

August 8, 2016

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HAND DELIVERED

Portland Planning and Sustainability Commission
Central City 2035 Plan Testimony
1900 SW Fourth Avenue, Suite 7100
Portland, Oregon 97201

RE: CC 2035 Plan Testimony of Michael Menashe

Dear Commissioners:

Please accept this letter as the written testimony of my clients Michael Menashe and MM-TP Fish Block, LLC on the proposed Central City 2035 Plan. We write to object to those recent proposed changes to the discussion draft of CC 2035 which would drastically reduce building height allowances in portions of the Old Town/China Town District from 350 feet to 125 feet.

Michael Menashe and his family are proud, lifelong residents of Portland with a keen interest in the health and vitality of our city. Michael and a family member own seven-eighths of Block 26 through their company, MM-TP Fish Block, LLC. Block 26 is bordered by NW Third and Fourth Avenues, and NW Everett and Flanders Streets. Since 2000, my clients have owned all of that block except for the Royal Palms Hotel on the northeast corner. Mr. Menashe purchased that property as an investment. In making the decision to invest in what was a dilapidated, crime-ridden area, Mr. Menashe relied on the existing 350 foot height limit, which had been in place for decades. He also relied on the city's stated interest in seeing a major high-density development on the property. His plan has always been to improve the property into a Class A mixed-use development that would help turn the District into a vital and vibrant area of the Central City. The late changes to the draft Plan, if approved, would make it impossible for my clients to proceed with their revitalization plans.

The Existing Structures Do Not Contribute To The Cultural Or Historical Attributes of The District.

There are five buildings on Block 26 that my clients own. They have done their part to maintain them in the interim, but none of them are architectural treasures, and according to our research, none of those buildings have any major historical or cultural significance. Block 26 is known as the Fish Block because it was a fish processing plant for many years.

The interiors of the buildings were demolished long ago when the buildings became a processing plant.

Each of the five contiguous Menashe buildings on Block 26 was included among the properties in Old Town/China Town that were added to the National Register of Historic Places (NRHP) in November, 1989. If you are not familiar with them, I would invite you to view them to see that none of them should be categorized as properties that are “contributing” to the cultural and historical identity of the area. The NRHP identifies the building at **317 NW Third Avenue** as Non-Compatible and Non-Contributing. It was built in 1965, and according to NRHP “is void of any detail with the exception of a metal door with hood.” The building at **301-313 NW Third** is also listed as Non-Contributing by NRHP. It was built in 1925 and has had major alterations, including new facades and a second story addition. The building at **300-312 NW Fourth** is listed as “half modern” and a Secondary Contributing building by NRHP. It is hard to understand how this building would be classified even as Secondary Contributing. In addition to its non-descript appearance, the building has undergone significant alterations since it was built in 1925. As mentioned, all these buildings were gutted many years ago to accommodate the fish processing plant that once existed there. The exterior façade was remodeled in 1981, the original entrance doors are enclosed, and a metal garage door was installed. The building at **316-322 NW Fourth** was built in 1922 as a garage according the NRHP. It has undergone major alterations. The storefront windows and transoms are covered with boarding. The building was designed by known architects Strong & McNaughton, but as the NRHP recognizes, it was one of their “less elaborate” endeavors.” It is also classified by the NRHP as Secondary Contributing but again, it is hard to understand the justification for doing so. Finally, the building at **328-336 NW Fourth** was built in 1922, and it also was built as a garage. It has also undergone major alterations. The bays on the west façade were covered with wood or metal siding, the glass windows and transom were covered with plywood, all before my clients purchased the property. It, too, is listed as Secondary Contributing, but the reasons for that are difficult to comprehend.

In short, the Menashe buildings on Block 26 do not make any significant contributions to the historical or cultural heritage of Old Town/China Town. They could, however, make a significant contribution to revitalizing the neighborhood so that its true cultural significance can be appreciated by all who come to the area.

The Current Zoning For Block 26 Anticipates A High Density Development With A 350 Foot Height Restriction.

Block 26 has been zoned for a large scale, high density, high-rise commercial building for decades. That was the basis for the valuation when my clients purchased it, and that is the basis for the assessed taxes that my clients have paid for 15 years. The current zoning allows for a building of approximately 400,000 square feet of gross area up to 350 feet in height. The zoning code permits and is designed to attract some of the highest density

in Portland, and for good reason. The property is strategically located in Old Town to serve as the hub of a revitalized, vibrant neighborhood.

