



City of Portland, Oregon

Bureau of Development Services

Land Use Services

FROM CONCEPT TO CONSTRUCTION

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STAFF REPORT AND RECOMMENDATION TO THE HEARINGS OFFICER

CASE FILE: LU 12-215799 CU

PC # 12-144541

REVIEW BY: Hearings Officer

WHEN: March 20, 2013 at 1:30 PM

WHERE: 1900 SW Fourth Ave., Suite 3000

Portland, OR 97201

It is important to submit all evidence to the Hearings Officer. City Council will not accept additional evidence if there is an appeal of this proposal.

BUREAU OF DEVELOPMENT SERVICES STAFF: SYLVIA CATE / SYLVIA.CATE@PORTLANDOREGON.GOV

GENERAL INFORMATION

Applicant: Neeley Wells

Urban Development Partners

136 NE 28th Ave Portland OR 97232

Site Address: 116 NE 6TH AVE

Legal Description: BLOCK 148 LOT 3&4, EAST PORTLAND

Tax Account No.: R226509460 **State ID No.:** 1N1E35CB 04600

Quarter Section: 3031

Neighborhood: Kerns, contact Steve Russell at 503-784-8785.

Business District: Central Eastside Industrial Council, contact Peter Fry at 503-274-1415.

District Coalition: Southeast Uplift, contact Bob Kellett at 503-232-0010.

Plan District: Central City - Central Eastside **Zoning:** IG1, General Industrial 1

Case Type: CU, Conditional Use

Procedure: Type III, with a public hearing before the Hearings Officer. The decision of

the Hearings Officer can be appealed to City Council.

Proposal:

The applicant has acquired the existing building on this site, known as the American Brush Building, which formerly housed a manufacturing company. The site is located in the IG1 zone, which allows but limits certain non-industrial uses, such as Industrial Office and Retail Sales and Service, to a maximum of 3,000 square feet. The regulations of the IG1 zone also limit either use to one per site. The applicant requests conditional use approval to allow the following:

- A small retail area of up to 1,300 square feet on the first floor to allow retail sales for a chocolatier who manufactures chocolates primarily for wholesale;
- The second floor to be in Industrial Office uses up to 3,800 square feet;
 and
- The third floor to be in Industrial Office uses up to 4,200 square feet
- The fourth floor to be in Industrial Office uses up to 4,200 square feet.

Approval Criteria:

In order to be approved, this proposal must comply with the approval criteria of Title 33, Portland Zoning Code. The applicable approval criteria are:

- 33.815.126, Office Uses in the IG1 Zone in the Central City Plan District
- 33.815.125, Specified Uses in Industrial Zones

ANALYSIS

Site and Vicinity: The site is a 10,000 square foot parcel located at the northeast corner of The intersection of NE 6th and NE Couch. The site is developed with a 5 space surface parking lot on the southern half of the site; a 4-story brick building constructed circa 1907-1909 occupies the northern half of the site. Records indicate that the original occupant of the building was a candy manufacturer. In the late 1950's, a long standing manufacturer, American Brush purchased this building and updated their manufacturing machines and applied some automation of the manufacturing processes at that time. A painted wall sign on the south façade identifies the building as the American Brush Building. The building was purchased recently by the applicant and has been undergoing seismic upgrades, interior renovations, and preservation efforts to the American Brush sign.

The site is located in the IG1 zone and is surrounded to the north and east by other lots and parcels in the IG1 zone and developed with industrial uses. Directly west and south are lots and parcels in the EXd zone. The site is also located in the Central Eastside sub-district of the Central City Plan District. However, the site is not located within the Employment Opportunity subarea of the Central Eastside sub-district, a small subarea that is several blocks southwest of the site.

The site has frontage along NE Couch and NE 6th Avenue. At this location, NE Couch is a designated Major Transit Priority Street, as is E Burnside, one block south and NE Grand Avenue, one block west. NE Couch, E Burnside and NE Grand are also designated Bikeways. The site is located within a Freight district, again with NE Couch, E Burnside and NE Grand Avenue as designated Major Traffic/Truck Streets. Each of these three streets also serve bus transit routes in this general area. Curbs and sidewalks are present on all block faces in this inner city district, including the block containing the site.

Zoning: The site is zoned IG1, General Industrial 1. The General Industrial zones are two of the three zones that implement the Industrial Sanctuary map designation of the Comprehensive Plan. The zones provide areas where most industrial uses may locate, while other uses are restricted to prevent potential conflicts and to preserve land for industry. The development standards for each zone are intended to allow new development which is similar in character to existing development. The intent is to promote viable and attractive industrial areas.

General Industrial 1 (IG1)

IG1 areas generally have smaller lots and a grid block pattern. The area is mostly developed, with sites having high building coverage and buildings which are usually close to the street. IG1 areas tend to be the City's older industrial areas.

Land Use History: City records indicate there are no prior land use reviews for this site.

Zoning Code Approval Criteria: This proposal is reviewed against two separate, albeit very similar, sets of approval criteria. For the proposed 1,300 square feet of Retail Sales and Service the approval criteria are 33.815.125, *Specified Uses in Industrial Zones*, which states that:

These approval criteria apply for uses in the following categories in the industrial zones: Retail Sales And Service, Office, Commercial Outdoor Recreation, Commercial Parking Facilities, Community Service, and Daycare uses. Office uses in the IG1 zone in the Central City Plan District may use approval criteria 33.815.126: Office Uses in the IG1 Zone in the Central City Plan District, if they contain characteristics of manufacturing businesses.

The balance of the request, for Industrial Office uses on the 2nd, 3rd and 4th floor are subject to the approval criteria at 33.815.126, *Office Uses in the IG1 Zone in the Central City Plan District* which states:

These approval criteria promote preservation of land for industry while providing opportunity for businesses that contain both an office and a manufacturing or production component. Office uses that do not meet the criteria below may apply for conditional use status through the criteria listed in 33.815.125, Specified Uses in the Industrial Zones.

