

Bureau of Planning and Sustainability
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Portland Planning and Sustainability Commission

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September 28, 2016

Mayor Charles Hales and Members of Portland City Council
Portland City Hall
1221 SW Fourth Ave
Portland, OR 97204

Dear Mayor and Commissioners:

The Portland Planning and Sustainability Commission (PSC) is pleased to forward our recommendations on the Comprehensive Plan Early Implementation Package for your consideration. This is intended to satisfy Task 5 of DLCD's periodic review work order.

This package includes changes that are necessary to either address a state mandate, ensure consistency between zoning and new policies, or implement key policies the new 2035 Comprehensive Plan. We recommend changes to both the Zoning Code and maps, further changes to the Transportation System Plan (TSP), and a new Community Involvement Program. Together, these changes will help Portland become a more equitable prosperous, healthy and resilient city. The changes ensure we can accommodate expected housing and job growth in ways that will advance other community goals – such as more affordable housing, more living wage jobs and meeting Climate Action Plan objectives.

This package includes several elements:

- Mixed-Use Zone Project
- Employment Zoning Project
- Campus Institutional Zoning Project
- Residential and Open Space Zoning Map
- Transportation System Plan Stage 2
- Community Involvement Program
- Miscellaneous Zoning Project

Over the past year, the PSC held 10 hearings and 12 work sessions to discuss these proposals. Below are our specific observations about several of the recommendations.



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Mixed Use Zones Project

The Mixed Use Zone project will develop new mixed-use planning and zoning designations in Portland's commercial and central employment zones.

The PSC had several staff briefings and work sessions to consider testimony and changes on the Mixed Use Zones Project Proposed Draft. On August 23, the PSC voted unanimously on its final recommendations.

The PSC considered a number of broad thematic topics that were raised in testimony, as well as many detailed, specific comments and zoning code and zoning map requests. A few of the most significant issues discussed and considered include:

- Commercial/Mixed Use Zones Base and Bonus Floor Area Provisions.** The Commission is concerned about the viability and effectiveness of the proposed bonus structure that provides additional floor area and height when public benefits (affordable housing units and affordable commercial space) are provided in development. Specifically, there were concerns expressed about possible reductions in development capacity if bonuses are not utilized and challenges to development economics. Staff provided background on the economics associated with the bonuses. Further, it is our understanding that the structure is critical to the Inclusionary Housing program currently being developed by the City and that economic viability is being further reviewed. We recommend moving forward with the proposed "base and bonus" zoning structure, but stress that coordination with the Inclusionary Housing program is critical to fully develop an effective program.
- Affordable Commercial Space Bonus.** The Commission supports the concept of a bonus for providing affordable commercial space as a way to address business displacement and lack of local business opportunity as areas redevelop. However, the PSC is concerned about the lack of clarity about the administrative aspects of the program and looks forward to participating in a follow-up process to further define the program. It is important that the program goals be clarified and that such a program be clearly directed at benefitting low-income, local, and minority- and women-owned businesses. We have recommended that the implementing agency, proposed to be PDC, establish a diverse committee including a PSC member(s) to develop the program parameters.
- Development and Design Standards.** The PSC considered and discussed the proposed building height transitions: step-downs to adjacent residential zones to provide transitions and step-backs on transit streets to address scale. The PSC generally supports and recommends the step-downs to aid scale transitions to abutting residentially zoned areas. However, the PSC was concerned about the cost, development capacity and code complexity implications of requiring height "step-backs" along transit corridors, and did not support or recommend this feature. The Commission also supports allowing more flexibility in meeting the building articulation requirements on large facades, allowing projections to count toward meeting the standard. Finally, we support provisions that allow an extra five feet of building height overall when the ground floor of a building has high ceilings. This height allowance will better facilitate high-quality retail space as well as provide sufficient height for mechanized parking stackers, a technology that will become more widespread over time.



