

## **Exhibit B**

# **Report on the Proposal for a Northwest Master Plan**

**City of Portland  
Bureau of Planning  
Portland, Oregon**

**August 9, 2001**





## **Acknowledgments**

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Erik Sten, Commissioner

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## Summary

The Portland City Council directed Bureau of Planning staff to work with interested parties to resolve zoning issues in Northwest Portland as part of the Northwest Transition Zoning Project. This report details that brief (six month) process, and includes proposed amendments to the Portland Zoning Code to implement “Option 4,” the Northwest Master Plan concept. Working closely with neighborhood representatives and representatives of CNF, Inc. (CNF), the Bureau of Planning has forged a proposal that substantially addresses the desires of the interested parties. The proposal:

- Changes the *Comprehensive Plan* and zoning designations in specified areas in NW Portland from Industrial Sanctuary (IG1 zone) to Central Employment (EX zone). It also placed the “d” overlay zone on areas rezoned to EX, and
- Further amends the Portland Planning Commission’s recommended amendments to Title 33, Planning and Zoning (33.562), to include a provision for a required Northwest Master Plan on EXd zoned properties in Subdistrict B of the Northwest plan district.

## Background

The Northwest Transition Zoning Project is a set of strategic land use proposals for portions of Northwest Portland. The project was initiated in December 2000 as a rapid response to community concerns over the impacts of an emerging type of land use and development, telco hotels, and the relationship of this type of land use to the newly developed Portland Streetcar.

In the initial phases of the project, much of the IG-1 zoned land within the project study area was considered for rezoning to an urban designation such as EXd to help prevent the proliferation of telco hotels, and to foster mixed use development in the area. Over the course of the project, City staff worked with members of the community on details of a plan district to supplement the base EXd zoning to foster land uses and development characteristics desired in the area. While agreement was reached on the appropriate land use implementation measures for some areas, issues remained unresolved and no agreement was reached on the area west of I-405. Because of the limited scope and time frame available in this project to develop community consensus on a vision for the area, staff was unable to finalize work in this area within the prescribed timeframe. In addition, due to dramatic changes in capital markets over the past year, the threat of additional telco hotel development in the area was thought to be minimal. Given the lack of community consensus on a future vision for the area, and the diminished threat of undesired telco development in the area, project staff’s recommendation to the Planning Commission called for retaining the existing IG1 zoning in the area west of I-405.

Planning Commission held a hearing on April 24, 2001 at which the commission took testimony from the public. In addition to other public testimony at the hearing, representatives from CNF testified that they believed EXd was the correct zoning for

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this area and their property holdings specifically. They requested the Planning Commission to consider recommending a rezone on these properties.

The Planning Commission considered this request, but concluded that it was best to retain the IG1 zoning in the area west of I-405 until comprehensive planning for the area as part of the Northwest Area Plan project could be completed (approximately 16-18 months).

Planning Commission's recommendations for the Northwest Transition Zoning Project were heard by the Portland City Council on May 30, 2001. At the city council hearing representatives from CNF again testified that they believed EXd was the correct zoning for this area, and their property holdings specifically, and requested the City Council to consider a rezone on these properties. In their testimony, CNF indicated that they are a dynamic corporation that could experience rapid growth, creating the need for additional space in a short time frame, which the current IG1 zoning would not allow. CNF stated that they also wished to initiate master planning on their recently acquired property in northwest Portland. They added that the uncertainty about future zoning in the area made the financial commitment to a master plan difficult. Representatives of the Northwest District Association (NWDA) and St. Patrick's Church expressed concerns over and opposition to CNF's request, indicating that they believed the ongoing Northwest Area plan process was the proper vehicle for consideration of rezoning in this area.

City Council debated the issue, including a suggestion to consider a broader rezoning to EXd throughout the Northwest Transition Zoning Project study area which encompasses the CNF property. After further discussion, the Council directed the Planning Director to convene the interested and affected parties to consider an alternative solution to the issue that would be more acceptable to the parties.