Agency Review: A "Request for Response" was mailed January 31, 2013. The following Bureaus have responded with no issues or concerns:

- Bureau of Environmental Services
- Water Bureau
- Fire Bureau
- Site Development Section of BDS
- · Bureau of Parks-Forestry Division
- · Life Safety Review Section of BDS

The Bureau of Transportation Engineering responded with no objections to the proposal and submitted an analysis of the applicant's Transportation Impact Study. Details of the analysis are found below, under the relevant criteria, in this Report and Recommendation.

Neighborhood Review: A Notice of Proposal in Your Neighborhood was mailed on February 22, 2013. One written response has been received from the Kerns Neighborhood Association in response to the proposal, expressing unanimous support of the proposal and discussing several key criteria and why the proposal meets them. The letter concludes, in part, that the "...neighborhood association believes that the granting of the applied-for conditional uses will allow this building to be put to a highly productive use, while maintaining the character and energy of the industrial environment in the immediate area."

ZONING CODE APPROVAL CRITERIA

33.815.125 Specified Uses in Industrial Zones

These approval criteria apply for uses in the following categories in the industrial zones: Retail Sales And Service, Office, Commercial Outdoor Recreation, Commercial Parking Facilities, Community Service, and Daycare uses. Office uses in the IG1 zone in the Central City Plan District may use approval criteria 33.815.126: Office Uses in the IG1 Zone in the Central City Plan District, if they contain characteristics of manufacturing businesses. Office uses in individually listed structures on the National Register of Historic Places and structures identified as contributing to the historic significance of a Historic District or a Conservation District in the I

zones in the Central City Plan District may use the criteria listed in 33.815.129, Office Uses in Specified Historic Resources in the Industrial Zones in the Central City Plan District. Office uses in the IG1 zone in the Employment Opportunity Subarea in the Central City Plan District may use the approval criteria listed in 33.815.132, Office Uses in the IG1 Zone in the Employment Opportunity Subarea in the Central City Plan District. These approval criteria promote preservation of land for industry while allowing other uses when they are supportive of the industrial area or not detrimental to the character of the industrial area. The approval criteria are:

A. The proposed use will not have significant adverse effects on nearby industrial firms, and on truck and freight movement;

Findings: The American Brush Building currently hosts a chocolatier [Alma Chocolates] on the ground floor. Alma Chocolates employs a small staff to manufacturer chocolate candies which are distributed wholesale to retail outlets. The applicant requests approval of up to 1,300 square feet in Retail Sales and Service use[s] for the first floor of the building for Alma to sell chocolates made on site. The ground floor of the building has frontage along NE 6th Avenue, and as such the activities occurring on the street side of the first floor will animate the streetscape due to the large amount of glazing on that façade. Pedestrians have clear views into the commercial kitchen space that is occupied by Alma Chocolates, where chocolate candies are manufactured.

Directly west, across NE 6th Avenue, are lots and parcels zoned EXd, which is an employment zone and allows all of the same industrial uses as the IG1 zone, with the exception of Railroad Yards. However, the EXd zone also allows uses that are prohibited in the IG1, such as Residential, Office and Retail Sales and Service. The American Brush Building is on the edge of the IG1 zone, and directly across NE 6th Avenue is a large apartment building. Directly north, across NE Davis, is Woodcrafters Lumber. The easterly half of the block containing the subject site is occupied by URS Electronics. South of the site, across NE Couch are properties in the EXd zone developed with a mix of uses, including industrial sales, manufacturing and, small scale retail.

The regulations for uses in the IG1 zone allows up to 3,000 square feet of Retail Sales and Service uses by right, or an Industrial Office use up to 3,000 square feet. More than one such use triggers a Conditional Use review. The American Brush Building is fully leased to multiple tenants who are in the Manufacturing and Production or Industrial Service use categories. An Industrial Office use occupies approximately 3,000 square feet on the 3rd floor. However, the applicant notes that the purpose of this Conditional Use is to allow a small area of Retail Sales and Service for the 1st floor of the building, additional floor area in Industrial Offices uses, and also to provide more flexibility for leasing tenant spaces in the future.

The request for up to 1,300 square feet of retail space on the first floor will not result in significant adverse effects on nearby industrial firms, and on truck and freight movement for the following reasons:

A Retail Sales and Service use of up to 1,300 square feet is not of sufficient size to draw a large number of people to the site. Currently, Alma Chocolates is considering a retail area of approximately 500 square feet in order to sell chocolates to passers-by in the immediate area, including employees within the IG1 zone, as well as residents who live in close proximity in the adjacent EXd zone. Alma Chocolates are available in retail stores in Portland, and therefore this retail space would not become a 'destination' retail shop for chocolate customers. Rather, the expectation is to provide workers and residents in the immediate area an option during a lunch or work break.

Similarly, should this tenant or a future tenant expand the retail use to the maximum 1,300 square feet, the retail space is sufficiently small to prevent the establishment of a large retail use that could potentially draw a large number of visitors to the site and into the industrial area. Further, because the square footage is limited, a retail use on the first floor would not change the character of the industrial area by allowing a large and robust retail use and the potential of a large number of visitors and associated traffic. Given the small scale of any category of retail uses within 1,300 square feet, the expectation is that most customers would arrive on foot from the immediately surrounding area.

The submitted traffic impact study [TIS] demonstrates no adverse impacts on truck and freight movement as determined by Portland Transportation after reviewing the documentation in the study. Portland Transportation notes:

[T]he applicant has submitted adequate and pertinent information into the record that demonstrates that the transportation system is capable of supporting the proposed use in addition to the existing uses in the area. The proposed project includes uses that are allowed in the IG1 zone, however, because of the limitations identified in the Zoning Code regarding the floor areas allowed for said uses, the applicant's proposal is subject to the requested Conditional Use review. This is mentioned to emphasize that the Zoning Codes recognizes the proposed uses on the subject site which are allowed in the IG1 zone, which also suggests that these uses "will not have significant adverse effects on nearby industrial firms, on truck or freight movement".