- Drive-Through Facilities.** The Commission received a significant amount of testimony on the need and desire for allowing drive-through facilities associated with commercial development. This manifested in two ways: 1) issues associated with being nonconforming development and the need to upgrade facilities; and 2) that this type of development may be needed in areas where development economics may not currently support more intense development. The PSC generally chose to limit the location of new drive through facilities to CE zones, which are applied in limited areas. However, we recommend allowing more flexibility to rebuild drive throughs in other CM1, CM2 and CM3 zones. The Commission also discussed the implications of allowing this type of auto-oriented development to perpetuate in parts of Portland where economics is challenging for intense mixed use and pedestrian-oriented development. The PSC recommends prohibiting drive-through facilities east of NE/SE 80th Avenue in order to allow opportunity for more local and pedestrian oriented development to occur over time in an area where it might be precluded if more auto-oriented development were to occur. The PSC also recommends that businesses be prohibited from using drive-through-only operating to exclude access by pedestrians and cyclists.
- Auto-Accommodating (CE) Zoning and Development Standards.** The PSC received a significant amount of testimony from large and grocery retailers, national franchises, organizations/representatives, and individual property owners about the need for zoning that is more auto accommodating in terms of allowed uses, allowances for drive-through facilities, and building orientation standards that allow for deep set-backs and visible parking. The PSC ultimately recommended limiting the application of more auto-accommodating zones (such as CE) in general, and particularly in Comprehensive Plan centers and inner-ring neighborhoods where growth and pedestrian-oriented development is most anticipated.
- Street-Level Design.** The PSC desires to create better pedestrian oriented corridors, and recommends enhancing the ground floor window requirements as proposed in the recommended code to support this. Related to this topic, the Commission vigorously discussed the required 10-foot setback on selected Civic Corridors in east and west Portland. The PSC ultimately supported the 10-foot setback to provide some greening and buffering from high traffic arterials, but some Commissioners remain concerned about the potentially negative effects of this type of setback on the pedestrian environment.
- Low-rise Commercial Storefront Areas.** The Proposed Draft identified several “Low-rise Commercial Storefront” areas in Neighborhood Centers. These areas of concentrations of 1-2 story commercial buildings were proposed to be zoned CM1, with a height limit of 35 feet in order to continue the scale and character of the areas. The Commission received an overwhelming amount of testimony against this concept from property owners in many locations, and while it received some community support for the concept, a significant amount of community testimony also opposed this approach on the basis of limiting development capacity in key locations. The Commission recommended to change the zoning in all the “low-rise” areas to the larger-scale CM2, except in three areas where there was strong community support for and little opposition to the low-rise CM1 zoning: Multnomah, Belmont and Sellwood.
- Transportation Demand Management.** The Commission had a discussion about the costs and merits of the proposed Transportation Demand Management requirement on new multi-dwelling projects or additions of 10 units or more. Some Commissioners were concerned about the additional cost of TDM in light of other development costs, including SDCs, and the



potential lack of an equitable/consistent approach to the issue. The PSC recommends application of TDM, but urges the City Council to direct PBOT to further develop the program in order to create a more refined program.

- **Potential Additional Sites for Higher Density Zoning Near Transit.** There were a few mixed-use zoned sites that are currently served by excellent transit options where the PSC entertained a higher-density designation, but showed restraint because staff indicated that a broader zoning review covering those sites would be forthcoming as part of the Powell-Division BRT project. One example is at the intersection of SE Powell and Caesar Chavez Blvd, where CM3 was contemplated. Should the prospects of Powell-Division BRT and an accompanying zoning review dim, there may be some sites that Council might consider up-zoning because the more intense use would be appropriate even without BRT.
- **Cumulative Effect of Zoning Measures and Development Fees.** The PSC raised concerns about the cumulative effect to the cost to development of some of the proposed zoning and transportation provisions. While generally supportive of measures such as energy efficiency requirements, eco-roofs, building setback, FAR bonus provisions and TDM measures, the PSC is aware that all of these items will increase the cost of development. And while individually their impact may be small, cumulatively the impact may be large enough to inhibit development. In a time where housing is in short supply and rents are rising, the PSC recognizes the importance of increasing supply and therefore recommends undertaking an economic analysis to understand the cumulative cost of these provisions on development.