## **Process**

The Bureau of Planning convened a series of three meetings to better understand the various parties' needs and positions, and potentially craft a solution to the apparent impasse. At the first meeting, participants were asked to outline their issues and concerns; these are outlined below.

### **CNF:**

Representatives from CNF shared information about the company, including the dynamics of the business environment, the role of CNF operations in Portland, and their best expectations for company growth and expansion necessary to accommodate growth. Representatives noted that the recent acquisition of this property indicates the firm's commitment to Portland. While CNF intends to develop a master plan for the property, the uncertainty of future zoning makes master planning difficult to finance and begin. CNF's Portland operations are mostly administration facilities with heavy information technology (IT) presence, and while they may have surplus office space in short term, future operations will likely call for increasing amounts of office space. In the short term, an additional 250,000 square feet of office and associate

parking may be needed. Over the next ten years, another 250,000 square feet of office space could be needed.

**St Patrick's Church:**

Representatives of St. Patrick's discussed the church's history and role in the area as an institution with neighborhood and citywide secular and religious ties and historic and cultural value. They expressed concern over the affects of development, including construction (vibration, etc.) and contextual impacts (overshadowing, incompatible uses). Church representatives believed that the area near the church should transition back to its more historical use as a residential area. They also indicated concerns about conflict with abutting development, and suggested that a greenspace or buffer might be appropriate.

**NWDA:**

Representatives from NWDA expressed a strong interest in using the area plan as the proper process for examining issues and solutions in the area. They expressed a desire for a well thought-out planning process that develops a plan district for the area to address traffic/transportation issues, restoration of street grid, massing and heights of development, and provisions for a park and residential uses. They advocated development of a CNF master plan (perhaps jointly with area planning) which would provide more certainty for the neighborhood.

The second meeting was largely spent reviewing and clarifying the needs of the various parties. At the conclusion of the meeting, the Bureau of Planning agreed to return with options for the group to consider.

Three options were developed and shared with the participants during the week prior to the third group meeting. The options were:

**Option 1: Adopt a Resolution stating future intent and make existing offices/small retail allowed.** This option would adopt a resolution recognizing the need for more detailed planning in the Northwest Area Plan process and CNF's need for additional development potential. The resolution would provide assurance that the City values CNF's presence; it would also resolve to craft a Northwest Area Plan that recognizes community needs and desires, while providing CNF with opportunities for the development of roughly 500,000 square feet of office space. In addition, the option would retain the IG1 zoning but make existing office space an "allowed" use in the expanded plan district area. The provision would also allow ancillary retail uses up to roughly 5,000 square feet. This option would help to provide some certainty for future planning by indicating that the Northwest Area Plan needs to accommodate CNF's future expansion needs. It also would recognize CNF's need to utilize existing office space, and allow a restaurant at the ground level of a CNF building to be opened to the public. The resolution would support

the Planning Commission recommendation that calls for a more thorough analysis in the transition area before rezoning is approved by the City.

**Option 2: Retain IG1 with provisions to allow for expansion of office uses.**

This option would retain the IG1 zone, but allow a 50 percent expansion of existing office space throughout the IG1 zone south of I-405. Office expansions up to 50 percent of the existing floor area (as of a specified date) would be subject to development regulations similar to the base EXd zone, which requires design review for exterior alterations. The plan district regulations could also include other regulations that would create development regulations very similar to those outlined in Option 3, below. However, while this option would limit the increase of total office square footage on each site, it could potentially open the door to office expansion in a much broader area. It also would have a limited ability to address the transportation impacts of additional office development in the area, and may be limited in addressing street connectivity issues.