Mr. Menashe Has Plans For The Development and Revitalization of The Fish Block And The Old Town/China Town District

My clients' long range plans have always been to develop Block 26 in conformity with the existing zoning regulations. They anticipate a quality infill development that respects the adjacent Lan Su Chinese Garden, and the truly historical landmark buildings in the District. The plan is to develop a mixed-use block that could include parking, ground floor retail, office, housing, including affordable housing, and higher education facilities. My clients would like the development to address any space demands of the University of Oregon, Oregon State, Portland State, and the Oregon College of Oriental Medicine. Among the ideas they are considering include the designation of certain floors for research and instruction. Mr. Menashe has met with architects and developers, including Brian McCarl, who has developed projects in the Skidmore and Old Town/China Town districts. Both Sara Harpole and Peter Englander at the Portland Development Commission approached Mr. Menashe to encourage him to develop the property and revitalize this important district. The City at its own expense hired an architecture firm to prepare preliminary elevations showing ideas for Block 26 and the neighborhood. Some of those are attached as Exhibit A.

Mr. Menashe recognizes that there may be legitimate concerns about shading over the adjacent Lan Su Chinese Garden, and is sensitive to those concerns. My clients intend to conduct a shading study prior to development to ensure that sufficient sunlight reaches the Garden upon completion of the high-rise mixed use project.

Clearly, the scale of the development will be substantially changed from the single level parking garage that exists there today. But the project will still be dwarfed by the nearby US Bank Tower, and its scale will complement the sixteen-story Pacific Tower across the street.

Michael Menashe Is A Proven, Responsible Owner And Developer Whose Projects Have Enhanced The Neighborhood.

Mr. Menashe has considerable experience developing projects in the Central City and elsewhere, and he has undeniably improved their neighborhoods. He was the first one to make substantial improvements in the area. He owns and developed the adjacent Pacific Tower, which is an affordable 16 story housing project. He developed the Fifth Avenue Place apartment building on Northwest Fifth and Everett. He also owns and is responsible for the development of the building that houses influential SERA Architects on NW Fifth between Everett and Flanders. Those developments have improved the safety and livability of the neighborhood. The Block 26 development would continue Mr. Menashe's steady, impressive record of improving the areas where his developments are sited.

The Owner’s Plans Will Promote The Guiding Principles of CC 2035.

The Block 26 development envisioned by the owner will promote the published Guiding Principles of CC 2035. Those principles include:

Economic Prosperity. The development plans will result in more jobs in property management, retail, parking attendants, and maintenance staff, to name a few. The development of Block 26 will also address the city’s need for housing and office space. The annual tax revenues to the City would increase substantially when the property is changed from a single level parking structure to a 400,000 square foot, Class A development.

Human and Environmental Health. The CC 2035 Plan Goals seek to “Grow and enhance the Central City’s neighborhoods and make sure they are vibrant, livable, accessible, affordable, inclusive and cohesive.” They also seek to seek to “enhance the Central City’s neighborhoods and make sure they are vibrant, livable, accessible, affordable, inclusive and cohesive.” Without question, a Class A high-rise infill property with parking, retail and housing will enhance Block 26. The Chinese Garden is across the street. Union Station is a few blocks away. Mass transit is a block away. This is a neighborhood that sorely needs a major transformation to live up to its potential to become an anchor site for the Central City neighborhood that Portlanders and visitors alike will come to eat, dine, work, and live. That transformation can occur while complementing the historical gems of the area.

The City has recognized that it must plan for a 30% population growth on 3% of the land. An additional high-rise building will help to meet those needs. The new residents will likely live and work in the Central City. Those residents will not be adding to the daily traffic congestion problems that plague Portland. When new residents walk or bike to work in the Central City, it will not only promote healthy lifestyles, but will improve the air quality and general quality of life by getting more people out of cars and walking, biking, and taking public transportation.

The Late Proposal To Add New Height Restrictions Will Destroy The Owner’s Plans And Impair The City’s Vision To Revitalize Old Town/China Town.

It is not practical to complete the development of Block 26 with a ten or eleven story building. A 125 foot threshold is not a viable threshold for future Class A Development. Buildings above 75 feet high must be built to Class A high-rise building standards, and are generally built with concrete or fireproofed steel. The pure economics of a Class A building standard require that density be substantially increased to spread the higher building costs over a much greater area of gross building area and height. For example, the Pacific Tower building across the street from Block 26 was built to 16 stories because it was not economically viable to build it on a lesser scale. Mr. Menashe’s plans for a multi-use development are simply not achievable with a 125 foot restriction.

Obviously, any development proposed would have to meet with the City's approval. If the City found my clients' proposal to be incompatible with the District, it will deny permitting. The newly proposed height restrictions, if approved, would deny the city and its citizens the opportunity even to consider the development plans. I am confident that my client can propose a high-rise, mixed-use, Class A infill development that will meet with the city's approval under current zoning regulations. No one benefits by arbitrarily pre-determining that no building on Block 26 can exceed 125 feet. The City should at least give Mr. Menashe the opportunity to propose a Class A high-rise building that will enhance Old Town and provide additional tax revenue.