Employment Zoning Changes

This project will implement map and policy changes to ensure an adequate industrial and employment land supply as outlined in Comprehensive Plan and the adopted Employment Opportunities Analysis. The PSC held a public hearing to review the Employment Zoning Project on October 27, 2015. We heard testimony by 36 people and received 48 letters and other written testimony. The public hearing on July 12, 2016 on the Composite Zoning Map also included testimony from six people about employment related map-amendments.

At work sessions on November 10 and December 8, 2015, we deliberated and acted on the code-amendment portion of the project. Our discussion focused on the following issues:

- Environmental Overlay Zones – compatibility with Prime Industrial Overlay.
- Timing of future environmental zoning program updates.
- Parks and Open Areas prohibition.
- Treatment of Self-Service Storage uses in employment zones.
- Golf course landscaping standards.
- EG zone office uses at 3:1 FAR and Guild's Lake Industrial Sanctuary Plan District limits.
- Residential Non-Conforming Uses in EG Zones.
- Industrial Office allowances.
- Air quality.

The PSC confirmed all of the code changes in the Proposed Draft with two revisions. First, the PSC recommended that nature preserves be allowed in the Prime Industrial Overlay Zone. This is consistent with metro allowances. Second, the PSC recommended removing various Metro-owned



and submerged properties near Smith and Bybee Lakes from the Prime Industrial overlay zone, while retaining sites owned the railroads and the Port of Portland.

The PSC continued the October 27, 2015, public hearing on the map-change portion of the project to coincide with the July 12, 2016, public hearing on the citywide Composite Zoning Map. The PSC discussed the following nine map-change issues and made tentative map recommendations at their work sessions on December 8, 2015 and August 2, 2016.

- ESCO on NW Vaughn
- Montgomery Park on NW Vaughn
- Freeway Land site at SE Foster and I-205
- EX conversion to EG sites
- PECO site on SE 17th Ave
- Broadmoor golf course
- Metro Greenspaces requests on Port land
- Linnton Prime Industrial Overlay
- N Hayden Island Drive Boat Ramp
- EG to EX on NW Roosevelt

The PSC confirmed all of the zoning map changes in the Proposed Draft and addendum (described in a BPS memo dated September 30, 2015), making two revisions. First, the PSC recommended changing OS to IG2 on the 15-acre IS Industrial Sanctuary portion of Broadmoor Golf Course. Second, the PSC recommended a code change to the Guilds Lake Plan District that retains current limits on office density, addressing transportation capacity constraints. This change is intended as a complement to the map change to EG1 along NW Vaughn (ESCO sites and others).

Campus Institutions Zoning

With a 9-1 vote, the PSC recommends adopting two new base zones for Campus Institutions. These base zones will eventually replace the conditional use master plans (CUMPs) and impact mitigation plans (IMPs) currently used by 16 institutions. The transition to the new base zones is one of the issues that we heard a great deal of testimony from the institutions. Consequently, the PSC recommends that campus institutions be allowed to use their approved plans until they expire or the year 2023, whichever comes first.

The other major issue is Transportation Impact Reviews (TIRs), and the requirement for Transportation Demand Management (TDM) plans. While it is unique to require an allowed use (campus institution) to prepare a TIR for future development, the PSC feels that transportation and parking are key off site impacts related to these uses and should be continued to reviewed and regulated by the City over time. The existing zoning code includes TDM requirements for campuses, and this requirement should continue and become more robust in the future.

Together these code and map changes offer an affirmative path forward for the city to provide for the growth of Portland's major campus institutions as essential service providers, centers of innovation, and major employers. Rather than having a zoning code that primarily emphasizes the potential negative impacts, zoning for these institutions should recognize that they are permanent assets to the community.



Transportation System Plan

The PSC held six meetings to discuss the Transportation System Plan (TSP) Stage 2 Proposed Draft, which included a briefing on February 9, two public hearings on March 8 and March 22, a work session on April 12 and Title 17 code amendment briefings on June 14 and August 2.

Nearly 200 pieces of written testimony were submitted to the PSC, along with over 100 bicycle classification comments submitted through the Map App. Oral testimony was received at PSC public hearings on March 8 and March 22. The topics list below represented the bulk of the public testimony.