**Option 3: Limited EX designations.** This option would change the Comprehensive Plan designations and zoning on a limited number of blocks to EXd in recognition of the existing office uses on the properties. These blocks include the area bounded by NW 22nd and NW 19th from NW Thurman to NW Savier, and the block bounded by NW 22nd and NW 21st from NW Savier to NW Raleigh. It also would change the Comprehensive Plan designation to EXd on the block bounded by NW Savier to NW Raleigh and from NW 21st to the property line along the former NW 20th, but retain the IG1 zone on the parcel. This option recognizes the existing office uses by re-designating and rezoning them to Central Employment (EXd). It would also recognize CNF's possible short-term need to develop additional 250,000 square feet of office space on an adjacent parcel. It would make a planning provision for this by changing the *Comprehensive Plan* designation on a parcel. However, a quasi-judicial land use review would be necessary to also change the zoning to EXd prior to development. This process would allow the City to take public comment and work with internal agencies on adequacy of service issues, such as transportation. This option would include extending the plan district and applying the following regulations in the EXd-zoned areas:

- Prohibit drive-through facilities
- Apply ground floor active use requirements on NW 21<sup>st</sup> Avenue
- Limit retail to 10,000 square feet per use
- Require ground floor windows (EX zone transit street regulations)
- Require traffic analysis for non-industrial uses (for zone changes)
- Possibly require street connections (for zone changes)

This option would provide a smaller area in which short-term office expansion could occur by designating a limited number of parcels EX. The EX zone allows a broader array of uses, without limitations on office square footage (except for FAR limits). The quasi-judicial zone change process requires an "adequacy of facilities" review, where transportation issues could be explored.



At a third meeting, the participants discussed the options. Option 2 was not considered viable by CNF because it did not provide certainty with regard to the ultimate zoning on their property. This option was also not favored by other parties because it expanded opportunities for further office development in a much larger area. This could lead to unanticipated traffic and transportation impacts, and additional development that does not conform to the desired future use of the area. Option 3 was acceptable to NWDA and St. Patrick's, but was not acceptable to CNF because, from their perspective, it did not provide enough developable land area to meet short term office development and parking needs, nor did it provide certainty of the zoning on "core" CNF properties. While it had initially appeared that Option 1, the resolution, might satisfy the needs of all parties, it was eventually found to be objectionable by CNF, again because it did not offer the level of certainty about future zoning they desired. The meeting concluded with a last-minute proposal to consider a fourth option, which included a zone change to EXd tied to a requirement for master plan approval before additional development could occur.

BOP staff returned to Council on June 20th with a progress report on the options. Staff noted that three options had initially been offered, but that no single option was acceptable to all parties. A fourth option that called for a zone change and master plan was introduced in a meeting the previous evening, and appeared to be an option worthy of further investigation. The Council directed staff to further pursue this option.

Staff developed draft code language and held another meeting of participants on June 29, 2001. The participants agreed to further consider the option and review subsequent refinements of the proposal. Staff returned to City Council again on July 11, 2001 with an update on Option 4, and requested an additional three weeks to refine the code language associated with the option.

