



City of McMinnville

PLANNING

**City of McMinnville
Planning Department**

231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311

www.mcminnvilleoregon.gov

Historic Landmarks Committee Hybrid In-Person & ZOOM Online Meeting Thursday, September 29, 2022 - 3:00 PM McMinnville Civic Hall: 200 NE 2nd St.

Please note that this meeting will take place at McMinnville Civic Hall and simultaneously be conducted via ZOOM meeting software if you are unable or choose not to attend in person

Join Zoom Meeting

<https://mcminnvilleoregon.zoom.us/j/85995650539?pwd=b010V09QYXM5MEclalhDUDMrODdNz09>

Zoom Meeting ID: 859 9565 0539

Zoom Meeting Passcode: 661305

Or join ZOOM Meeting by phone via the following number: 1-253-215-8782

| Committee Members | Agenda Items |
|---|--|
| John Mead, Chair | 1. Call to Order |
| Mary Beth Branch, Vice Chair | 2. Citizen Comments |
| Mark Cooley | 3. <u>Quasi-Judicial Public Hearing: Gwendolyn Hotel</u> (Exhibit 1) |
| Eve Dewan | Request: Request to demolish three historic resources and build a new five-story hotel with ground floor commercial, roof deck and underground parking structure. |
| Christopher Knapp | Docket: HL 6-22 , (Certificate of Approval for Demolition, 609 NE Third Street) Property Owner – Jon Bladine, Oregon Lithoprint Inc. |
| Youth Liaison: Hadleigh Heller | HL 7-22 , (Certificate of Approval for Demolition, 611 NE Third Street) Property Owner – Jon Bladine, Bladine Family Limited Partnership |
| City Council Liaison Chris Chenoweth | HL 8-22 , (Certificate of Approval for Demolition, 619 NE Third Street) Property Owner - Philip Frischmuth, Wild Haven LLC DDR 2-22 , (Downtown Design Review – New Construction) Applicant: Mark Vuong, HD McMinnville LLC |
| | 4. Committee Member Comments |
| | 5. Staff Comments |
| | 6. Adjournment |

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

*Please note that these documents are also on the City's website, www.mcminnvilleoregon.gov. You may also request a copy from the Planning Department.



STAFF REPORT

DATE: September 29, 2022
TO: Historic Landmarks Committee Members
FROM: Heather Richards, Community Development Director
SUBJECT: Gwendolyn Hotel Public Hearing (HL 6-22, HL 7-22, HL 8-22, DDR 2-22_

STRATEGIC PRIORITY & GOAL:



GROWTH & DEVELOPMENT CHARACTER

Guide growth & development strategically, responsively & responsibly to enhance our unique character.

OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

Report in Brief:

This is a public hearing to consider four land-use applications associated with the Gwendolyn Hotel project. Three of the land-use applications are requesting a Certificate of Approval to demolish a historic resource on 609 NE Third Street, 611 NE Third Street, and 619 NE Third Street. The fourth land-use application is for a Certificate of New Construction, Downtown Design Review Approval and a Waiver from the Downtown Design Review standards for a new construction project on the combined site of 609, 611 and 619 NE Third Street, entitled the Gwendolyn Hotel. The Gwendolyn Hotel is a five-story hotel with ground floor commercial, a roof deck with a pool and dining, and an underground parking structure with 68 parking stalls.

All three structures proposed to be demolished are listed on the National Register of Historic Places as part of the McMinnville Downtown Historic District and are listed individually on the McMinnville Historic Resources Inventory necessitating a public hearing per Oregon Administrative Rule (OAR) 660-023-0200.

Staff has reviewed the application relative to the pertinent state and local regulations and has provided draft decision documents for the Historic Landmarks Committee (HLC) to consider. (Please see attached decision documents). Based on that review, there are several items where the criteria have not been met due to insufficient information. At this point HLC can deny the applications or continue the public hearing allowing the applicant to provide the additional information needed to address the criterion.

