

July 12, 2016

Dana L. Krawczuk  
DKrawczuk@perkinscoie.com  
D. +1.503.727.2036  
F. +1.503.346.2036

**VIA EMAIL (PSC@PORTLANDOREGON.GOV)**

Ms. Katherine Schultz, Chair  
Planning and Sustainability Commission  
City of Portland  
1900 SW Fourth Avenue, Suite 7100  
Portland, OR 97201-5380

**Re: WREH's Testimony Regarding Zoning Changes for Lloyd Plaza**

Dear Chair Schultz and Members of the Planning and Sustainability Commission:

As you know, this office represents WREH Lloyd Plaza LLC ("WREH"), the owner of Lloyd Plaza, located at 1425-1435 NE Irving Street (the "Property"). The Property is currently zoned Central Commercial (CX) and developed with four commercial buildings known as Lloyd Plaza. The Adopted 2035 Comprehensive Plan and the Proposed Draft of the Mixed Use Zones Project ("MUZP") will retain the Property's CX zoning.

As explained in more detail below and in our previous correspondence and testimony on May 10, 2016, we support retaining the CX zoning for the Property at this time as long as an allowance for a height bonus is provided in order for the Property to reach its full potential.

Without additional height than what is proposed, the resulting development of the large sites, such as the Property, would have to resort to low and massive buildings. If the allowed FAR of 900,000 sf is limited to 75 feet in height, then the building would have 5 floors with 180,000 square foot floor plates, which leaves little site area for open space and light. See the attached schematic massing study at **Exhibit A**.

We have identified the following two solutions to address the regulatory gap detailed below, and provide this additional height that is necessary for the Property:

1. Amend the MUZP to allow height bonuses up to 160 feet through Planned Development for CX-zoned sites outside of the Gateway and Central City Plan Districts ("CCPD"), including the Property<sup>1</sup>; or
2. Include the Property in the CCPD.

---

<sup>1</sup> We acknowledge that this solution is a zoning text solution, not a zoning map solution. However, because the alternative solution amends the zoning map, we believe that our testimony is relevant and appropriate.

### **Additional Height is Essential for the Property's Redevelopment**

As shown on the attached Figure 1, the Property is approximately 5.2 acres and bordered by I-84 to the north and the on-ramp to the east. The Property consists of four one-story buildings, all built in 1963-64 for the Bonneville Power Administration.

The proposed Comprehensive Plan and zoning amendments have led WREH to consider what may be the best development potential for the Property. Although, WREH has no immediate redevelopment plans for the Property, a mixed use development would best utilize the Property's size, accessibility to transit and proximity to the Lloyd District, Central Eastside, Willamette River and Downtown.

The Site's large size, combined with the proposed 4:1 FAR limit and low 75-foot height limit without potential for bonus FAR or height will encourage both under-utilization of the site and large floor plate developments which do not promote urban design objectives, such as open space, green space and light. As noted above, the proposed maximum FAR and low height results in a 5 story building with a 180,000 sf floor plate.

From an economic perspective, it would be very difficult to develop the Property (or sites in the same situation) without the option to utilize additional height. To encourage a mixed use development which would include open green spaces and proper floor plate sizes for this size of site, a height limit of 120 feet or higher would be appropriate.

### **Solution1: Address the Regulatory Gap for CX Properties Outside of Plan Districts**

The Property is currently zoned CX and will retain this zoning under the MUZP changes. WREH supports this zoning for the Property, as long as the City provides the additional height needed to make redevelopment feasible. One way to provide this is to address the regulatory gap for CX-zoned sites outside of Plan districts. The new CM and CE zones created under the MUZP will have a number of bonus options for FAR and height. However, since most CX zones are either located in a plan district, or proposed to be rezoned to CM, CX zoned sites do not benefit from the MUZP bonus options. Thus, CX-zoned properties outside of the plan districts are left in a regulatory gap where they do not benefit from either plan district or base zone bonuses. This regulatory gap will have the effect of stunting CX-zoned sites, relative to less intensive CM and CE-zoned sites. This is contrary to the intent of the City's zoning scheme, in which development on CX-zoned sites "is intended to be very intense with high building coverage, large buildings and buildings placed close together." (MUZP Section 33.130.030.E, Characteristics of the Zones.)

The current draft of the MUZP also excludes the CX zone from the new height and FAR bonuses available through a Planned Development that is applicable to the other mixed use zones. Specifically, under the Property’s proposed CX zone, the maximum height is 75 feet, but the Planned Development available to other mixed use zones allows a height of up to 120 feet. Immediately north of the Property, across the Banfield, base heights of 150 to 250 feet and bonus heights of 225 to 325 feet are achievable

One solution we recommend is to amend the MUZP to provide Planned Development height bonuses in the CX Zone. We request that the Commission allow for the intended level of development on CX-zoned properties outside of the plan districts by adding CX to the list of zones that may utilize Planned Development bonuses in MUZP Section 33.130.212.B.1. We propose an amendment to the MUZP language as follows (amended text underlined), and corresponding amendments to the other MUZP sections as shown on the attached **Exhibit B**:

33.130.212.B.1. Unless specified below, the bonus options in this section are allowed only in the CM1, CM2, CM3 and CE zones and in the CX zone outside of the Central City Plan District and Gateway Plan District. Sites located within Historic or Conservation districts are not eligible to use bonus options.