### **Option 4: The Master Plan Proposal**

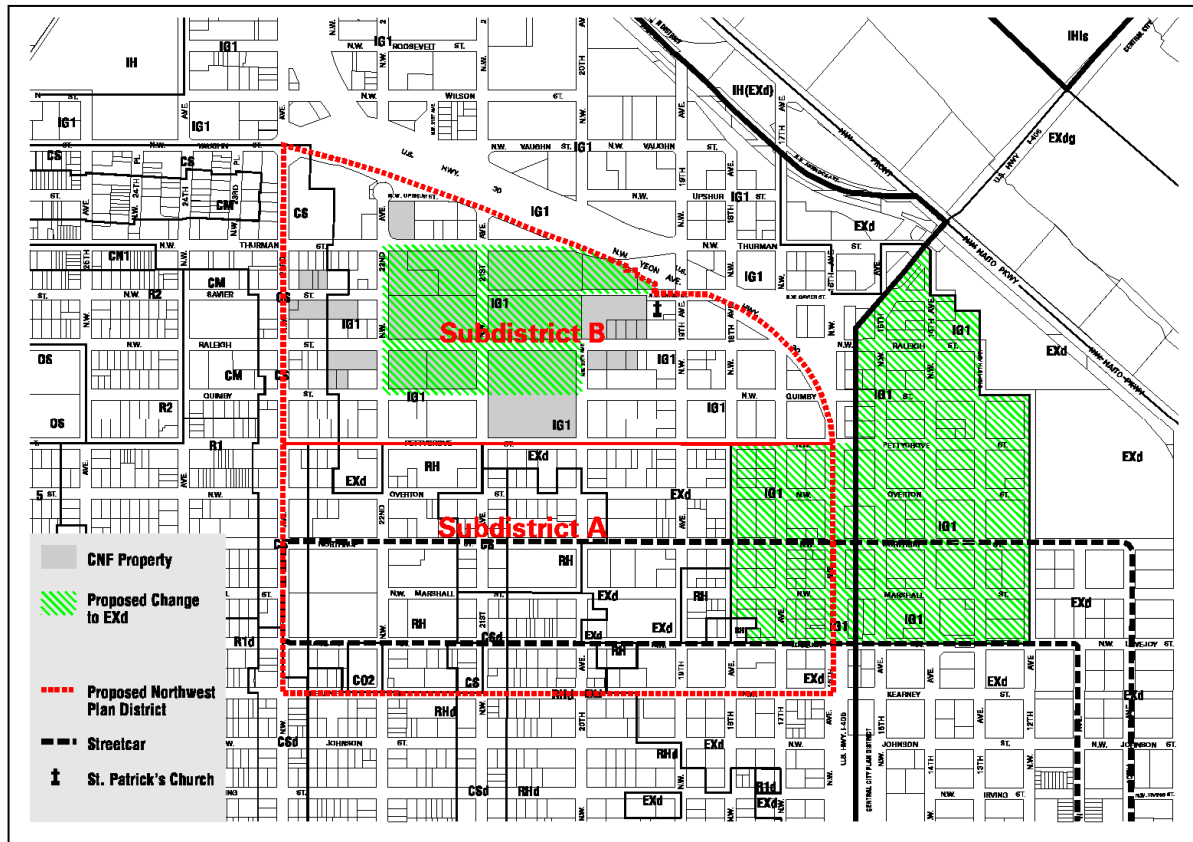
Option 4, now before you for consideration, calls for changing Comprehensive Plan and zoning designations from General Industrial (IG1) to Central Employment (EXd) for specific areas in a newly created Subdistrict B of the Northwest plan district (between NW Pettygrove Street and NW Vaughn Street). This area is in addition to the rezoning areas previously recommended by the Planning Commission. However, quasi-judicial approval of a master plan would be required before any new development in the areas subject to the change of zoning designation in Subdistrict B could occur. This option was developed because it accomplishes several goals:

- It provides assurance to CNF of future zoning so that master planning for the site can begin, and new office development that would not be allowed in the IG1 zone can occur. It also provides a great degree of flexibility for property owners in the design of development;
- The master planning process provides a forum for public input so that neighbors may comment on the proposal and share concerns about proposed plans for development; and

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- It provides an opportunity for the City to review and assess the impacts of proposed development, and apply conditions of approval to development when appropriate.

### Northwest Transition Zoning Project Areas of Recommended Rezoning



### Purpose of the Northwest Master Plan

The proposed master plan is designed to allow flexibility in design and development of a site in a manner that evokes an urban development pattern, and does not overwhelm public services.

The provisions of the master plan option accommodate the needs of property owners to begin long-range planning for their property in advance of adoption of the Northwest Area Plan. That plan may modify or delete this section of the code. Because it is likely that there will be significant overlap in both timelines and issues addressed by the private and public planning efforts, the two efforts should inform and improve each other throughout their processes.