Significant adverse effects related to transportation issues could be construed to be impacts related to significant vehicular trip generation which could result in adversely impacting area intersections or on-street parking. As was documented by the applicant's Traffic Impact Study (TIS), the area's intersections are operating well within acceptable City performance measures, and will continue to do so taking into account the project related vehicle trips. Similarly, the applicant's traffic engineer conducted a parking analysis and the conclusions, which PBOT supports, indicate that the proposed project will not result in impacts to on-street parking. The streets around the subject site are constructed to City standards with 36-ft wide roadways that accommodate on-street parking, and sufficient width for truck and freight movement.

For all of the reasons discussed above, this criterion is met.

B. The transportation system is capable of supporting the proposed use in addition to the existing uses in the area. Evaluation factors include street designations and capacity, level of service; on-street parking impacts; access restrictions; connectivity; neighborhood impacts; impacts on pedestrian, bicycle, and transit circulation; safety for all modes; and adequate transportation demand management strategies;

Findings: The applicant submitted a Transportation Impact Study [TIS] addressing all of the above evaluation factors for both the Retail Sales and Service and Industrial Office uses. Portland Transportation has reviewed the TIS and offers the following analysis:

Street designations and capacity, level of service

Findings: The surrounding streets are appropriately classified in the City's Transportation System Plan as being within a Freight District. Freight Districts are intended to provide safe and convenient truck mobility and access in industrial and employment areas serving high levels of truck traffic and to accommodate the needs of intermodal freight movement. The classifications of Regional Truckways, Priority Truck Streets and Major Truck Streets are mapped are found within Freight Districts.

The primary access roads that provide access to the project site include NE Couch St (westbound one-way), E Burnside (eastbound one-way), NE Davis St, and NE 6th Ave. The street network largely consists of a two-way grid with two one-way couplets (NE Couch St/E

Burnside and SE Grand Ave/SE MLK Blvd) and SE Sandy Blvd running diagonally through the district. The following three intersections were selected for traffic count data collection and intersection analysis: the signalized intersection of E Burnside/NE-SE 6th Avenue, the signalized intersection of NE Couch St/NE 6th Ave and the unsignalized intersection of NE Davis St/NE 6th Ave.

At both signalized intersections, traffic level of service (LOS) is based on average vehicle delay for all approaches, consistent with Highway Capacity Manual (HCM) methodology. At the side-street stop-controlled study intersections (NE Davis St/NE 6th Ave only), traffic LOS is based on average vehicle delay for the stop controlled approach consistent with HCM methodology. Turning movement volumes for analysis purposes are based on traffic counts conducted by the applicant's traffic consultant on Thursday, September 6, 2012 between 7:00 AM and 9:00 AM and 4:00 PM and 6:00 PM.

The LOS analysis at each study intersection is based on the potential traffic impact resulting from the addition of project trips (resulting from employee, visitor, and delivery travel demand) on "baseline" LOS. The following scenarios were evaluated:

- Baseline LOS (based on actual counts obtained by the applicant's traffic consultant as noted above)
- Baseline plus Project LOS (based on the addition of expected trips generated by the Proposed Project)

The applicant's traffic consultant prepared a forecast of vehicle trips that would be generated by the proposed Retail and Industrial Office uses based on observed AM and PM traffic counts and trip generation rates for "Manufacturing" and "Industrial Service Offices" as described in the Institute of Transportation Engineering (ITE) *Trip Generation Manual*. (NOTE: The applicant's traffic consultant reviewed existing local commute mode share data to represent the likely share of impact each site access mode would represent. Given the urban nature of the site's surroundings and the richness of the area's transportation options, this area's modal share is heavily oriented toward non-single occupant vehicle (non-SOV) use at 59%. This was used as an input to better contextualize ITE's standard trip generation rates.

The results of the intersection capacity analysis reveal that the above referenced studied intersections are currently operating (baseline condition) at acceptable levels based on the City's performance measures. With the projected trip generation from the proposed uses on the subject site taken into account, the applicant's TIS indicates that the operations of the studied intersections will not be degraded. PBOT finds that the capacity/level of service analysis and conclusions made by the applicant's traffic consultant, utilizing industry standard methodology, which PBOT accepts, adequately demonstrates that this evaluation factor is satisfied.

On-street parking impacts

Findings: Available on-street parking along the streets immediately adjacent to the project site are limited to short-term visitor parking and on-street employee permit parking. On-street parking is managed through an Area Parking Permit Program (APPP) and parking meters. The proposed project lies within the Central Eastside Parking Program's signed 2-hour or bypermit zones and a block from the Program's 2-hour metered parking.

During the traffic consultant's data collection period, construction of the mixed use building across the street (NE 6th) from the subject site, restricted on-street parking along NE 6th Ave between NE Davis and NE Couch. Therefore, the TIS relied on existing data from recent studies provided by PBOT (studies from the East Burnside-Couch Couplet and the Central Eastside Parking Management projects). Study areas include, but are not limited to, NE Couch between NE Grand and NE 12th Ave. Said data indicates that off-peak parking demand (which is when parking needs from the proposed project is likely to be in demand)

varies significantly between the north and south sides of NE Couch during different times of the day because of the variety of uses throughout the area.

The applicant's TIS cites several reasons why the proposed project will not have an adverse impact to on-street parking including:

- A significant increase in the number of the available supply of by-permit parking stalls from the Central Eastside Parking Management Plan (still in the process of being implemented). The purpose of an APPP was to address the problem of out-of-district parkers who had historically taken up parking spaces throughout the Central Eastside District. Nearly half of all on-street parking in the district used to be unregulated. The results were that a significant number of employees from downtown and the Lloyd District were parking their vehicles in the Central Eastside District during the day to avoid parking costs in downtown and the Lloyd District. An expanded permit program will increase onstreet parking for employees of the Central Eastside district and their patrons by designating more spaces as 2-hour time limits or permit parking.
- Assessing the impact of the proposed project's anticipated net growth of 3 AM trips, 3 PM trips, and 21 daily trips, only a portion of those trips would represent long-term (3+ hour) vehicle storage demand. Using local mode share data, it is estimated that roughly 8 employees of the 23 projected employees slated to occupy the proposed project's leasable space will utilize parking. If two of the five on-site parking spaces are reserved for employee parking and remaining three are reserved for visitor parking, this equates to parking demand for six long-term parking spaces. This would create a less than significant impact on existing parking supply.
- The medium-density residential/mixed use development across the street (NE 6th Ave) from the subject site will have its greatest demand for on-street parking during the typical residential weekday early AM and late PM periods. Alternatively, the proposed project will exhibit peak parking demand mid-day/afternoon. The adjacent development is also likely to attract a share of low car/no car households (considering that the project includes 23 on-site parking spaces for its 70 residential uses and retail space) that will have no impact on existing on-street parking supply. Parking demand generated from the proposed project and accommodated by mid-day, off-peak supply, would serve as an example of the Central Eastside Parking Management Plan success in maximizing the district's parking efficiency.