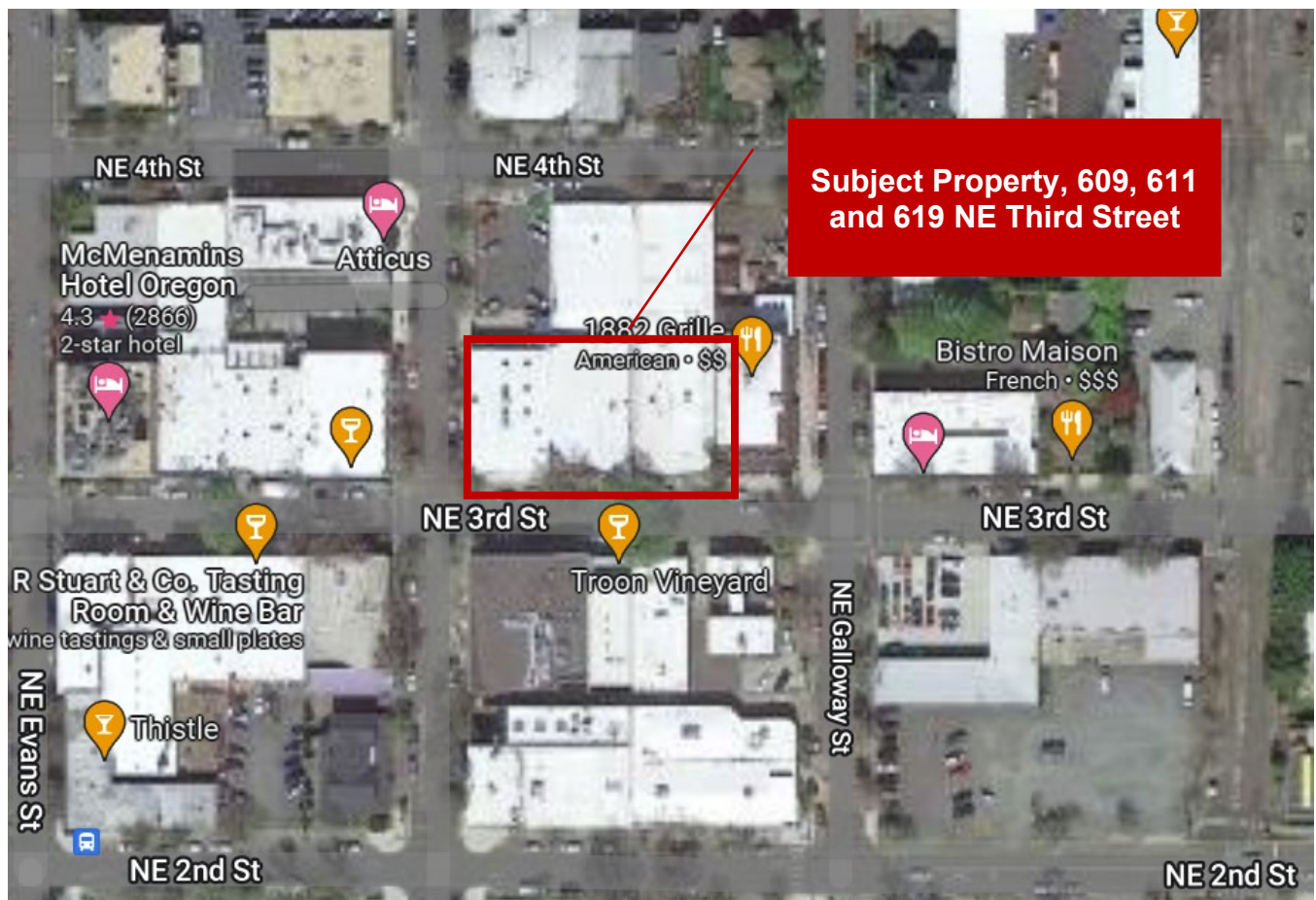
The applicant has requested that the public hearing be continued to the November HLC meeting. (Please see attached letter from Schwabe, Williamson & Wyatt.)

Background:

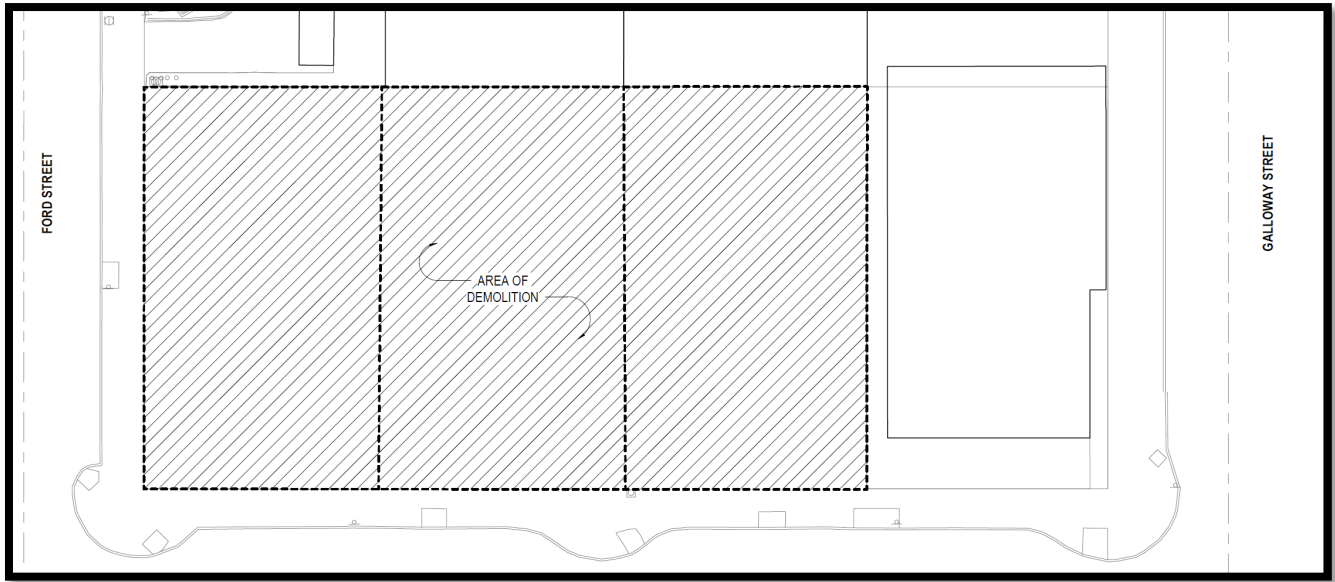
The subject property is located at 609, 611 and 619 NE Third Street. The property is identified as Tax Lots 4500, 4300, and 4201, Section 21BC, T. 4 S., R. 4 W., W.M. It is on the east end of Third Street, northern frontage between Ford Street and Galloway Street.

The site is at the northeast corner of NE 3rd Street and NE Ford Street and consists of three buildings: two tax lots addressed as 609 NE 3rd Street and 619 NE 3rd Street, and the southern portion of the tax lot addressed as 611 NE 3rd Street. All three tax lots are currently developed with buildings.

The property to the east of the development site, the Kaos Building at 645 NE 3rd Street, is developed with restaurant and other commercial uses. The sites south of NE 3rd Street are developed with a variety of commercial uses. The Tributary Hotel is on the southeast corner of NE 3rd Street and NE Ford Street. The site to the northwest is in use as a surface parking lot; the site north of 611 NE 3rd Street is the location of The Bindery event space. Please see vicinity map below.



Demolition Site



Structures to be Demolished:



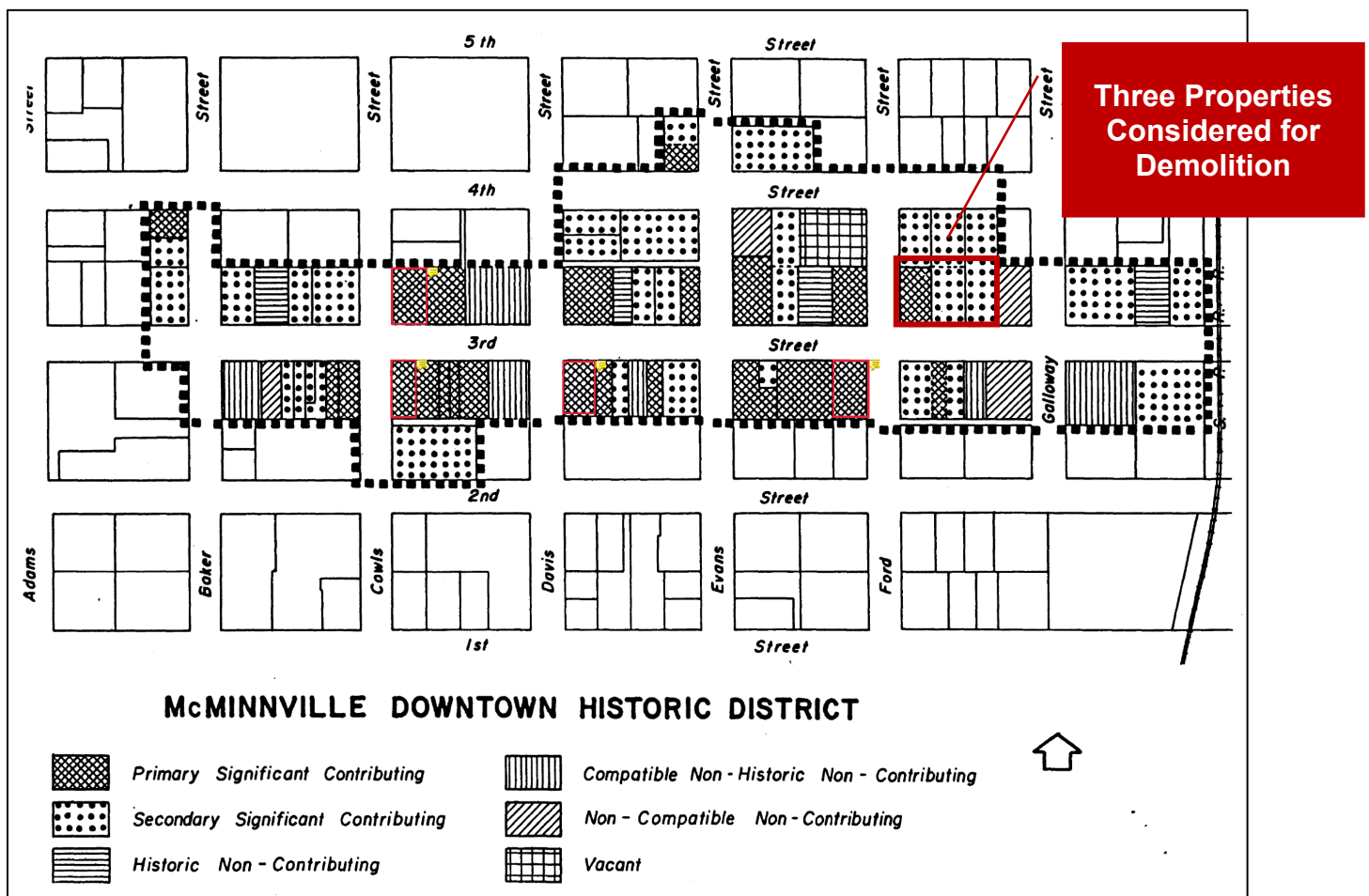
- 609 NE Third Street is considered a “Primary Significant Contributing” structure in the McMinnville Downtown Historic District and is listed as a B (Significant) resource on the McMinnville Historic Resources Inventory (B865).
- 611 NE Third Street is considered a “Secondary Significant Contributing” structure in the McMinnville Downtown Historic District and is listed as a B (Significant) resource on the McMinnville Historic Resources Inventory (B872).
- 619 NE Third Street is considered a “Secondary Significant Contributing” structure in the McMinnville Downtown Historic District and is listed as a D (Environmental) resource on the McMinnville Historic Resources Inventory (D876).

Per the McMinnville Municipal Code, the four different categories for a McMinnville Historic Resource are:

- **Distinctive:** Resources outstanding for architectural or historic reasons and potentially worthy of nomination to the National Register of Historic Places;

- **Significant:** Resources of recognized importance to the City due to historical association or architectural integrity, uniqueness, or quality;
- **Contributory:** Resources not in themselves of major significance, but which enhance the overall historic character of the neighborhood or City. Removal or alteration would have a deleterious effect on the quality of historic continuity experienced in the community; or
- **Environmental:** This category includes all resources surveyed that were not classified as distinctive, significant, or contributory. The resources comprise an historic context within the community.

Below is a map of the McMinnville National Register of Historic Places Downtown Historic District.



When the McMinnville Historic District nomination was prepared, assignment of primary and secondary contributing versus non-contributing was done based on the following: The National Register nomination describes the categories as such:

1. *Primary Significant Contributing: Structures are classified as Primary Significant if they were built on or before 1912, or reflect the building styles, traditions, or patterns of structures typically constructed before this date. These buildings represent the primary period of construction and development in downtown McMinnville from initial settlement in*

1881 to 1912, when city improvements and use of the Oregon Electric and Southern Pacific Railroad service prompted new construction in the downtown area.

