



July 13, 2016

Katherine Schultz, Chair
Planning and Sustainability Commission
1900 SW Fourth Avenue, Suite 7100
Portland, Oregon 97201

Dear Chair Schultz and Commission Members:

The Portland Business Alliance (Alliance) appreciates the opportunity to comment on the proposed Central City 2035 Plan. With more than 1,850 member companies, the Alliance's mission is to promote and foster an environment in the Portland-metro region that attracts, supports and retains private-sector jobs, spurs economic vitality and enables quality educational opportunities for our region's residents. The health of Portland's central city is critical to achieving our mission and as a result over the last several years we have participated in the quadrant planning process that has culminated into the proposed Central City 2035 Plan. We applaud Bureau of Planning and Sustainability (BPS) staff for their hard work developing strategies to guide the future growth of our central city.

The proposed plan, in large part, seeks to promote a prosperous central city that continues to serve as the Portland-metro region's economic engine with a dense concentration of jobs and housing. As Portland anticipates 120,000 new households and 140,000 new jobs over the next 20 years, the central city will be even more important to absorbing much of that growth. New development to accommodate those new households and jobs will be necessary, yet the city is making it more and more difficult to accomplish that development because of rising costs due to new and growing fees, taxes and regulations. This includes not just the changes proposed in the Central City 2035 plan, but also existing and proposed fees and regulations, including increases in systems development charges, inclusionary zoning, construction excise taxes, potential changes to the FAR/bonus system, new subsurface fees, etc. We urge you to step back and take a holistic look at the layers of regulations and fees you are imposing to understand the total fiscal impact and the potential detrimental effect these costs could have on the successful development of both residential and commercial space necessary to accommodate our city's rapid growth.

Greater Portland's Chamber of Commerce

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Our concerns about cumulative costs cannot be understated, and we hope to have an opportunity to discuss them with you. We have reviewed other aspects of the plan and, while there is a lot that we support, the following comments are primarily focused on areas where we do have concerns:

Transportation Demand Management:

We understand that transportation demand management (TDM) is being considered as a way to help alleviate future demands on our city's transportation network by encouraging alternative modes of transportation through education and or subsidies to tenants. The TDM proposal, however, is too conceptual at this point and the details need to be fine-tuned so that the program does not hinder development, unfairly burden the development community and further hamper the city's ability to accommodate housing and job growth in the central city.

We are, therefore, pleased that the Portland Bureau of Transportation (PBOT) has agreed to spend additional time working with property owners and developers on a transportation demand management (TDM) proposal for the central city. The central city, in particular, is unique because it has higher land values, density, maximum parking ratios, paid on-street parking and a strong multi-modal network in comparison to outer parts of the city. If a TDM proposal is developed, it should take into account these unique characteristics. Furthermore, it should take into account that developers already pay a significant amount in transportation system development charges (SDCs) for impacts of a project on the city's transportation system and evaluate SDC credits or offsets for participation in a TDM program, if adopted. We urge that details such as these be refined as part of the additional outreach planned and we look forward to engaging with PBOT in that effort.

Low-Carbon Buildings and Eco Roof Requirements:

We are concerned that the plan is requiring that all new construction be certified through Leadership in Energy and Environmental Design (LEED) at the gold level. LEED is not the only third-party certification that is available and may not be available for the duration of the Central City 2035 Plan. The requirement for LEED certification is limiting because it does not consider the possibility of innovation and emerging technologies that are sustainable such as cross-laminated timber products and materials. Many central city developers already build energy efficient buildings to be competitive in the marketplace. The documentation and reporting requirements associated with LEED, however, are inefficient and costly.

We are also concerned about the requirement for all new construction to have an eco roof. Requiring a specific stormwater management tool such as an eco roof does not take into account the likelihood of innovation and improved technologies over the lifespan of this 20-year plan. This regulation may compromise architectural creativity and negatively impact our city's skyline.

We understand that in the latest proposed plan, the eco roof requirement was reduced from 70 percent of total roof area to 60 percent of total roof area to allow more space for other desired rooftop uses such as outdoor seating. We appreciate this adjustment but are still concerned that this eco roof requirement limits the ability for other rooftop uses and may compromise architectural design and structural integrity.

An eco roof requirement is overly prescriptive and may not be the best method to accomplish stormwater management goals. Furthermore, this is just one more instance of the city imposing a costly requirement that will further negatively impact the already serious issues with affordability, which should be a top concern for the city as it looks to accommodate more housing and jobs in the central city.

River Overlays:

We have major concerns about the new proposed river overlay zones. First, large segments of the central reach of the Willamette River are proposed to be zoned open space (OS) and appear to extend landward to include adjacent developed sites, such as the Riverplace development and the Portland Fire Bureau dock/station north of the Hawthorne Bridge. It is unclear what the consequences of the new OS zone would be on these existing developed areas. The OS zone may also restrict usual and customary river navigation-related activities such as dredging, capping, and installing or maintaining in-water structures. We strongly recommend maintaining the existing base zone or the creation of a new “river” base zone instead of applying a new OS zone.

We also do not support increasing the current 25 foot setback requirement to 50 feet because it does not promote increased activation and access to the Willamette River, which stakeholders identified as key goals in the updated Central City 2035 Plan.

We appreciate that the city is allowing river-dependent and river-related property owners to use their property for business operations within the setback but it appears that the uses are limited to docks and marine terminals. There is no consideration for other uses such as storage facilities and machine shops. We urge that “river-dependent” and “river-related” uses be more clearly defined and broadened to allow for other uses that are ancillary to the river-dependent and river-related use on the property.

The plan does not fully address repeated US Supreme Court standards for takings as defined in Nolan and Dolan. The city has a passing reference to the “rough proportionality” test but is completely silent on the required “nexus” test.

Finally, we urge that local utility companies including NW Natural, Portland General Electric, and PacifiCorp be consulted about the proposed standards for existing and new utility lines, and

upgrades of existing utility lines. We are gravely concerned that little, if any, outreach was conducted to utility companies and that, as a result, the proposed standards may severely compromise their ability to maintain existing lines and adequately serve their customers.

Historic Transfer:

The Alliance is pleased to see that a historic transfer is included in the proposed plan that makes available floor area ratio (FAR) in exchange for historic preservation. We greatly appreciate staff's revision to allow the transfer of FAR based on a phased seismic agreement or covenant in advance of seismic upgrades being made. We understand that the city has expressed an interest in exempting developers who purchase FAR from Skidmore-Old Town/Chinatown/Japantown from the requirement to invest in affordable housing but urge that this intent be codified and confirmed in the plan.

To be clear, our support of the proposed historic transfer does not indicate support of the unreinforced masonry requirements (URM) that are being developed. We understand that there is a separate city committee that is reviewing URM regulations, and we will engage in that process apart from this plan.

As you work to finalize the goals and policies in the plan, we urge that you keep in mind that markets are cyclical and capital is mobile. The city should understand the total cumulative impact of fees and regulations on business to help ensure that economic activity is not crippled as a result. Otherwise, we risk slowed development and the inability to accommodate additional jobs and housing while addressing significant affordability issues in the city.

We look forward to working together to address the above-referenced concerns for a healthy, prosperous and vibrant central city over the next 20 years. Thank you for your consideration of these comments.

Sincerely,



Sandra McDonough
President & CEO

cc: Portland City Council
Susan Anderson
Bureau of Planning and Sustainability