Specifically, the Northwest Master Plan should ensure:

- Pedestrian-oriented, transit-supportive development;

- Development that includes a variety of uses, but retains the EX zone focus on employment uses that need a central location;
- High quality design appropriate to an urban setting;
- Active uses on the ground floor of buildings on major transit streets;
- A street pattern that provides for frequent, convenient pedestrian and vehicle connections and emulates levels of connectivity similar to the adjacent block pattern;
- Transportation and parking demand management strategies that decrease reliance on the automobile;
- Development that is integrated into the broader urban fabric;
- Transitions to adjacent areas with different uses and intensities through use, height, and massing of new development; and
- Efficient use of land.

The process for the master plan would be a quasi-judicial Type III land use review. This type of review calls for a public hearing before a Hearings Officer, with design-related issues reviewed by the Design Commission. Testimony on the proposal would be taken at the public hearing. Although not required, a master plan applicant will be strongly encouraged to work closely with neighbors, the city and recognized organizations in the preparation of a master plan.

### **Coordination with legislative planning efforts**

As noted, the Northwest Area Plan, a legislative planning effort, is ongoing at this time. This project will develop a policy and action plan for a large part of inner Northwest Portland, including the Northwest District Association (NWDA) neighborhood and a portion of the Pearl District. The plan will incorporate elements of NWDA's Board-adopted 1999 *Northwest District Neighborhood Plan* and will replace the adopted 1977 *Northwest District Policy Plan*. A special focus of the *Northwest Area Plan* will be on Metro 2040 mixed-use areas and the "Northwest Transition Area," which extends from the new Portland Streetcar tracks on NW Lovejoy Street north to Vaughn Street, and is bounded on the east and west by NW 12<sup>th</sup> and NW 23<sup>rd</sup> avenues. The Transition Area, which includes the area included in the proposed Northwest Master Plan, is now primarily zoned General Industrial, but includes a diversity of land uses. Bureau of Planning project staff have begun working with the community to develop an urban design concept and implementation strategies for a transition from industrial zoning to employment, mixed use and residential zoning, taking advantage of the opportunities introduced by the new Portland Streetcar line.

As noted, the proposed master plan was conceived as a temporary measure to allow CNF certainty regarding the zoning of their property so that they can proceed with their private master planning process. Ideally, the CNF master planning process will occur concurrent with the Northwest Area Plan project, so that the two processes can inform each other. At the conclusion of CNF's planning process, they could make application for a Northwest Master Plan, however close coordination between the efforts could make this unnecessary. The outcome of joint efforts could be replacement of the master plan requirement with land use and transportation policies, development standards, and design standards and guidelines that direct development

of these properties without the need of a master plan. These provisions would be developed within the framework of the Northwest Area Plan.

### **Issues:**

A primary reason that a master plan requirement is proposed for these properties is that many development-related issues cannot be addressed within the context of the Northwest Transition Zoning Project. These issues are best addressed within the framework of a master plan or in the ongoing Northwest Area Plan, which is a comprehensive planning effort. The following issues, which will be addressed in the Northwest Area Plan, are of critical importance and should be addressed in the master plan process and context.

### **Land Use Context**

The area that is proposed for master planning would be zoned Central Employment (EX) with a design (“d”) overlay. This classification allows a very broad array of land uses, from employment and industrial uses to residential uses. While the area subject to a master plan is expected to have a primary focus on employment and office uses, future desired land uses in the broader “transition area” surrounding the area are being explored in the Northwest Area Plan process, and may change significantly. The surrounding areas include commercial areas on NW 23<sup>rd</sup> Avenue to the west, with residential uses farther to the west. The existing industrial service uses to the south and east may be planned for different desired land uses, including areas with a commercial or residential focus, as a result of the Northwest Area plan process. Because the area is well served by transit, relatively dense mixed-use development could be encouraged in the area. Close coordination between the processes will ensure that development of the CNF property is sensitive to the future desired land uses in adjacent areas.

The master plan area also encompasses NW 21<sup>st</sup> Avenue, a Metro 2040-designated main street. Main streets are expected to be relatively dense areas that can accommodate employment, commercial, and residential land uses. Development that includes retail commercial activities on the ground floor would be appropriate for a main street environment.