Access restrictions

Findings: Existing access to the subject site is via a lengthy curb cut/driveway along the site's NE Couch frontage. To facilitate the operation of the parking lot, it is being reconfigured to include a new driveway access (entrance only) along NE 6th Ave and a narrowed driveway along NE Couch (exit only), creating managed ingress and egress movements (from NE 6th Ave to NE Couch). This provides several benefits, including reduced exposure time for pedestrians crossing the driveway along NE Couch St, more predictable motor vehicle turn movements (likely reducing the risk of rear end collisions on NE Couch St), more efficient surface parking circulation for motor vehicles and at least an additional on street parking space. The proposed modifications to the existing parking lot will be beneficial to the proposed multiple tenants of the subject building; no access restrictions are necessary or recommended.

Connectivity

Findings: No street connections have been identified in the vicinity of this property in the Portland Master Street Plan document. The City's 530-ft spacing goal for public through streets and the 330-ft spacing goal for pedestrian connections are satisfied on the subject block, and beyond. Portland Transportation has no concerns relative to connectivity associated with the proposed Conditional Use request.

Neighborhood impacts

Based on the minor increase in auto trips as a result of this proposed project, particularly in the AM and PM peak hours, there will be no adverse parking or traffic impacts on the surrounding neighborhood. This is evident by the results of the submitted TIS which identified inconsequential impacts to the transportation system, including area intersections. Also concluded in the TIS, as described previously, there is adequate on-street parking supply and its corresponding off-set peak parking periods with surrounding land uses.

Impacts on pedestrian, bicycle, and transit circulation/safety for all modes

Physical improvements to the site will not have any adverse impacts on pedestrian, bicycle, and transit circulation/ safety for all modes. In fact, the proposed improvements to the site's parking lot/access will enhance safety for these multiple modes given that the current expansive driveway/curb cut that serves the site will be reduced in length, and the parking area will be oriented for one-way travel, thereby giving users of the abutting right-of-way more predictability in what to expect in terms of vehicles accessing/exiting the site. The sidewalk corridor will be enhanced, accordingly.

Further, the applicant's TIS also contains crash history data for the general area. None of the major arterial streets within the study area exhibit exceptional concentrations of crash activity that would categorize them as a High Crash Corridors. In 2010, after the Burnside-Couch couplet project was complete, 3 collisions occurred at 3 different study area intersections; none were related to a deficiency at any of the intersections. The crash rate is less that the threshold value of 1.0 M.E.V. (million entering vehicles) that is considered the rate at which safety mitigation should be considered. As a result, no safety improvements are recommended at any of the area's intersections.

Adequate transportation demand management strategies

The primary purpose of a Transportation Demand Management Plan (TDMP) is to implement strategies to reduce single-occupancy vehicle (SOV) trips to a development and increase the use of alternative modes of transportation. Due to the location of the subject site, within a robust network of improved rights-of-ways including pedestrian and bicycle facilities, as well as proximity to transit services, there is already an expectation that there will be a high mode split/low number of SOV trips in relation to tenants of the project site. The applicant's submitted TIS has demonstrated that the available on-street parking spaces and on-site parking lot can adequately accommodate the parking demand for all of the proposed uses on the subject site. Nonetheless, the applicant has proposed a number of measures that will be implemented in order to further reduce single-occupancy vehicle trips to the subject site. These include some typical measures such as shower/locker facilities on site; improved bicycle access including secure bicycle parking, runnels, bike parking signage; on-site transportation information board/kiosk offering of maps and commute information located within common spaces; on-site transportation coordinator (part-time); designated carpool parking and building-wide carpool resource area; promotion of telecommuting and compressed work schedules and Guaranteed Ride Home (a program that provides a subsidized "guaranteed ride home" using taxi, rental car, or car share to any registered employee working for a participating employer or job site in cases of emergency on days the employee has used an alternative mode of transportation to get to work).

PBOT is supportive of the applicant implementing their proposed TDMP.

In summary, and as evaluated above, the transportation system is capable of supporting the proposed use in addition to the existing uses in the area.

For all of these reasons, this criterion is met.

C. The proposed use will not significantly alter the overall industrial character of the area, based on the existing proportion of industrial and non-industrial uses and the effects of incremental changes;

Findings: The existing proportion of industrial and non-industrial uses in the immediately surrounding area varies extensively, in part because to the west and south are properties zoned EXd. However, within the IG1 zone within a two block radius of the site is a mix of industrial and industrial service uses, as well as a small accessory retail use [Woodcrafter's Lumber] and a training/office facility for electricians.

The Central Eastside sub-district in general has a wide variety of industrial uses, industrial office, traditional office, and retail sales uses. Most of this variety is attributed to the EXd zoning pattern, but City adopted zoning regulations, particularly for the Employment Opportunity Sub Area of the Central Eastside, are intended to foster and encourage reinvestment in the general area as well as locating small entrepreneurial businesses in the Industrial Office use category. Part of those zoning regulations include the Industrial Office use category, as well as specific Conditional Use criteria at 33.815.126. The proposed retail floor area will be consistent with the overall variety of uses found in the near vicinity in both the EXd and IG1 zones. The proposed retail is small in scale, and regardless of the type of retail use, the scale is such that the retail in this building will not draw people from outside of the immediate area, and given the scale and location, most customers would come to the site as pedestrians because they either work or live nearby. For these reasons, the proposed retail space will not alter the character of the industrial area, but will offer amenities to employees as well as residents in the immediate area. This criterion is met.

