

ORIGINAL



August 9, 2016

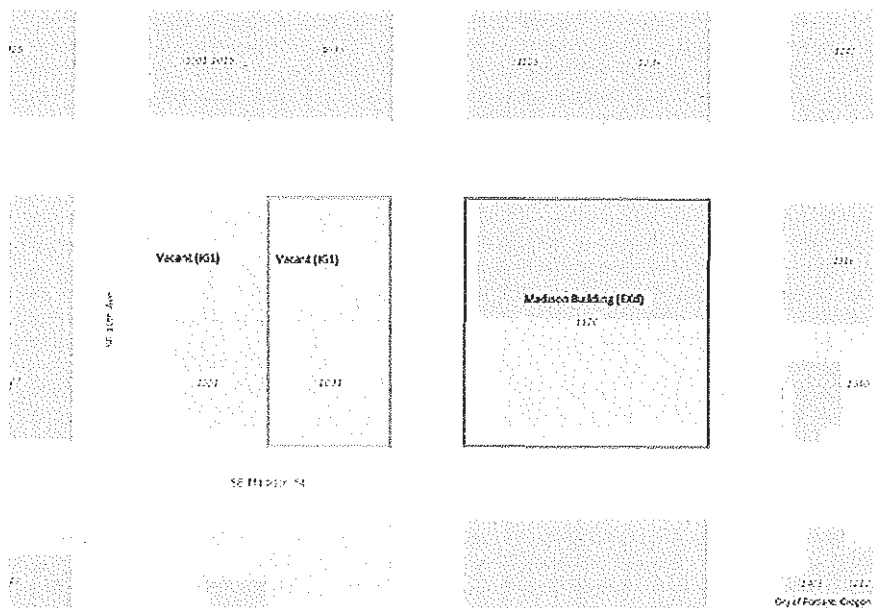
HAND DELIVERED

Planning and Sustainability Commission
City of Portland
1120 SW 5th Avenue
Portland, OR 97204

Re: Central City 2035 Update
Southeast industrial district / Mount Hood view corridors
Our clients: George and Beverly Nase and affiliates
Our file no. 5608.040

Ladies and Gentlemen:

I am submitting this letter on behalf of George and Beverly Nase and their affiliates Madison Eleven, L.L.C., Nase Main Street, L.L.C., and Macadam Nase, L.L.C., through which they and their family own the block between SE 11th and 12th Avenues and Madison and Main Streets and the half-block to the west that fronts on SE 11th Avenue. I've outlined their parcels on the map below.



The Madison Building parcel is Block 250 of Hawthorne Park and the vacant block is Block 213 of Hawthorne Park.

In addition to the information about the view corridor that Ty Wyman and Dunn Carney Allen Higgins & Tongue are submitting on behalf of a group of affected property owners that includes the Nases, the Nases and I ask you to recommend that Council set the height limit on Block 250 to be 65 feet or more, and that Council rezone Block 213 from IG1 to EXd.

1. George Nase and his family have a long-term investment in the success of the central eastside.

The Nase family has made a sustained, long-term commitment to the economic health of Portland that is unusual by any standard. George Nase is a lifelong Portland resident. He has been developing and rehabilitating houses, apartments, and commercial property in the Portland area for sixty years. He and his family have been developing and restoring property in Southeast Portland for forty years. Projects they have built, improved, and repurposed provide hundreds of jobs, and more than 200 families live in houses and apartments they have built. They have never sought or received a City subsidy or contribution to any of their projects.

They bought the Madison Building¹ twenty-one years ago. Since then they have renovated the building inside and out, made seismic upgrades, and expanded the building upward by adding a third floor of apartments above the retail and office space on the original floors. They have been working on plans to add eight more units to the building. They bought half of the vacant block to the west in 2007. The building and its parking lot are zoned EXd and the vacant block is zoned IG1.

Current zoning imposes no height limit on the vacant half-block. The Madison Building parking lot and the east half of the building are currently subject to a 45-foot height limit. The west half of the building is subject to a 65-foot height limit. The west half of the building is more than 45 feet in height.