- 2. Secondary Significant Contributing: Structures are classified as Secondary Significant if they were built in or between 1913 and 1937. These buildings represent the secondary period of construction and development from the increase of city improvements and auto traffic.*
- 3. Historic Non-Contributing: Structures are classified as Historic Non-Contributing if they were built either during the primary or secondary periods of construction but have been so altered over time that their contributing elements (siding, windows, massing, entrances, and roof) have been lost or concealed. If their contributing elements were restored, these buildings could be reclassified as Primary of [sic] Secondary Significant.*
- 4. Compatible Non-Historic and Non-Contributing: Structures are classified as Compatible Non-Contributing if they were built after 1937 (When the nomination was being prepared in 1987, buildings constructed in 1937 were then 50 years old and met the threshold for National Register eligibility). but are compatible architecturally (i.e. scale, materials, use) with the significant structures and the historic character of the district.*
- 5. Non-Compatible Non-Contributing: Structures are classified as Non-Compatible Non-Contributing if they were built after 1937 and are incompatible architecturally (i.e. scale, materials, and use) with the significant structures and the historic character of the District.*
- 6. Vacant: Properties are classified as Vacant if there are no buildings sited on them (i.e., vacant lots, alleys, parking lots).*

Proposed Project

Below is an excerpt from the application describing the proposed improvement program. The applicant would like to demolish the structures at 609, 611 and 619 NE Third Street and redevelop the property with a mixed-use hotel project that includes ground floor commercial amenities and dedicated underground parking for the project.

Within the last year, the properties at 609, 611, and 619 NE 3rd Street were listed for sale by the Bladine family and Wild Haven LLC. After analyzing the opportunity and studying both the history and potential of downtown McMinnville, the applicant saw an opportunity to greatly enhance both the economic and experiential vitality of 3rd Street.

McMinnville is in an early stage of responding to its goal of being the Willamette Valley's leader in hospitality and place-based tourism. The most recent renovation and redevelopment on the south side of 3rd Street, with new lodging, dining, and wine tasting, has been encouraging. However, the same opportunity for renovation for hospitality, commercial, and retail uses is not available to the subject buildings. As noted in the structural analysis included as Appendix C, changing the occupancy of these buildings from office to commercial, retail, or hospitality is likely to trigger significant seismic upgrades.

The applicant has indicated that this cost to fully renovate the buildings would be approximately \$12,025,000 inclusive of land cost, soft costs, and hard costs. Tenant improvements would cost an additional \$35 per sq. ft, for a total project cost of \$12,806,200. The achievable rents would be \$25 per sq. ft., with approximately 22,320 sq. ft. of rentable area, or \$558,000 effective gross income per year. Operating expenses are assumed at 38 percent of gross income, along with mortgage loan interest. The net operating income (NOI) including debt service would be (\$111,861) a year, or a loss of \$111,861 each year.