### **Design**

Design of new development in the master plan area should strive to be compatible with surrounding future desired land uses and future design guidelines. Coordination with the Northwest Area Plan project will help ensure that design features considered or proposed in a master plan are in sync with design standards and guidelines that could be proposed for the broader area. It is important that the Northwest Master Plan site framework plan and subsequent development integrate into the urban fabric of the area, so that the master plan area does not become insular or feel impermeable from adjacent areas. A major component of urban design is the size of the block unit available for development. It is desirable for development in the master plan area to occur on a block size and pattern that is generally consistent with the historic block

pattern in the area. Development utilizing a small block pattern is typical of much of Portland, and contributes to the character of the City and area. Refer to the section on “connectivity” for further discussion on block pattern.

### **Transitions**

The context for the master plan development area is currently being discussed in the Northwest Area Plan project. If a master plan is submitted during the ongoing planning process, it is important for a master plan proposal to be coordinated so that transitions to future adjacent land uses can be planned. For example, if adjacent areas currently zoned for industrial uses are planned for future residential or commercial uses, it may not be appropriate to locate certain features of a development (generators, equipment, parking structures) in areas that adjoin those future desired uses. Similarly, the ongoing planning process may recommend uses, heights, and setbacks that vary considerably from the existing industrial zoning. Close coordination between these projects is necessary to consider appropriate transitions and avoid future land use conflicts.

### **Connectivity**

The area subject to a master plan requirement contains many “superblocks” that were created through street vacations. In some cases, these large blocks prevent connectivity to the adjacent street grid. Providing frequent street connections helps to reduce congestion by dispersing vehicular traffic and providing non-vehicular opportunities for making convenient trips. Therefore, providing street connections that match the surrounding street grid pattern and block size is a connectivity goal for this area.

### **Transportation**

Transportation issues in the area include: capacity of the existing local street network and regional transportation system to accommodate future trips; design of street cross sections and pedestrian amenities; transportation demand management strategies; and options for transit system improvements and improving connections to the transit system. These issues will be addressed in the Northwest Area Plan process and should be coordinated with a master plan for the area.

### **Other Issues:**

#### **St. Patrick’s Church**

St. Patrick’s Church is located on NW 19<sup>th</sup> Avenue, between NW Raleigh and NW Xavier streets. St. Patrick’s Church, as noted earlier, is a long-standing neighborhood institution, with significant historic, religious and secular value to the community.

The area adjacent to the church on the north and west is currently owned by CNF. The property to the north across NW Xavier Street is proposed to be rezoned to EX, with new development subject to the master plan requirements; the property to the

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west is zoned IG1 and is not currently proposed to be rezoned, but may be optionally included in a Northwest Master Plan proposal.

St Patrick's has stated concerns about the effects of construction on the historic structure (vibration damage), as well as that of the scale, massing and proximity of new development overshadowing the church. In developing a Northwest Master Plan, if the property adjoining St. Patrick's Church is considered for development or inclusion in the master plan area, any proposed development, or any design standards and guidelines to regulate development must consider the relationship of new development to the historic structure. The height and massing on new development adjacent to the church should be of such a scale that they respect the height and massing of the historic church. In addition, it may be appropriate to provide a vegetative buffer, pedestrian path or other transition area between the church and adjacent development to aid in the transition between the adjoining, potentially conflicting, uses.

If the property adjacent to St. Patrick's Church is not included in a Northwest Master Plan, the issues of buffering, use compatibility, and design, scale and massing of development on this parcel should be addressed through the Northwest Area Plan process.

### **Parks and Open Space**

The Northwest District Association (NWDA) has identified the area near Subdistrict B as an area in which a park or other public open space is desired. In the Parks 2020 Vision Plan, Portland Parks and Recreation also identifies this area as deficient in park facilities. Planning for the area, including any proposed Northwest Area Plan or legislative planning project, as well as any proposed Northwest Master Plan should consider the need for a park in this area, and locations for where such a park may be accommodated.