The Newly Proposed Height Restrictions Have A Disparate Impact On The Owners.

The original CC 2035 Plan did not include the newly proposed height restrictions. Those were added at the last minute, apparently at the request of the Portland Historic Landmark Commission. With due respect to the PHLC and its objectives, its views are not in the best interests of the city or its citizens in this instance. Although my clients' own portions of a critical block in Old Town, and is the individual owner most affected by the proposed height restriction, Mr. Menashe was not contacted by the City about the revised draft until June 6 of this year.

If the new height restrictions were approved, it would constitute a taking under both the Fifth Amendment to the United States Constitution and possibly under Article 1, Section 18 of the Oregon Constitution. My client purchased this property for investment purposes with the expectation and plan to build a large, multi-use Class A development that would benefit both the owner and the city. The city encouraged the continued ownership of the property by meeting with Mr. Menashe in 2006, asking him to develop the property, and paying for the elevations that are attached as Exhibit A. As mentioned, the development plans would be unachievable and the value of the property would be drastically diminished by the proposed change. My client purchased and paid taxes on the property for 15 years based upon values established with a 350 foot height restriction. The damage resulting from a two-thirds reduction in the height limit to 125 feet would be irreversible. I recognize that the City must consider the interests of all of its citizens, but in fairness, especially where my client's interests align with those of the city, I respectfully request that the city consider the economic loss to the owner, and the costs to resolve any dispute over that loss, in reaching its decision.

The proposed height restrictions also discriminate against my client. They include height allowances of 250 feet on much of the property surrounding Block 26, but arbitrarily set a 125 foot allowance on this block. Additionally, the blocks bordered by West Burnside, NW Broadway, NW Hoyt and NW Fifth have a 250 foot height restriction. And, the property directly east of Block 26, from NW Third to NW Naito Parkway, has a 250 foot

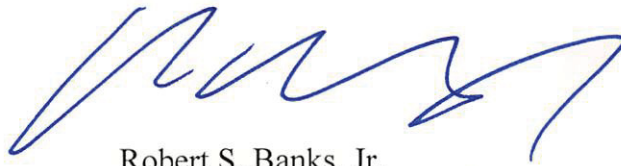
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height allowance. My client is by far the most affected owner by the proposed new height restrictions in Old Town/China Town.

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Thank you for the opportunity to express our views and objections to the late changes to the draft proposal to change height restrictions from 350 feet to 125 feet in an area of the Central City that has so much promise. Please keep me informed of any and all future proposed changes to CC 2035, and let me know if you have any questions or need any additional information from me.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Robert S. Banks, Jr.', written in a cursive style.

Robert S. Banks, Jr.

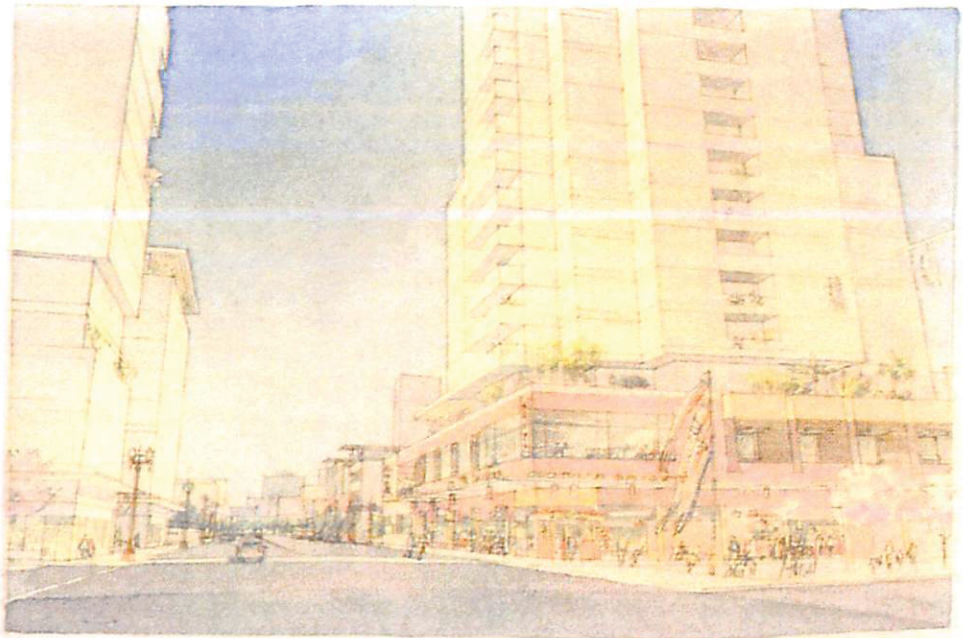
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Enclosures

