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## MEMO

**DATE:** May 5, 2016  
**TO:** Planning and Sustainability Commission  
**FROM:** Barry Manning, project manager  
**CC:** Susan Anderson, Joe Zehnder, Eric Engstrom, Bill Cunningham, BPS  
**SUBJECT:** Mixed Use Zones Project

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The PSC had a briefing on the Mixed Use Zones Project Proposed Draft of zoning code and zoning map amendments on March 22, 2016. The PSC will hold a public hearing at the May 10, 2016 meeting. The hearing will be continued to May 17, 2016, 5:00 p.m. in order to accommodate overflow or additional testimony in a different time frame. This memo provides a review of key upcoming dates for work sessions, identifies a procedural issue, and highlights issues that will likely be heard in testimony and be of interest to the PSC.

**Hearing and Schedule:** We expect to have a large turnout for testimony at the public hearing on May 10. Staff plans to do a short overview presentation to inform the audience and remind the Commission of key components of the proposal. As noted, we expect a continued hearing on May 17. If we don't need the full time for testimony at the second meeting, time could be used as a work session. Additional work sessions are currently scheduled for June 28, 2016 and July 12, 2016.

**EG Zoning notification issue:** The proposal included rezoning of several properties currently zoned EX to EG1, and some zoned CO2 to EG2, rather than to mixed use. These are discussed in Section VII of the Proposed Draft. There was an error made in legally required notification to these property owners. We sent the owners courtesy notices informing them of this error and telling them to anticipate future legal notice for another hearing.

This is a reminder for the upcoming work sessions that because of the error, the PSC should not discuss or take any action on these properties until July 12 when the PSC will have a public hearing on the zoning of these properties in conjunction with consideration of the consolidated zoning map. We regret any confusion this creates for the Commission, owners or other interested parties.



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**PSC requested follow-up work:** The PSC raised questions about several topics in the briefing, and requested more information on the economics of the proposed zones and construction costs associated with specific building issues such as step-backs and step-downs. The PSC also requested more information on the zoning capacity of streets that are potential streetcar routes.

As part of the project, development prototypes were created and economic modeling performed to understand the feasibility of prototypes as well as to understand the viability of the incentive/bonus program. Work was initially done by the project consultants (Dyett and Bhatia with DECA Architecture and Johnson Economics) and is captured in the [MUZ Concept Report Appendix](#). Information about the prototype and economic work is [here](#). Additional economic feasibility work by EcoNW is in the process of being finalized and will be forwarded when available. Staff expects to provide more information on this at work sessions or possibly by the May 17 hearing.

The following are topics that will likely generate testimony:

- 1. Low-rise Commercial Storefront proposal:** This proposal calls for reducing the allowed scale (height, mass, floor area) of buildings in selected areas within Neighborhood Centers. The proposal is to apply the CM1 zone with some expanded floor area, building coverage and use size allowances, in areas that are predominated by 1-2 story pre-war or streetcar era commercial buildings. These properties were originally proposed for the CM2 zone through the Discussion Draft, but were proposed for CM1 to respond to general community concern about the scale of development, and specific concerns about the impact of 4-5 story developments occurring in the core of community-valued commercial centers. This zoning map proposal has generated concerns among some property owners of these sites due to the reduction in height and floor area in the CM1 zone compared to the CM2 zone.
- 2. Drive-throughs and auto-accommodating zoning:** The proposal allows new drive through and quick vehicle servicing uses in the CE zone, but prohibits them in the CM1, CM2, and CM3 zone. Based on a conversion table, the CE zone is typically applied in areas where the current CG zone is applied. However in response to the Comprehensive Plan framework of centers and corridors, the proposal calls for applying the more-urban, pedestrian friendly CM2 and CM3 zones in many centers where CG existed. As a result, the amount of CE zoning is reduced compared to the amount of CG zoning applied today, thus limiting areas where Quick Vehicle Servicing uses and drive-through development will be allowed.

In response to comments about creation on nonconforming development, staff has proposed expanded allowances for existing drive throughs - which would become nonconforming - to be rebuilt. These allowances are intended to allow complete removal and reconstruction of drive through facilities on sites where they currently exist in CM2 and CM3 (with limitations), a liberalization of the current nonconforming situation allowances. Note the proposal does not include the same liberalization for Quick Vehicle Servicing uses.



A related topic generating discussion are setbacks and other development standards that create a pedestrian building orientation; this is a concern for large retailers and other uses where visible parking and flexible site configurations are desired. The proposal does include a reduced building size threshold for use of the alternative setback options for large retailers (33.130.215.F), the threshold is reduced from 100K to 60K square feet. The proposal to limit the application of auto-accommodating zones and development allowances has generated concern from commercial property and large retail stakeholders.

3. **Bonus structure and inclusionary zoning:** The legislature passed Senate Bill 1553, which allows jurisdictions to implement inclusionary zoning (IZ), near the end of the MUZ process. The MUZ proposal includes development incentives for affordable housing via a two-tier FAR system with bonuses. In general, the IZ legislation allows for FAR bonuses like those in the proposed code to be integrated as one component of a larger IZ approach. Administration details of the MUZ bonus proposal for affordable housing and affordable commercial space will require additional coordination with partner agencies Bureau of Housing and the Portland Development Commission prior to implementation. This will also involve integrating those details with the new IZ program. BPS anticipates that work on administrative rules would occur in late 2016 and 2017. This is described starting on page 45 of the proposed draft.
4. **FAR allowances in base zones:** The proposed base zone FARs represent a change compared to the existing zones, as they set new levels of development allowances that, unlike current Commercial zones, include residential uses. The bonus FAR for public benefits was seen as a return of and addition to development potential for zones in which residential development was formerly unconstrained within the zoning height limits. Development community members and property owners have expressed concern over this issue.
5. **Height, bulk and design issues:** Community members have testified or commented about the scale of allowed development along corridors and in centers throughout Portland. During the MUZ process, the PAC and staff consistently heard concerns that allowed height of buildings (4 stories or more) and mass (edge to edge/limited setbacks) was too large for many situations and created significant impacts to neighborhoods. The design and appearance of many larger residential and mixed use development has also been a topic of discussion.

In order to maintain adequate capacity to accommodate growth, staff generally proposed to apply new zones that are the closest match to the height and development allowances of existing base zones. One notable exception to this are the Low-rise Commercial Storefront areas noted above in #1; additional zoning adjustments were also made during development of the Proposed Zoning Map. Staff anticipates that community members will testify about the scale of development allowed by MUZ.

6. **Context-sensitive code:** Goals of the MUZ included simplification and clarification of the zoning code for Commercial/Mixed Use development. In the MUZ process, the array of commercial/mixed use zones applied outside Central City and Gateway has been reduced



from nine to four, simplifying the zoning map designations in the City. From a regulatory standpoint, additional tools intended to address Comprehensive Plan goals and community-driven concerns has resulted in a code that may be more nuanced and context sensitive than the existing Commercial zoning code. Some may interpret context sensitive code as added complexity. It is a change, but we believe it provides a path for a more responsive code.

- 7. Parking for residential uses:** Many community members remain concerned that the city's parking requirements in Commercial/Mixed-Use Zones are not adequate to meet demand. Staff has coordinated with PBOT staff on initiatives to address travel and parking demand (TDM) and address neighborhood parking issues (Centers and Corridors Parking Study), however it was not within the MUZ scope to address recently adopted parking standards.

Please contact me at 503-823-7965 or [barry.manning@portlandoregon.gov](mailto:barry.manning@portlandoregon.gov) prior to the meeting if you have any questions.