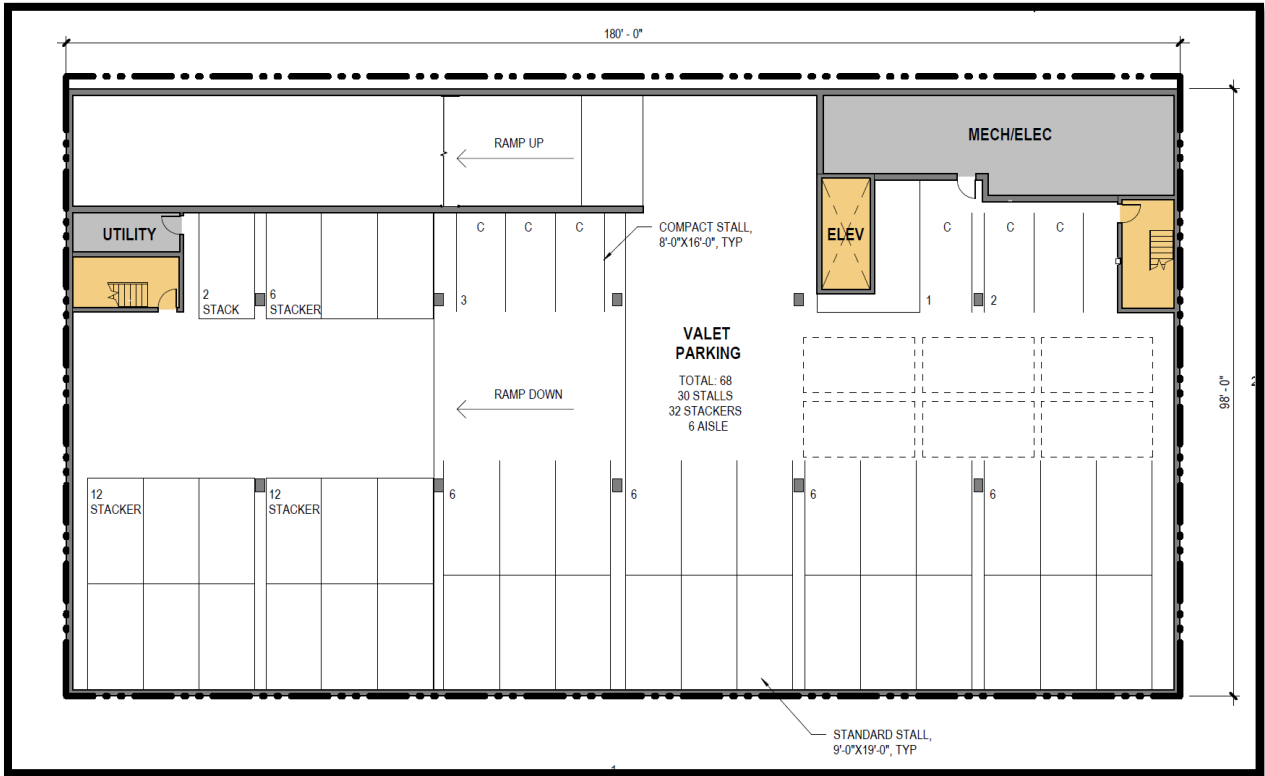
In this scenario, it would take the project approximately 40 years to recoup the initial rehabilitation cost and start making a profit. This would be unable to receive funding from a bank or investor and therefore is highly unlikely, if not impossible.

The proposal is to replace the three underutilized buildings at 609, 611, and 619 NE 3rd Street with a 90-95 room boutique hotel. The ground floor will include the hotel lobby, a signature restaurant at the corner of 3rd and Ford streets, with