The current draft proposal would impose a view corridor over their properties and impose a height limit of 80 feet over the vacant block and of 45 feet over the portion of the Madison Building that is taller than 45 feet. For the reasons I outline in this letter, the Nase family and I ask you to make two modifications to the current proposal. Both modifications are consistent with good planning principles, benefit the neighborhood, and recognize the Nases' investment-backed expectations.

2. The appropriate height limit for the Madison Building block is 65 feet.

If you do recommend that the City Council protect the Mount Hood view from Salmon Springs and impose a height limit, then please set the height limit for the Madison block at 65 feet instead of 45 feet, for these reasons.

¹ The building was called the Grange Building when they bought it. It's known now as the home of Mad Son's Bar & Grill (formerly Madison's Bar and Grill), and I'll call it the Madison Building for convenience.

First, the existing building is higher than 45 feet. You should not recommend a map change that would make the existing mixed-use building a nonconforming structure, unless you wish to discourage this sort of mixed-use development in the central eastside district.

Second, reducing the height limit on the Madison Building block doesn't do anything to protect the view of Mount Hood, because staff is proposing a height limit of 80 feet on property to the west. If the property to the west is developed to full height, then any addition or replacement to the Madison Building that is shorter than 80 feet wouldn't be visible from Salmon Springs. Lowering the height limit on the Madison Building block from the current 65 feet (northwest quarter) won't do anything to protect the Mount Hood view.

Third, more than half of the EX zoning between SE 11th and SE 12th Avenues in the district fronts on residential zoning to the east. The Madison Block is one of the few EX blocks that fronts on CG and CS and not residential.² A low height limit on the Madison Block is not needed to buffer height from residential-zoned districts because the property doesn't border any residential-zoned districts.

3. The City should offset the lost potential jobs in the view corridor by rezoning the vacant block at 11th and SE Madison from IG1 to EXd.

The block to the west of the Madison Building is unusual for the district. It is the only vacant full block in the proposed view corridor and one of the very few vacant full blocks in the inner southeast area.³ The only improvements are two parking lots, a billboard, and some lighting and fencing. The Nase family owns the east half and Custom Stamping owns the west half.

If you do recommend that the City Council impose height limits on the corridor, then please also recommend that Council rezone the vacant block between 10th and 11th Avenues and Madison and Main Streets from IG1 to EXd, for the following reasons.

First, the property fronts on SE Madison Street, the main approach to the Hawthorne Bridge, and on SE 11th Avenue, a busy one-way street. Neither street frontage is suitable for truck access and a loading dock, two important considerations for an industrial block.

Second, the city noted in its letter to property owners that the proposed reductions in height would "have impacts on development potential and job capacity." Changing the zoning of this block from IG1 to EXd would replace some of the lost development potential and job

² Between SE Stark and SE Division Streets, only five full blocks and two half-blocks zoned EX front on commercial zoning to the east; the other nine full and three half-blocks zoned EX all front on residential zoning to the east.

³ I located only two other vacant blocks between Water Avenue, 12th Avenue, East Burnside Street, and Division Street. These were the full block at SE 7th Avenue and Ash Street that Wentworth Subaru uses for car storage and the full block north of vacated SE Stephens Street that serves as the parking lot for Goodwill Industries.

capacity in a location that already has good vehicle and transit access and is adjacent to existing EXd property.

Third, as one of the very few vacant blocks in the subdistrict, and the only vacant block that is not attached to or used as an essential part of an adjacent employer, it can be redeveloped without evicting any residents or businesses. The city can encourage this block to be redeveloped without costing even one existing job and without dislocating even one resident.

4. Conclusion

If you recommend that Council impose height limits in the path of the Salmon Springs view of Mount Hood, then please recommend also that the Council set the height limit on Block 250 at 65 feet or more, and that Council rezone Block 213 from IG1 to EXd. Thank you for considering our requests.

Very truly yours,

FOLAWN ALTERMAN & RICHARDSON LLP



Dean N. Alterman
dean@farlawfirm.com

Copy: George and Beverly Nase