D. The proposed use needs to be located in an industrial area or building because industrial firms or their employees constitute the primary market of the proposed use; and

Findings: The proposed small retail space is requested by Alma Chocolates, a business that manufactures chocolate candies that are primarily sold wholesale to retail outlets. The proposed retail use would be adjunct to the manufacturing use of Alma, and therefore it makes sense for the requested retail space to be located in the industrial area since the manufacturer is located in the industrial area. Additionally, as noted above in the site and vicinity description, the American Brush Building is located on the very edge [west and south] of the IG1 zone, with EXd zoning and uses across NE 6th Avenue and NE Couch. As a result there is a variety of uses in the immediate area, including multi-dwelling residential developments. The expectation is that the small retail space would primarily serve employees and residents in the immediate area. Because the chocolates are available in other retail stores, there is no anticipation of this small retail space becoming a 'destination shop' that would attract people outside of the neighborhood.

In the future, should there be a change in tenants, the proposed 1,300 square feet would be available for a another manufacturer or, could be available to a small retail sales and service use, such as a small deli, coffee shop, or similar that would, because of location and size, cater to the immediate neighborhood, which would include employees in the industrial area, as well as workers and residents from the EXd area that abuts the site on two sides. For these reasons, this criterion is met.

E. City-designated scenic resources are preserved.

Findings: City designated resources are shown on the zoning map by the 's' overlay. There are no such resources present on the site. Therefore, this criterion is not applicable.

33.815.126 Office Uses in the IG1 Zone in the Central City Plan District

These approval criteria promote preservation of land for industry while providing opportunity for businesses that contain both an office and a manufacturing or production component. Office uses that do not meet the criteria below may apply for conditional use status through the criteria listed in 33.815.125, Specified Uses in the Industrial Zones. Office uses in individually listed structures on the National Register of Historic Places and structures identified as contributing to the historic significance of a Historic District or a Conservation District in the IG1 zone in the Central City Plan District may use the criteria listed in 33.815.129, Office Uses in Specified Historic Resources in the Industrial Zones in the Central City Plan District. Office uses in the IG1 zone in the Employment Opportunity Subarea may use the approval criteria listed in 33.815.132, Office Uses in the IG1 Zone in the Employment Opportunity Subarea in the Central City Plan District. The approval criteria are:

A. The proposed use will not have significant adverse effects on nearby industrial uses and truck and freight movement;

Findings: The Industrial Office uses are subject to these criteria and the request is to allow the following:

- The second floor to be in Industrial Office uses up to 3,800 square feet; and
- third floor to be in Industrial Office uses up to 4,200 square feet
- fourth floor to be in Industrial Office uses up to 4,200 square feet for an overall total of 12,200 square feet to be allowed in Industrial Office uses.

As noted previously, the zoning code allows up to 3,000 square feet of Industrial Office in the IG1 zone by right. The zoning code, at 33.510.113.A.b and c notes that both retail uses and office uses in the Central City Plan District are limited to a maximum of either 60,000 square feet of site area or a 1:1 FAR through a Conditional Use approval. Therefore, the maximum floor area of either 60,000 or 1:1 FAR exceeds the total amount of floor area within the American Brush Building.

As noted in the preamble to this code section, these approval criteria promote preservation of land for industry while providing opportunity for businesses that contain both an office and a manufacturing or production component. In association with these criteria, the Industrial Office use was created, and described at 33.920.240.A, *Office Characteristics*, which states in part:

Industrial Office uses are characterized by activities that, while conducted in an office-like setting, are more compatible with industrial activities, businesses, and districts. Their operations are less service-oriented than Traditional Office uses and focus on the development, testing, production, processing, packaging, or assembly of goods and products, which may include digital products such as internet home pages, media content, designs and specifications, computer software, advertising materials, and others. They primarily provide products to other businesses. They do not require customers or clients to visit the site; any such visits are infrequent and incidental.

The applicant requests a total of 12,200 square feet to be allowed in Industrial Office uses. Inherent in the characteristics of this use is the recognition that this type of office use is "more compatible with industrial activities businesses and districts." There is no aspect of the Industrial Office use that would have adverse impacts on other uses allowed in the industrial area.

As noted previously the greatest potential adverse impact to industrial uses and the industrial district as a whole would be impacts that impinge on freight and truck movements. Inherent in

the list of characteristics of an Industrial Office use is the fact that they do not require customers or clients to visit the site, or that such visits are infrequent and incidental.

The applicant's TIS analysis by Portland Transportation notes the following in regards to potential impingement on truck and freight movements:

Significant adverse effects related to transportation issues could be construed to be impacts related to significant vehicular trip generation which could result in adversely impacting area intersections or on-street park. As was documented by the applicant's Traffic Impact Study (TIS), the area's intersections are operating well within acceptable City performance measures, and will continue to do so taking into account the project related vehicle trips. Similarly, the applicant's traffic study conducted a parking analysis and the conclusions, which PBOT supports, indicate that the proposed project will not result in impacts to on-street parking. The streets around the subject site are constructed to City standards with 36-ft wide roadways that accommodate on-street parking, and sufficient width for truck and freight movement.

For all of these reasons, this criterion is met.

B. The transportation system is capable of supporting the proposed use in addition to the existing uses in the area. Evaluation factors include street designations and capacity, level of service or other performance measures; access to arterials; connectivity; transit availability; on-street parking impacts; access restrictions; neighborhood impacts; impacts on pedestrian, bicycle, and transit circulation; safety for all modes; and adequate transportation demand management strategies;

Findings: The applicant submitted a Transportation Impact Study [TIS] addressing all of the above evaluation factors. Portland Transportation reviewed the TIS and responded with a formal analysis. The full response from PBOT is contained in Exhibit E-2. The pertinent findings from PBOT's response are stated in full under approval criterion 33.815.125. Rather than reproduce the same findings, the following are highlights from the analysis:

The street designations, capacity and level of service

• are adequate and support the proposed uses;

On street parking impacts

- are determined to be minor for a variety of reasons, including that the parking demand arising from the proposal are at times that are off-peak parking demand times;
- available on-street parking spaces will increase over time as the Central Eastside
 Parking Management Plan continues to be implemented which will eliminate drivers
 who park in the district but work downtown or in the Lloyd center to avoid paying
 parking fees in their employment district; and
- because the proposed use will utilize parking during off peak hours and out of sync with the heaviest parking demand in the immediate area by residents of the 70-unit multi-dwelling development directly across the street, whose on street parking impacts tend to occur during the weekday early AM and late PM periods.

