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August 9, 2016

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: Menashe Property's Testimony Regarding Viewpoint CC-SW17 (Central City 2035 Proposed Draft)

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

This office represents Menashe Property, Inc. ("Menashe"), owner and developer of many properties in the City of Portland. The CC 2035 Proposed Draft places a severe height limit across the majority of Menashe's Central Eastside properties, 606 and 632 SE Madison Street, 615 and 635 SE Hawthorne Street and the corner of SE Madison and 7th Avenue (the "Property"). Menashe objects to this new height limit which will constrain development of the Property and prevent the Property from being developed to its potential for employment use. Please include this testimony in the record of proceedings for the CC 2035 Proposed Draft and provide us with a copy of the final decision.

We object to the proposed CC-SW17 scenic view limit on three main grounds, as discussed further below:

1. The Employment Opportunity Subarea overlay will be extended to all IG1-zoned sites in the Central Eastside, allowing a greater range of uses which will drive development of taller structures. The viewpoint eliminates development potential for these important employment uses and frustrates and conflicts with the City's efforts to meet its supply for employment land under Statewide Planning Goal 9.
2. The ESEE Analysis for viewpoints does not appear to adequately account for the EOS changes in the Central Eastside and therefore underestimates the job and economic losses associated with this height limit.

3. The CC 2035 Discussion Draft determined that the economic impact of protecting view CC-SW17 was too large to justify height limitations across Central Eastside properties. The Proposed Draft reverses course and imposes height limits for this view based on “requests from neighborhood association and other stakeholders and additional analysis” without further explanation or evidentiary basis. We question whether additional data is available that justifies this policy revision and urge the City to remove the CC-SW17 height restrictions due to its economic impacts.

CC-SW17 Removes Employment Potential in the New EOS.

The height limit imposed to protect Scenic View CC-SW17 limits heights across a large area in the Central Eastside. Under CC 2035 and Employment Zoning Project changes, all IG1-zoned land in the Central Eastside will be added to the EOS overlay, which will allow considerably more floor area on these properties for industrial office, traditional office and retail uses. The EOS is being extended to these areas to help the City meet its need for employment land supply under Statewide Planning Goal 9. Goal 9 requires Oregon cities to provide enough employment sites of suitable sizes, types and locations to accommodate forecast job growth for the next 20 years. Policy 6.34 (Central City industrial districts) requires the City to “protect and facilitate the long-term success of Central City industrial sanctuary districts, while supporting their evolution,” which is implemented in part by applying the EOS to the full Central Eastside.

Unlike traditional industrial uses, these employment uses allowed by the EOS often occupy taller buildings since the uses are not as constrained by industrial limitations (machinery, loading, etc.). The height limits imposed by CC-SW17 will directly counteract the increases in employment land capacity gained through the EOS. Menashe and other property owners impacted by the height limits will lose the opportunity to develop their land to a height that maximizes this employment potential.

The ESEE Analysis Does Not Appear to Accurately Account for the Lost Jobs and Economic Impacts in EOS Areas.

The ESEE analysis for CC-SW17 estimates that protecting a view of Mt Hood from this location will cause approximately 15.9 million dollars in lost development potential and 2,200 lost jobs. As discussed below, these economic losses led the City to conclude that protecting a view of Mt Hood from this location was not warranted. We question whether the ESEE analysis used by the City to estimate these losses correctly accounts for the increased redevelopment and increased heights that will result from the new EOS rules in portions of the Central Eastside that are currently limited to industrial uses.

The City’s ESEE analysis for scenic viewpoints relies on the Buildable Lands Inventory (“BLI,” Adopted by City Council in 2012), which identifies undeveloped and underdeveloped sites in various land use categories. The BLI considered land based on the City Code and Zoning Map at

the time it was adopted (the current City Code), and specifically did not account for changes to the zoning code and map that might be proposed in the CC2035 plan. Indeed, in 2012 when the BLI was complete, the SE Quadrant Plan (which first proposed the EOS for the full Central Eastside) had not been completed. Thus, the BLI appears to have measured underbuilt land in most of the Central Eastside based on primary industrial uses allowed in the IG1 zone, rather than the potential to build larger industrial office and retail uses which is proposed for the Central Eastside by adding the EOS to this area. Primary industrial uses are generally warehouse buildings with few stories and surface parking, loading, or storage space. Therefore, it appears very likely that the BLI underestimates the employment use potential of the Central Eastside because it does not account for the now-proposed EOS and the types of uses that can be built on Central Eastside properties under these new rules. Fully developed sites for industrial uses are likely underbuilt sites for industrial office uses.

The ESEE analysis relies on the BLI data to estimate the potential lost jobs and economic revenue from sites where viewpoints limit height. Therefore, if the BLI either did not consider a Central Eastside property as “buildable” because it was developed with an industrial warehouse (and would be unlikely to be redeveloped with a different warehouse), or did not correctly calculate the buildable capacity of the Central Eastside property because it did not allow for office and retail uses, the ESEE analysis would underestimate the lost employment and revenue from height restrictions in the Central Eastside. We ask that the Planning Commission require a detailed, accurate analysis of the economic and job losses associated with protecting this viewpoint before proposing draconian height limits.

The City Gives No Explanation for Protecting Views from CC-SW17 in the Proposed Draft, But Not the Discussion Draft.

Menashe first learned of the proposed height limit on its Property when it received notice of the CC 2035 Proposed Draft. Viewpoint CC-SW17 was analyzed in the Discussion Draft, but was not proposed for protection, because “the economic impacts outweigh protecting the view long term.” (See Scenic Resources Protection Plan, Discussion Draft p. 59). The City’s analysis in the Discussion Draft found that the economic impact of protecting this viewpoint was \$15.9 million dollars in lost revenue and approximately 2,200 potential jobs. Curiously, the Proposed Draft reverses course to limit height in order to protect views from CC-SW17 *even though the predictions for lost revenue and jobs have not changed*. The Proposed Draft does not provide additional analysis regarding why the economic impacts are no longer detrimental. The only explanation given for the change is in the City’s high-level summary of the revisions from the Discussion Draft, which states that “staff have amended the maximum height map to project public views of Vista Bridge, Mt Hood and Mt St Helens based on requests from neighborhood associations and other stakeholders and additional analysis.”

In deciding to protect scenic views, the City should not simply pick and choose based on which viewpoints are popular at a given time. An accurate ESEE analysis is required, and the City

must weigh the factors in favor of protecting certain views against the economic and other impacts of protection. Here, the economic impacts were determined to be detrimental enough that protection is not warranted. The loss of considerable jobs and economic productivity (which we think may be underestimated as discussed above) should not be dismissed. We ask the Planning Commission to remove the height limits proposed for CC-SW17 based on these economic impacts.

For the reasons discussed above, we request that the Planning Commission remove the height limits associated with CC-SW17.

Thank you for your consideration of this request.

Very truly yours,



Allison J. Reynolds

AJR:rsr

cc: Mr. Jordan Menashe (via email)
Mr. Barry Menashe (via email)
Mr. Michael Robinson (via email)