

February 17, 2023

Gladstone Planning Commission
Gladstone City Hall
18505 Portland Avenue
Gladstone, OR 97027

RE: C-2 Zone and Downtown Core Overlay Code Amendments
TXT-2022-02

Dear Planning Commission,

My family owns the vacant lot located at 220 Portland Avenue, corner of Arlington Street and Portland Avenue. I've had the opportunity to testify in front of you on a couple of occasions as a proponent for TX-2022-02. I continue to be in full support of the proposed changes.

In recent months I have reached out to a few business associates more familiar with the development and leasing of mixed-use property. They have provided some additional insights and a few concerns. While none of these concerns would be categorized as insurmountable, some minor alterations to TX-2022-02 could prove invaluable in creating a more viable outcome for our property and others.

Before outlining suggested alterations I would like to make a few underlying points. These are largely thoughts as conveyed by developers who reviewed TX-2022-02 on my behalf and are actively involved in mixed-use projects. These thoughts are bulleted below:

- Our vacant lot at 220 Portland Avenue is 10,000 SF. A few lots in the Overlay Zone are comparable in size, but most are smaller. None of these are large from a developer's perspective. Unless a developer manages to string together contiguous lots, these standalone properties will require maximum flexibility to warrant mixed-use, multi-floor construction.
- Active ground floor retail use has become problematic. Particularly in suburban locations, retail uses are tough to come by that can pay rent for vertical construction. And COVID has had a major impact on mixed-use ground floor retailers, many of which were restaurants that failed.
- Too many design elements and requirements are cumbersome and can chase developers away. They dampen flexibility necessary to achieve financial viability for vertical mixed-use projects.
- Four stories is probably right-sized for Gladstone. Although many recent area projects utilize 6 stories, it doesn't appear to fit the surroundings of the Overlay Zone.

With these underlying points made, I would like to suggest several alterations to the current text of TX-2022-02. The suggested alterations are bulleted below:

- Consider elimination of the 15' minimum first-story requirement. This represents a significant development expense that may be irrecoverable in today's retail user market. If the vision is to have active storefronts on Portland Avenue with office and residential above, let the market dictate the appropriate size and configuration of lower levels.

- Consider modifying or eliminating window/transparency requirements. In particular, Section 17.21.070(2)(b), is problematic. The articulation requirements will likely decrease the number of units above the ground floor which projects reduced cost recovery and rent for a developer.
- No minimum parking is good; however there is no provision in TX-2022-02 for protecting or maximizing on-street parking for businesses. A developer and retail user should have some idea of what those protections entail ahead of time.
- Sections 17.21.040, 'Uses allowed outright', and 17.21.050, 'Conditional uses'. While the list of allowed and conditional uses appears extensive, it is by no means all-inclusive. Suggest that language be added to include the term "active uses" on the ground floor which permits flexibility to consider emerging services and retail opportunities.

One of my developer associates summarized his thoughts on TX-2022-02 in this way. It is very ambitious and commendable what Gladstone is doing with the Core Overlay Zone. It is also long overdue. But they should be careful that too many required components in the current climate limit desirability and possibilities for a developer. In his words, "less is more".

My plan was to attend the Committee meeting this coming Tuesday and testify. Unfortunately, a family matter took me out of town and my return for your meeting is questionable. I hope this letter will suffice for my testimony. I also had the opportunity to speak with John Southgate a couple of times on the phone regarding my thoughts. I am comfortable that he is able to fill in the blanks should there be some shortcomings or questions regarding my written comments.

Thank you in advance for considering the content of this letter.

Respectfully,

Terry Marsh
6310 SE Jennings Avenue
Milwaukie, OR 97267
PH: 503-789-7922