the community rather than doing spot rezoning, even for a great idea.

Commissioner Lindberg said the tradeoff in terms of lost housing potential is just too great to support the project even though he believes it is a great proposal.

Mayor Katz said Council members do not need to be lectured to (listen up EB!) about 2040 or housing as all are committed to it. This is a wonderful project on vacated and unused land which she would support if the housing issue had been resolved. Frankly, she does not know if housing will ever be built on this site over the next 10 or 15 years. At some point the City needs to look at whether the right decisions have been made if nothing has happened on the land for 15 to 25 years. Sometimes it might have to say the zoning did not work and rezoning is needed. She said the loss of housing makes it difficult to meet regional goals and, therefore, hard for Council to support.

Disposition: Request denied. (Y-5)

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At 3:55 p.m., Council adjourned.

BARBARA CLARK
Auditor of the City of Portland

Cay Kershner
By Cay Kershner
Clerk of the Council