Our proposed amendment would require a corresponding amendment to Table 130-3 to add the CX zone. We propose a maximum FAR of 4 to 1 (no increase from base), a maximum of 75 feet in height with bonuses (no increase from base) and a maximum height of 160 feet as part of a Planned Development. This change would recognize the unique nature of the CX-zoned sites outside of the plan districts and allow additional height for sites two acres and larger only when warranted through the Planned Development process. The proposed changes to Table 130-3 are underlined below (existing language shown in grey).

Table 130-3 Summary of Bonus FAR and Height						
		CM1	CM2	CM3	<u>CX</u>	CE
<b>Overall Maximums Per Zone</b>						
Maximum FAR with bonus		2.5 to 1	4 to 1	5 to 1	<u>4 to 1</u>	3 to 1
Maximum Height with bonus		35 ft.	55 ft. 75 ft.[1]	75 ft. 120 ft.[1]	<u>75 ft.</u> <u>160 ft.[1]</u>	45 ft.
<b>Increment of Additional FAR and Height Per Bonus</b>						
Affordable Housing (see 33.130.212.C)	FAR Height	1 to 1 none	1.5 to 1 10 ft.	2 to 1 10 ft.	[tbd] [tbd]	none none

Ms. Katherine Schultz, Chair  
 Planning and Sustainability Commission  
 City of Portland  
 July 12, 2016  
 Page 4

Affordable Commercial Space (see 33.130.212.D)	FAR Height	0.5 to 1 none	0.75 to 1 10 ft.	1 to 1 10 ft.	[tbd] [tbd]	0.5 to 1 none
Large Site Master Plan (see 33.130.212.E)	FAR Height	none none	1.5 to 1 up to 30 ft.	2 to 1 up to 55 ft.	[tbd] [tbd]	1.5 to 1 up to 30 ft.

[1] This larger overall maximum is only allowed through the Planned Development bonus option and required Planned Development Review

**Solution 2: Include the Property in the Central City Plan District**

A second option to achieve the needed height for redevelopment of the Property is to include the Property in the Central City Plan District. The same elements that make the more intense CX base zone appropriate for the Property (ideal location for infill development, proximity to transit and distance from sensitive uses) make it a logical choice for inclusion in the adjacent CCPD.

The Property forms a connection between the existing Central Eastside employment area and the Lloyd Center, which are both within the CCPD. It is located next to the freeway and Benson Polytechnic High School and adjacent to the current CCPD boundaries to the north and west. The Adopted SE Quadrant Plan for the Central City included the “Banfield Portal” area, including the Property, in its transportation study area due to its importance for land use and transportation proposals in the SE Quadrant. The property is well-served by transit, including bus lines along 12th Avenue and the yellow, blue and red MAX lines at the nearby Lloyd Center Station.

The Property’s large size (5.2 acres) provides considerable potential mixed use development consistent with the desired character of the CCPD. As the City continues to grow east, it is important to adjust the CCPD to promote higher levels of development on appropriate sites. We request that the Commission adjust the boundaries of the CCPD to include the Property.

Ms. Katherine Schultz, Chair  
Planning and Sustainability Commission  
City of Portland  
July 12, 2016  
Page 5

Thank you for your consideration of these requests.