seasonal sidewalk dining, and small retail shop(s). The entire rooftop will be a mix of public uses, anchored by a small restaurant/bar opening onto a large terrace of seating and raised-bed landscaping. Though parking is not required in this location, a below-grade parking garage accommodating 68 parking stalls is proposed. The garage ramp will be at the north end of the property, mid-block on Ford Street, to avoid interrupting the 3rd Street pedestrian experience.

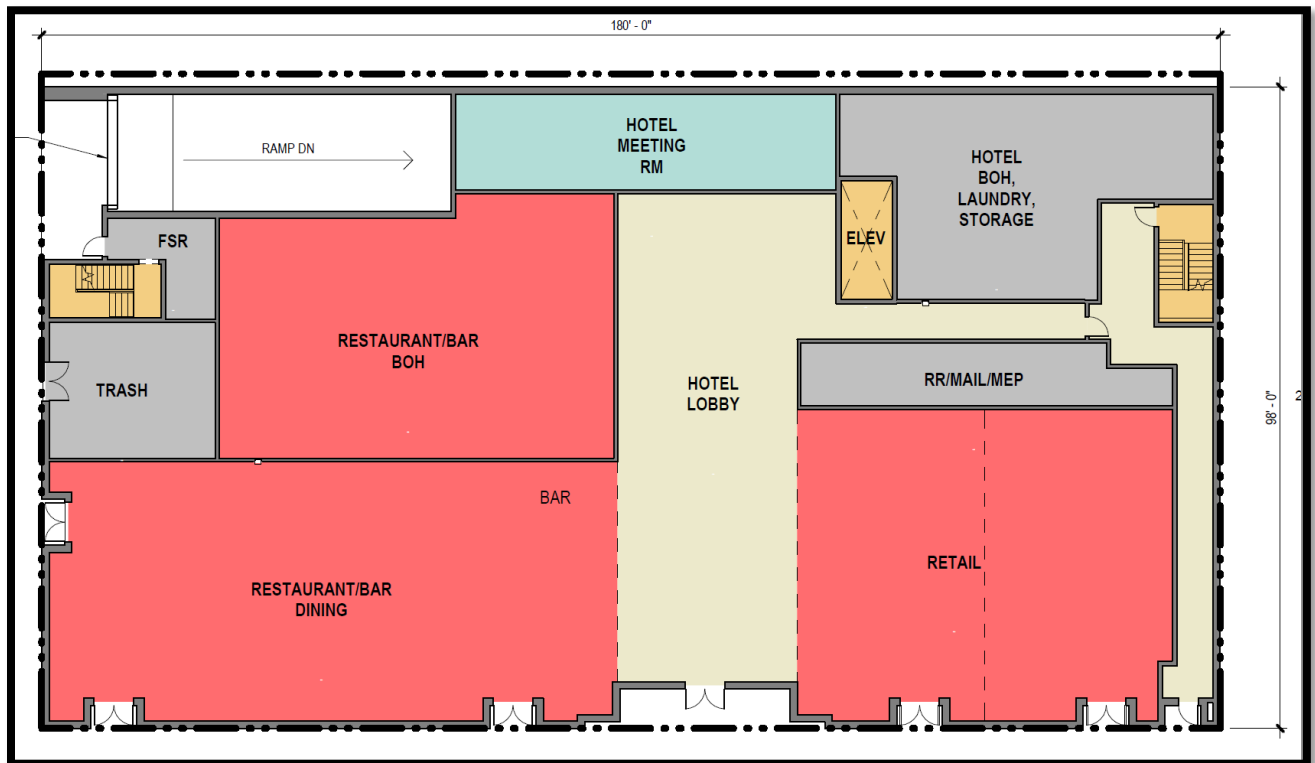
(Application Narrative, page 3)