The PSC made the following amendments to the Proposed Draft in response to these issues:

- **Classification of NE 7th or 9th Avenues as a Major City Bikeway (Recommended Draft, Section 5):** The PSC disagreed with the proposal by staff to keep the Major City Bikeway (MCB) designation on NE 9th Ave (per the adopted Portland Bicycle Plan) and recommended moving the MCB to NE 7th Ave south of Sumner St. North of Sumner St. the MCB then shifts to NE 9th Ave up to NE Holman.
- **Concerns about a City Bikeway designation along Hayden Bay (Recommended Draft, Section 5):** The PSC disagreed with the staff proposal to remove the bikeway classification on the eastern end of Hayden Island – along the Waterside Marina and Hayden Bay – to be consistent with the Hayden Island Plan adopted by Council (ORD 18312) officially updating the TSP in 2009.
- **Concerns about a City Bikeway designation through a manufactured home community on Hayden Island from the Hayden Island Plan in 2009 (Recommended Draft, Section 5):** The PSC supported the staff proposal to retain the bikeway classification on the western end of Hayden Island (west of I-5) – to be consistent with the Hayden Island Plan adopted by Council (ORD 18312) officially updating the TSP in 2009.
- **TDM code amendments (Recommended Draft, Section 14):** While not a land use code, the PSC generally supports Title 17 code amendments for required TDM Plans in Mixed Use Zones and Campus Institutional Zones. The PSC support for additional TDM requirements in mixed use zones comes with an accompanying recommendation that you provide some offset of these added costs in the form of an SDC reduction.

On April 12, the PSC voted unanimously to recommend that City Council amend the City of Portland Transportation System Plan (TSP) as shown in the Proposed Draft of the TSP Update, Stage 2, Sections 1-13 and as amended on that day. The PSC recommended Street Vacation Title 17 amendments at their meeting on June 14 and approved letters of support for the TDM Title 17 amendments on June 14 and August 2. One Commissioner voted against the vacation amendments based on a concern that the amendments were not consistent with maintaining City ownership of streets so long as the streets are serving a transportation purpose and otherwise returning them to the tax rolls. She also expressed concerns about the lack of relevant definitions to clarify the amendments. The Recommended Draft before you reflects all the amendments made by the PSC, and also includes a TSP reference section (Appendix A) compiling all adopted transportation goals, policies, and objectives in one place.



Residential and Open Space Zoning Map Changes

The Residential and Open Space Zoning Map Update is relatively limited in scope. Rather than consider a major overhaul of all residential zoning in the city, the Planning and Sustainability Commission recommends a focused set of Residential and Open Space Zoning Map changes that:

- **Correspond with newly adopted Residential and Open Space Comprehensive Plan Map designations.** Where the adopted Comprehensive Plan Map applies a new Residential map designation, we recommend applying the matching Residential zone in nearly every case. There are a handful of situations in which we recommend applying a Residential zone of less intensity than the adopted Comprehensive Plan Map shows, based on area-specific conditions (generally related to infrastructure). Where the adopted Comprehensive Plan Map applies a new designation of Open Space, we recommend applying the Open Space zone.
- **Address situations where changes to residential zoning are appropriate to promote a more consistent pattern of residential development.** We recommend changing Residential zoning in a small number of locations in Inner Southeast Portland where the Comprehensive Plan designation is Mixed Use. Because the locations are transit- and amenity-rich, we recommend applying a Residential zone that has more housing potential than R5 or R2: either R2.5 or R1, to be consistent with zoning on adjacent properties. We recommend Residential zoning here rather than Mixed Use because retention of the existing housing stock overrides the need for additional commercial uses at this time, and because the existing supply of commercial development in the area is sufficient to meet market demand for the next several years.
- **Reduce residential density to ease David Douglas School District's overcrowding.** We recommend downzoning in the David Douglas School District to temporarily reduce residential development potential, in order to address the district's current enrollment pressures. The Comprehensive Plan Map designations will be retained, preserving the long term potential for new housing at a higher density. We endorsed staff's proposal, as revised to retain existing R2 zoning on 13 properties that are already developed with multi-dwelling structures, rather than applying R5 as originally proposed (which would render the development nonconforming). We also heard testimony from three property owners who opposed a zone change from R2 to R5. We supported changing the zoning from R2 to R5 zone on these three properties because they are beyond a ¼ mile from the MAX station on Burnside, and are currently developed with single dwelling structures. However, we recommend to City Council that the Interagency Agreement between the City and David Douglas School District include a sunset date for the Zoning Map changes and associated Zoning Code change.
- **Match Comprehensive Plan designations established in 1980.** We recommend changing residential zones to match long-standing Comprehensive Plan designations in areas with relatively strong infrastructure investments and proximity to transit, amenities and services. With a few exceptions, these areas are located in parts of the city where there hasn't been a Comprehensive Plan or Zoning Map update since 1980. However, conditions in these areas have changed through improved infrastructure, demographic and market factors, and increased desirability of living close to the Central City. More than half of the affected neighborhoods are in Inner Southeast Portland. The majority of recommended changes are modest in scale, such as the difference between Residential 5,000 (R5), which