Very truly yours,



Dana L. Krawczuk

DLK:cr1

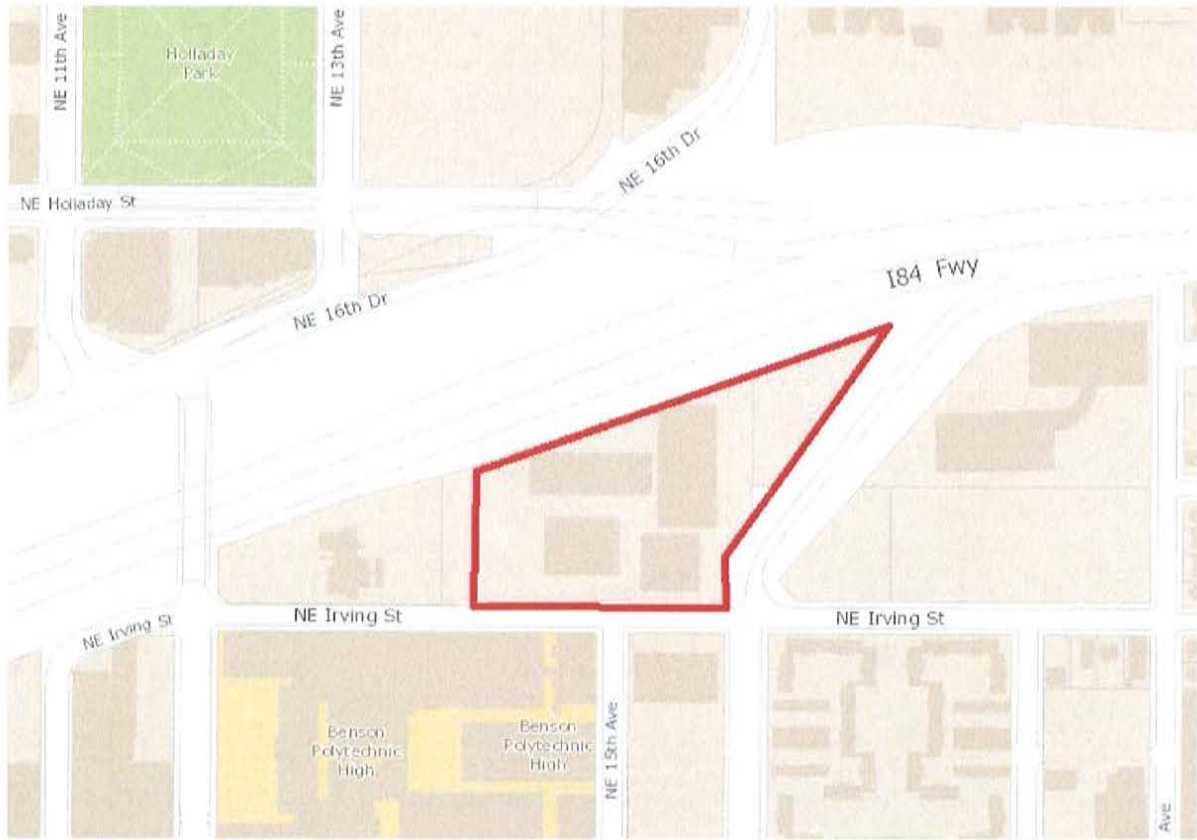
Enclosure: Exhibit A, Figure 1 and Exhibit B

cc: Brent Lower (via email) (with enc.)  
Josh Keene (via email) (with enc.)  
Mr. Barry Manning (via email) (with enc.)



**OPTION 1**  
**MAX BUILDOUT**

Figure 1



## Exhibit B

Proposed Amendments to MUZP Text (shown in underline):

33.130.212.B.1. Unless specified below, the bonus options in this section are allowed only in the CM1, CM2, CM3 and CE zones and in the CX zone outside of the Central City Plan District and Gateway Plan District. Sites located within Historic or Conservation districts are not eligible to use bonus options.

<b>Table 130-3 Summary of Bonus FAR and Height</b>						
		<b>CM1</b>	<b>CM2</b>	<b>CM3</b>	<u><b>CX</b></u>	<b>CE</b>
<b>Overall Maximums Per Zone</b>						
Maximum FAR with bonus		2.5 to 1	4 to 1	5 to 1	<u>4 to 1</u>	3 to 1
Maximum Height with bonus		35 ft.	55 ft. 75 ft.[1]	75 ft. 120 ft.[1]	<u>75 ft. 160 ft.[1]</u>	45 ft.
<b>Increment of Additional FAR and Height Per Bonus</b>						
Affordable Housing (see 33.130.212.C)	FAR Height	1 to 1 none	1.5 to 1 10 ft.	2 to 1 10 ft.	[tbd] [tbd]	none none
Affordable Commercial Space (see 33.130.212.D)	FAR Height	0.5 to 1 none	0.75 to 1 10 ft.	1 to 1 10 ft.	[tbd] [tbd]	0.5 to 1 none
Large Site Master Plan (see 33.130.212.E)	FAR Height	none none	1.5 to 1 up to 30 ft.	2 to 1 up to 55 ft.	[tbd] [tbd]	1.5 to 1 up to 30 ft.

[1] This larger overall maximum is only allowed through the Planned Development bonus option and required Planned Development Review

33.270.100.I. Additional height and FAR. For sites in the CM2, CM3 and CE zones and in the CX zone outside of the Central City Plan District and Gateway Plan District that are greater than 2 acres in size, additional height and FAR may be requested through a Planned Development as specified in 33.130.212. Floor Area and height Bonus Options and Table 130-3.

33.270.200 Additional Requirements for Planned Developments in the Commercial/Mixed Use Zones

Planned developments in the CM2, CM3, and CE zones and in the CX zone outside of the Central City Plan District and Gateway Plan District must meet all of the following requirements: . . . .