Access restrictions

- are not necessary or recommended because of the reconfiguration of the parking lot on site that provides one way ingress from NE 6^{th} and egress to NE Couch.
- This configuration will provide the benefits of at least one additional on-street parking space,
- a safer environment for pedestrians and
- a better on site traffic flow that will have less impact on the adjacent public rights of way.

Connectivity

• is not an issue or concern with this proposal.

Neighborhood impacts

• are not anticipated due to the minor increase in auto trips which will not affect service levels of area intersections and off-set peak parking demands.

Impacts on pedestrian, bicycle and transit circulation/safety for all modes

- are negligible.
- Site improvements that improve the associated parking lot movements will provide enhanced pedestrian safety,
- provide an additional on street parking space, and
- provide more predictability for drivers and bicyclists on adjacent rights of way as to how vehicles enter or leave the site.
- Crash data indicates that there are no safety issues with any of the area intersections that were included in the TIS.

Adequate transportation demand management strategies

- are designed to reduce single vehicle occupancy trips to a development and support alternative transportation modes.
- Portland Transportation notes that because the site is located within a network of fully improved streets with sidewalks, close by transit, and near by streets with bike facilities, there is an expectation of a high modal split among visitors and employees of the building.
- The submitted TIS documents that the trips and visitors generated by the proposal will not have significant impact on available on street parking nor add a significant amount of trips to the transportation system to have impacts.
- PBOT further notes that the applicant's TDM program includes a broad number of elements that will be implemented to further reduce single occupancy vehicle trips to the site.
- PBOT is supportive of the proposed TDM plan.

For all these reasons, this criterion is met.

C. City-designated scenic resources are preserved;

Findings: City designated resources are shown on the zoning map by the 's' overlay. There are no such resources present on the site. Therefore, this criterion is not applicable.

D. At least 33 percent of the floor area of the proposed use is dedicated for the development, testing, manufacturing, processing, fabrication, packaging, or assembly of goods. "Goods" include products made from man-made, raw, secondary, or partially completed materials. "Goods" does not include the products or services offered by traditional Office uses described in 33.920.240, but may include electronic or digital products such as internet home pages, computer software, advertising materials, and others; and

Findings: The applicant requests a total of 12,200 square feet in the American Brush Building for Industrial Office uses, an additional 9,200 square feet more than the 3,000 square feet allowed by right. The first floor of the building is leased to two different businesses engaged in manufacturing and production. The proposal also includes a request for 1,300 square feet on the first floor to be allowed in retail sales and service uses.

As noted earlier in this Report and Recommendation, the zoning code provides a use description for the Industrial Office use category, which bears repeating for this criterion:

The zoning code, at 33.920.240.A, Characteristics, states in part:

Industrial Office uses are characterized by activities that, while conducted in an office-like setting, are more compatible with industrial activities, businesses, and districts. Their operations are less service-oriented than Traditional Office uses and focus on the development, testing, production, processing, packaging, or assembly of goods and products, which may include digital products such as internet home pages, media content, designs and specifications, computer software, advertising materials, and others. They primarily provide products to other businesses. They do not require customers or clients to visit the site; any such visits are infrequent and incidental.

The Use Description category further notes, at 33.920.240.c.2, the following:

<u>Industrial Office</u>: Software and internet content development and publishing; computer systems design and programming; graphic and industrial design; engineers; architects; telecommunication service providers; data processing; television, video, radio, and internet studios and broadcasting; scientific and technical services; and medical and dental labs.

The existing building has a total of 17,794 square feet, of which 14,200 net square feet are leasable/occupied areas; the balance includes stairways, restrooms, and common areas available to all building tenants, such as the indoor fully secured bike parking room and associated laundry/shower facilities for bike commuters. In order to meet the 33% threshold, one must use the total floor area of 17,794 square feet for this calculation, using the definition of floor area at 910-page 14.

The 33% threshold based on the net gross floor area is 4,366 sq feet. The applicant requests a total of 12,200 sq ft to be allowed in Industrial Office uses, which, by definition includes operations that focus on "...development, testing, production, processing, packaging, or assembly of goods and products, which may include digital products such as internet home pages, media content, designs and specifications, computer software, advertising materials, and others."

With approval of the proposal, 68.5% of the total floor area will be in Industrial Office uses. This is more than 33% of the floor area of the building and therefore this criterion is met.

E. The nature of the business does not require customers to visit the site in order to purchase manufactured goods.

Findings: The applicant's TIS documents that the number of trips that will be generated by the proposal will be minimal, and the impacts associated with the existing transportation infrastructure will be minimal. The applicant requests 12,200 sq ft of the building to be allowed in Industrial Office uses. It is important to note that the Use Description at 33.920.240.A, *Characteristics*, states that the Industrial Office use does "not require customers or clients to visit the site; any such visits are infrequent and incidental." Therefore, the requested Industrial Office use meets this criterion, because it is one of many inherent characteristics that are attributable to Industrial Office. This criterion is met.

Development Standards

Unless specifically required in the approval criteria listed above, this proposal does not have to meet the development standards in order to be approved during this review process. The plans submitted for a building or zoning permit must demonstrate that all development standards of

Title 33 can be met, or have received an Adjustment or Modification via a land use review prior to the approval of a building or zoning permit.

CONCLUSIONS

The applicant requests Conditional Use approval to allow a Retail Sales and Service use of up to 1,300 sq ft on the first floor of the American Brush Building, and Industrial Office use up to 3,800 square feet for the 2nd floor; 4,200 square feet on the 3rd floor; and 4,200 square feet on the 4th floor. The proposed Retail Sales and Service Use is relatively small and is primarily to allow a current tenant to sell chocolate candies which are manufactured on the site. The expectation is that this use will draw mostly pedestrians who are employees from the Industrial area as well as workers and residents in the Central Employment area.