mostly allows single-family home development, and Residential 2,500 (R2.5) which allows single-family home development as well as duplexes and row houses.

Community Involvement Program

On June 14, 2016, the Planning and Sustainability Commission (PSC) held a public hearing on the Community Involvement Program. This project describes a new Community Involvement Program staffed by the Bureau of Planning and Sustainability, and includes proposed changes to Title 3 to establish a new Community Involvement Committee (CIC).

The PSC enthusiastically supports this program as an important commitment to carry out new 2035 Comprehensive Plan policies, and Chapter 2 in particular. Testimony on this project was supportive of the project in general. Representatives from the Portland Bureau of Transportation (PBOT) and the Public Involvement Advisory Council (PIAC) expressed support for the project and offered specific changes that the PSC endorsed. This includes recommending a liaison from the CIC to PIAC.

Three testifiers expressed concern about the lack of specific identification of neighborhood associations as the most important method of outreach. The Commission recognizes the value of neighborhood associations in outreach and involvement and also the importance of reaching out through other organizations and venues.

Testimony was received that recommended specific community involvement practices, particularly around the way that community involvement is evaluated. We recommend that the Community Involvement Committee, once formed, review the testimony and comments received and weigh the suggestions for changes to practice, particularly focusing on metrics.

We support the work of the Bureau of Planning and Sustainability between the adoption and implementation of this project to collaborate with the Office of Neighborhood Involvement, the Office of Equity and Human Rights and others to develop a plan to charter and recruit the Community Involvement Committee.

The Commission voted unanimously to recommend forwarding this program, including two zoning code amendments related to community involvement. During the discussion, we acknowledged that the Community Involvement Program cannot be successful without robust, stable funding. This is essential to making this important program work.

Other Miscellaneous Zoning Code Changes

The PSC unanimously recommends the Miscellaneous Zoning Code amendments. Two components warrant careful consideration:

- Item 3-Zoning Code Section 33.120 RH Zone Maximum FAR of 4:1 map series, particularly as it was applied within the Irvington and Alphabet District historic districts; and
- Item 8-the identification of Major Public Trail Alignments on the Zoning Map.

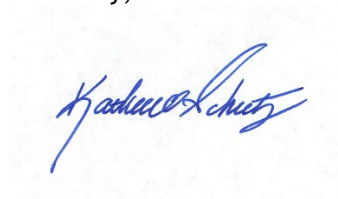


The PSC agrees with the public testimony that RH zoned properties with a Maximum FAR of 4:1 should be reduced within the Irvington Historic District and a portion of the Alphabet District because the higher development intensity conflicted with the historic character of the district based on the existing development and lot sizes. The PSC considered but does not recommend changing the 4:1 FAR maps for the Kings Hill Historic District in Goose Hollow and the southernmost portion of the Alphabet District because the existing development pattern has larger buildings, and because these areas are close to light rail stations.

For the Major Public Trails Alignment Map, the PSC considered and recommends incorporating most of the trail alignment revisions suggested by the 40-Mile Loop Land Trust and a few of the modifications requested by individual property owners. Most of these changes are corrections, and overall the recommended Major Public Trails Map will reflect the countless hours of work and public process that have gone into previous public planning efforts to determine these trail alignments.

Thank you for the opportunity to participate in the review of this project and for considering our recommendations.

Sincerely,



Katherine Schultz
Chair