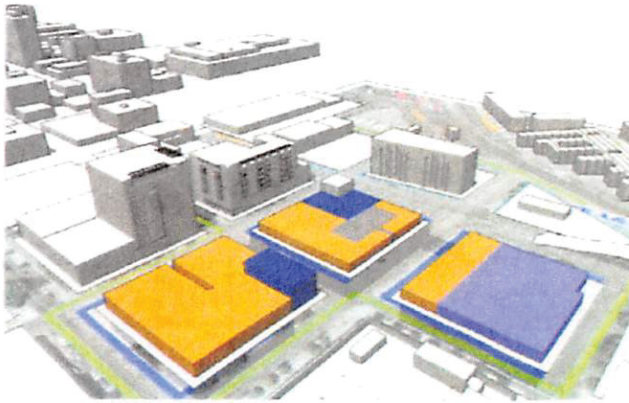
cc: Brandon Spencer-Hartle, City Planner (brandon.spencer@portlandoregon.gov)



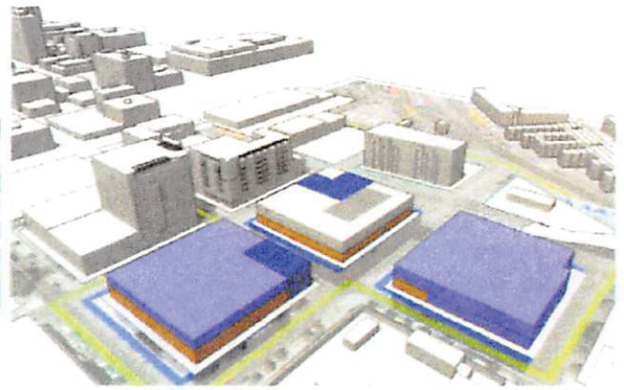
3rd & Flanders, Looking Northwest



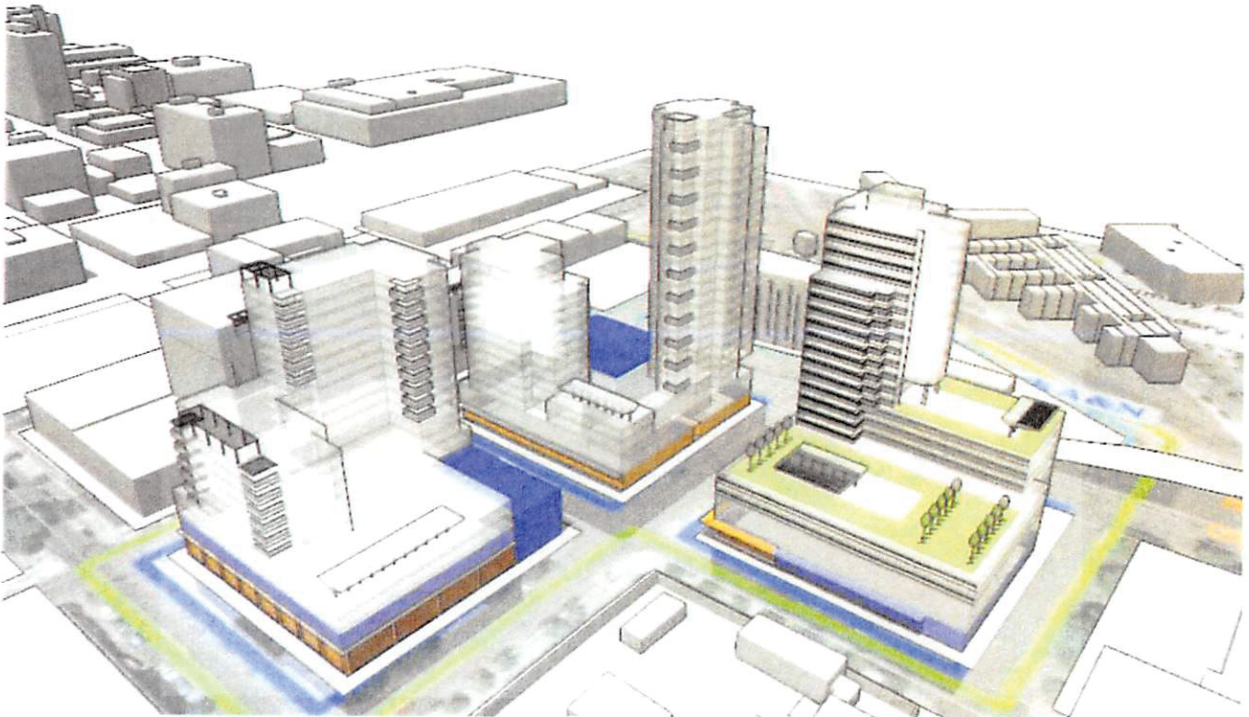
3rd & Glisan, Looking South



Scenario 2 Ground Floor Uses



Scenario 2 Ground Floor Uses



Scenario 2 Full Buildout