The request for Industrial Office uses of up to 12,200 square feet within the building will provide flexibility in the future for new tenants. The building is currently leased to tenants who are allowed by right, but several will have an opportunity to expand their operations within the building via a Conditional Use approval to have additional floor area allowances for Industrial Office, and to allow both a Retail Sales and Service use and Industrial Office use on the same site.

The proposal meets all of the applicable approval criteria and therefore should be approved.

TENTATIVE STAFF RECOMMENDATION

(May be revised upon receipt of new information at any time prior to the Hearings Officer decision)

Approval of:

- A Retail Sales and Service use of up to 1,300 square feet on the first floor;
- Industrial Office uses up to:
- 3,800 square feet on the second floor;
- 4,200 square feet on the third floor; and
- 4,200 square feet on the fourth floor

subject to the following condition:

A. As part of the building permit application submittal, each of the 4 required site plans and any additional drawings must reflect the information and design approved by this land use review as indicated in Exhibits C.1. The sheets on which this information appears must be labeled, "Proposal and design as approved in Case File # LU 12-215799 CU."

Procedural Information. The application for this land use review was submitted on December 14, 2012, and was determined to be complete on January 22, 2013.

Zoning Code Section 33.700.080 states that Land Use Review applications are reviewed under the regulations in effect at the time the application was submitted, provided that the application is complete at the time of submittal, or complete within 180 days. Therefore this application was reviewed against the Zoning Code in effect on December 14, 2012.

ORS 227.178 states the City must issue a final decision on Land Use Review applications within 120-days of the application being deemed complete. The 120-day review period may be waived or extended at the request of the applicant. In this case, the applicant requested that the 120-day review period be extended (for 7 additional days to accommodate a change in Hearing date, per Exhibit A-3). Unless further extended by the applicant, **the 120 days will expire on: May 29, 2013.**

Some of the information contained in this report was provided by the applicant.

As required by Section 33.800.060 of the Portland Zoning Code, the burden of proof is on the applicant to show that the approval criteria are met. The Bureau of Development Services has independently reviewed the information submitted by the applicant and has included this information only where the Bureau of Development Services has determined the information satisfactorily demonstrates compliance with the applicable approval criteria. This report is the recommendation of the Bureau of Development Services with input from other City and public agencies.

Conditions of Approval. If approved, this project may be subject to a number of specific conditions, listed above. Compliance with the applicable conditions of approval must be documented in all related permit applications. Plans and drawings submitted during the permitting process must illustrate how applicable conditions of approval are met. Any project elements that are specifically required by conditions of approval must be shown on the plans, and labeled as such.

These conditions of approval run with the land, unless modified by future land use reviews. As used in the conditions, the term "applicant" includes the applicant for this land use review, any person undertaking development pursuant to this land use review, the proprietor of the use or development approved by this land use review, and the current owner and future owners of the property subject to this land use review.

This report is not a decision. The review body for this proposal is the Hearings Officer who will make the decision on this case. This report is a recommendation to the Hearings Officer by the Bureau of Development Services. The review body may adopt, modify, or reject this recommendation. The Hearings Officer will make a decision about this proposal within 17 days of the close of the record. Your comments to the Hearings Officer can be mailed c/o the Hearings Officer, 1900 SW Fourth Ave., Suite 3100, Portland, OR 97201 or faxed to 503-823-4347.

You will receive mailed notice of the decision if you write a letter received before the hearing or testify at the hearing, or if you are the property owner or applicant. This Staff Report will be posted on the Bureau of Development Services website. Look at www.portlandonline.com. On the left side of the page use the search box to find Development Services, then click on the Zoning/Land Use section, select Notices and Hearings. Land use review notices are listed by the District Coalition shown at the beginning of this document. You may review the file on this case at the Development Services Building at 1900 SW Fourth Ave., Suite 5000, Portland, OR 97201.

Appeal of the decision. The decision of the Hearings Officer may be appealed to City Council, who will hold a public hearing. If you or anyone else appeals the decision of the Hearings Officer, only evidence previously presented to the Hearings Officer will be considered by the City Council.

Who can appeal: You may appeal the decision only if you write a letter which is received before the close of the record for the hearing, if you testify at the hearing, or if you are the property owner/applicant. Appeals must be filed within 14 days of the decision. Appeals must be filed within 14 days of the decision. An appeal fee of \$5,000.00 will be charged (one-half of the BDS application fee, up to a maximum of \$5,000). The application fee for this request is: \$15,718.00.

Appeal Fee Waivers: Neighborhood associations recognized by the Office of Neighborhood Involvement may qualify for a waiver of the appeal fee provided that the association has standing to appeal. The appeal must contain the signature of the Chair person or other person_authorized by the association, confirming the vote to appeal was done in accordance with the organization's bylaws.

Neighborhood associations, who wish to qualify for a fee waiver, must complete the Type III Appeal Fee Waiver Request for Organizations Form and submit it prior to the appeal deadline. The Type III Appeal Fee Waiver Request for Organizations Form contains instructions on how to apply for a fee waiver, including the required vote to appeal.

Recording the final decision.

If this Land Use Review is approved the final decision must be recorded with the Multnomah County Recorder. A few days prior to the last day to appeal, the City will mail instructions to the applicant for recording the documents associated with their final land use decision.

- Unless appealed, The final decision may be recorded on or after the day following the last day to appeal. The Hearings Officer's will note this date in the decision.
- A building or zoning permit will be issued only after the final decision is recorded.

The applicant, builder, or a representative may record the final decision as follows:

- By Mail: Send the two recording sheets (sent in separate mailing) and the final Land Use Review decision with a check made payable to the Multnomah County Recorder to: Multnomah County Recorder, P.O. Box 5007, Portland OR 97208. The recording fee is identified on the recording sheet. Please include a self-addressed, stamped envelope.
- In Person: Bring the two recording sheets (sent in separate mailing) and the final Land Use Review decision with a check made payable to the Multnomah County Recorder to the County Recorder's office located at 501 SE Hawthorne Boulevard, #158, Portland OR 97214. The recording fee is identified on the recording sheet.

For further information on recording, please call the County Recorder at 503-988-3034 For further information on your recording documents please call the Bureau of Development Services Land Use Services Division at 503-823-0625.

Expiration of this approval. An approval expires three years from the date the final decision is rendered unless a building permit has been issued, or the approved activity has begun.

Where a site has received approval for multiple developments, and a building permit is not issued for all of the approved development within three years of the date of the final decision, a new land use review will be required before a permit will be issued for the remaining development, subject to the Zoning Code in effect at that time.

Zone Change and Comprehensive Plan Map Amendment approvals do not expire.

Applying for your permits. A building permit, occupancy permit, or development permit may be required before carrying out an approved project. At the time they apply for a permit, permittees must demonstrate compliance with:

- All conditions imposed herein;
- All applicable development standards, unless specifically exempted as part of this land use review;
- All requirements of the building code; and
- All provisions of the Municipal Code of the City of Portland, and all other applicable ordinances, provisions and regulations of the City.

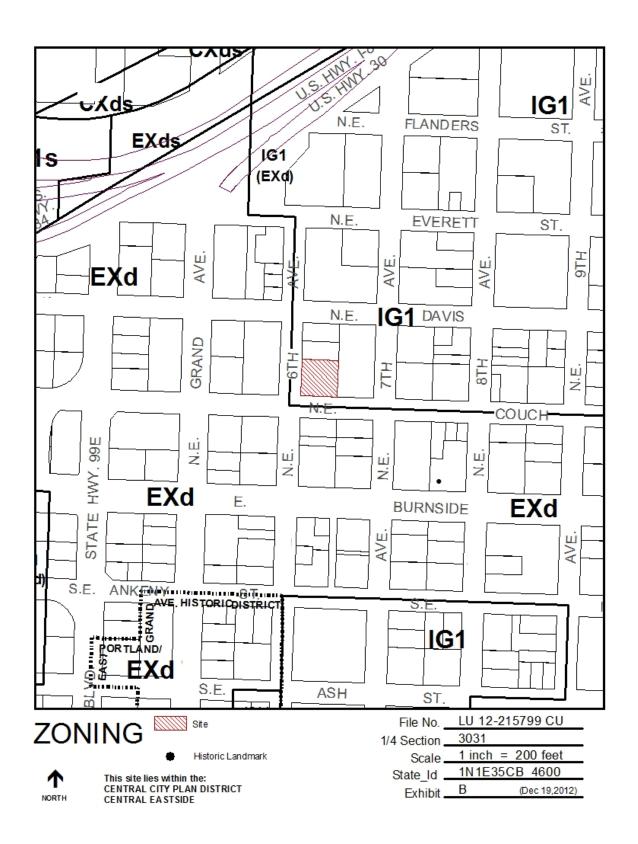
Planner's Name: Sylvia Cate Date: March 8, 2013

EXHIBITS

NOT ATTACHED UNLESS INDICATED

- A. Applicant's Statement:
 - 1. Project Narrative
 - 2. Additional Narrative
 - 3. Time extension
 - 4. Traffic Impact Study: Nelson\Nygaard
- B. Zoning Map (attached):
- C. Plans & Drawings:
 - 1. Site Plan (attached)
- D. Notification information:
 - 1. Request for response
 - 2. Posting letter sent to applicant
 - 3. Notice to be posted
 - 4. Applicant's statement certifying posting
 - 5 Mailing list
 - 6. Mailed notice
- E. Agency Responses:
 - 1. Bureau of Environmental Services
 - 2. Bureau of Transportation Engineering and Development Review
 - 3. Water Bureau
 - 4. Fire Bureau
 - 5. Site Development Review Section of Bureau of Development Services
 - 6. Bureau of Parks, Forestry Division
 - 7. Life Safety Review Section of Bureau of Development Services
- F. Letters:
 - 1. Kerns Neighborhood Association, March 4, 2013; Voted unanimously in support
- G. Other:
 - 1. Original LUR Application
 - 2. Pre Application Conference Summary Notes

The Bureau of Development Services is committed to providing equal access to information and hearings. Please notify us no less than five business days prior to the event if you need special accommodations. Call 503-823-7300 (TTY 503-823-6868).



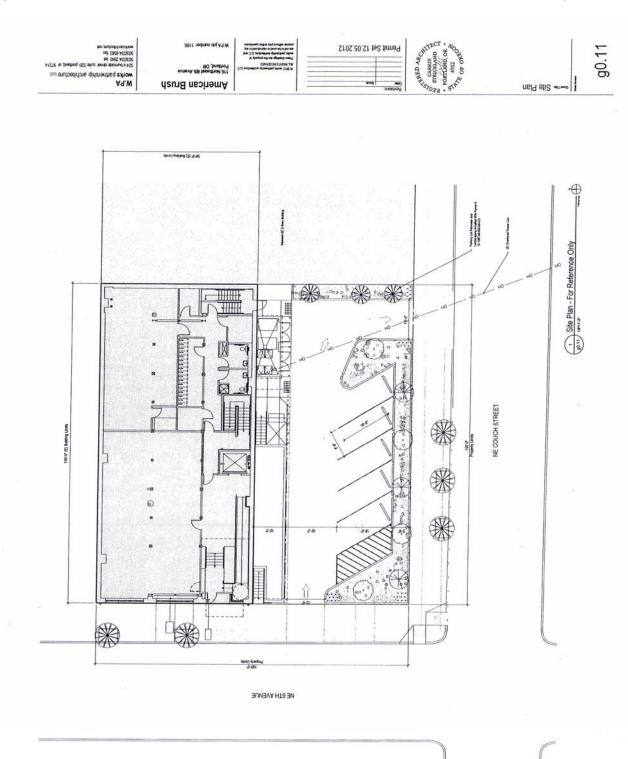


EXHIBIT C-1 SITE PLAN