The proposed project is a five-story building with ground floor commercial and retail space, four floors of hotel rooms (90-95 rooms), a roof-top deck and an underground parking structure (68 parking stalls). The first three floors are on a horizontal plane that is property tight with an overall height of 39 feet. The fourth and fifth floors, and the roof deck are set back from the horizontal plane of the first three floors by 10 feet on Third Street, and 8 feet 6 inches on Ford Street. The fourth and fifth floors add an additional 22 feet 8 inches of height to the building, and the roof deck adds another 12 feet 4 inches of height to the building, for a total height of 73 feet 10 inches without the elevator and equipment tower and 79 feet of height with the tower located on the back side of the building. ***Please series of floor plans that follow.***

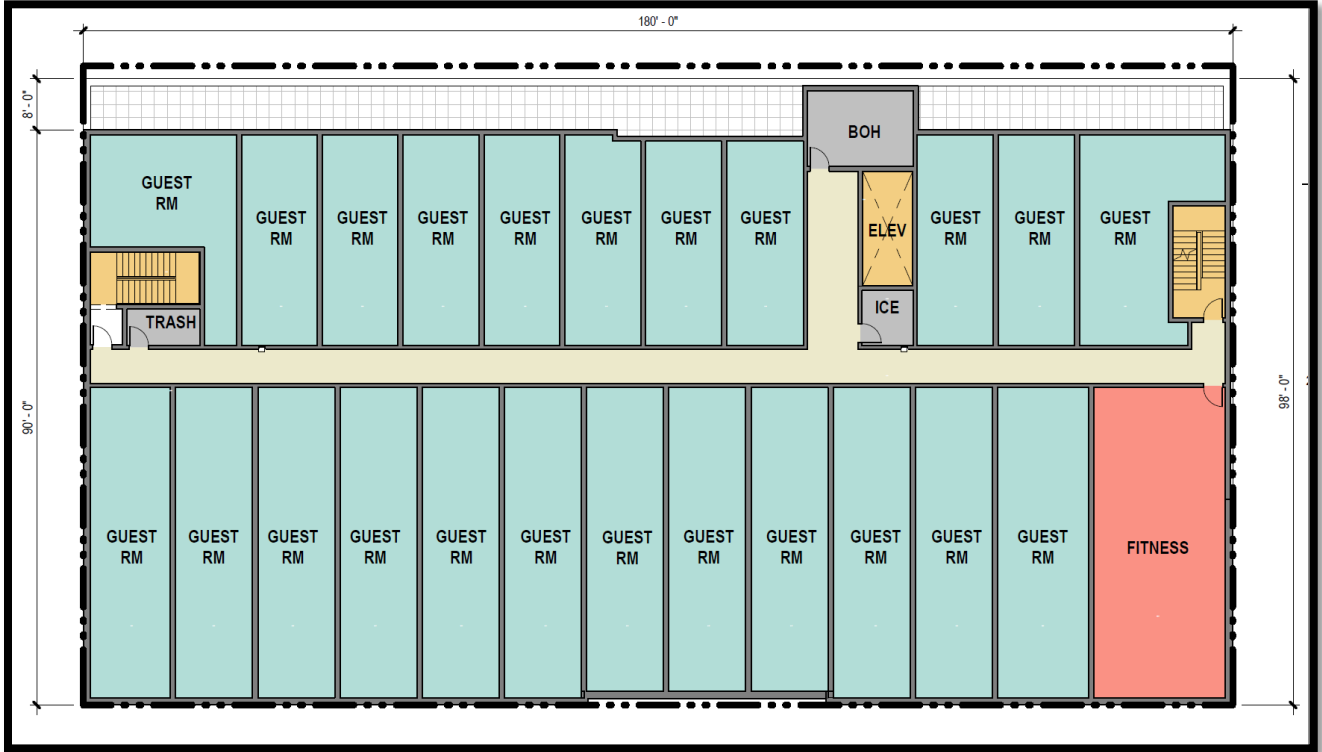
Series of Floor Plans



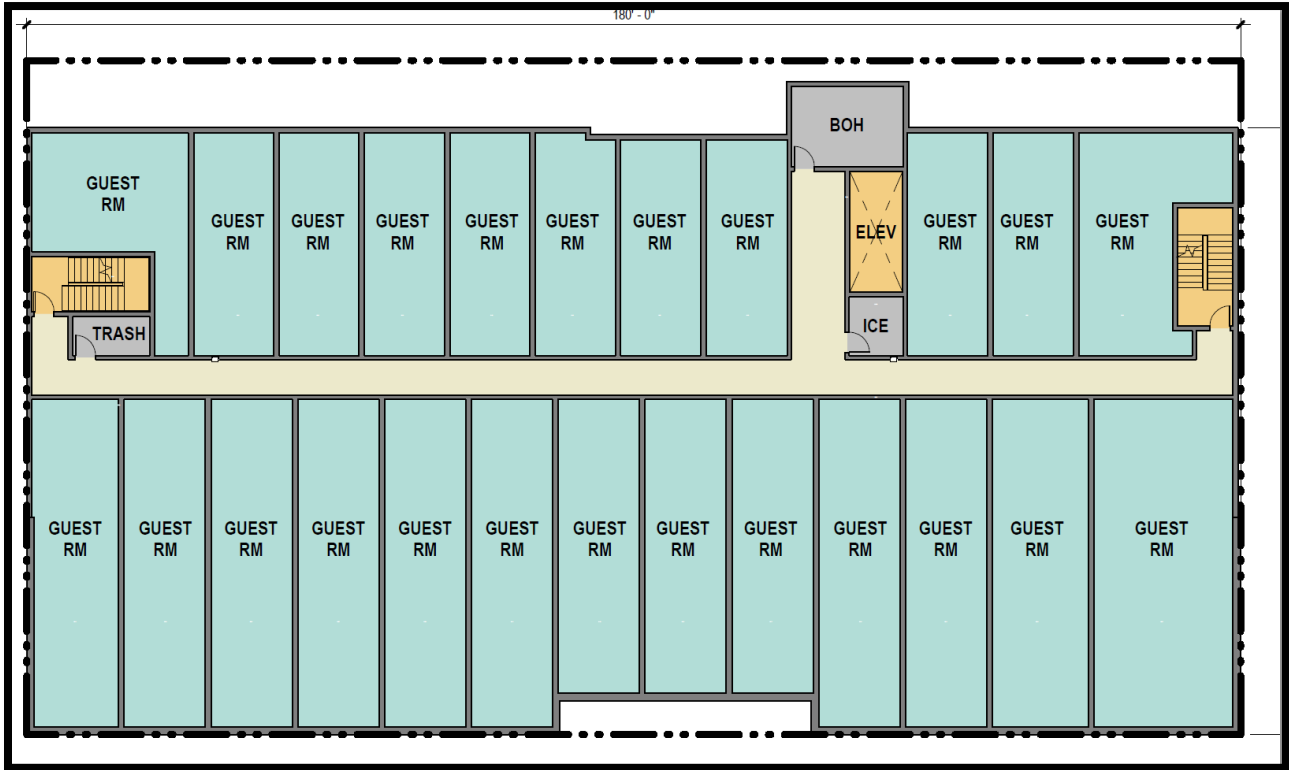
Basement – Underground Parking Structure



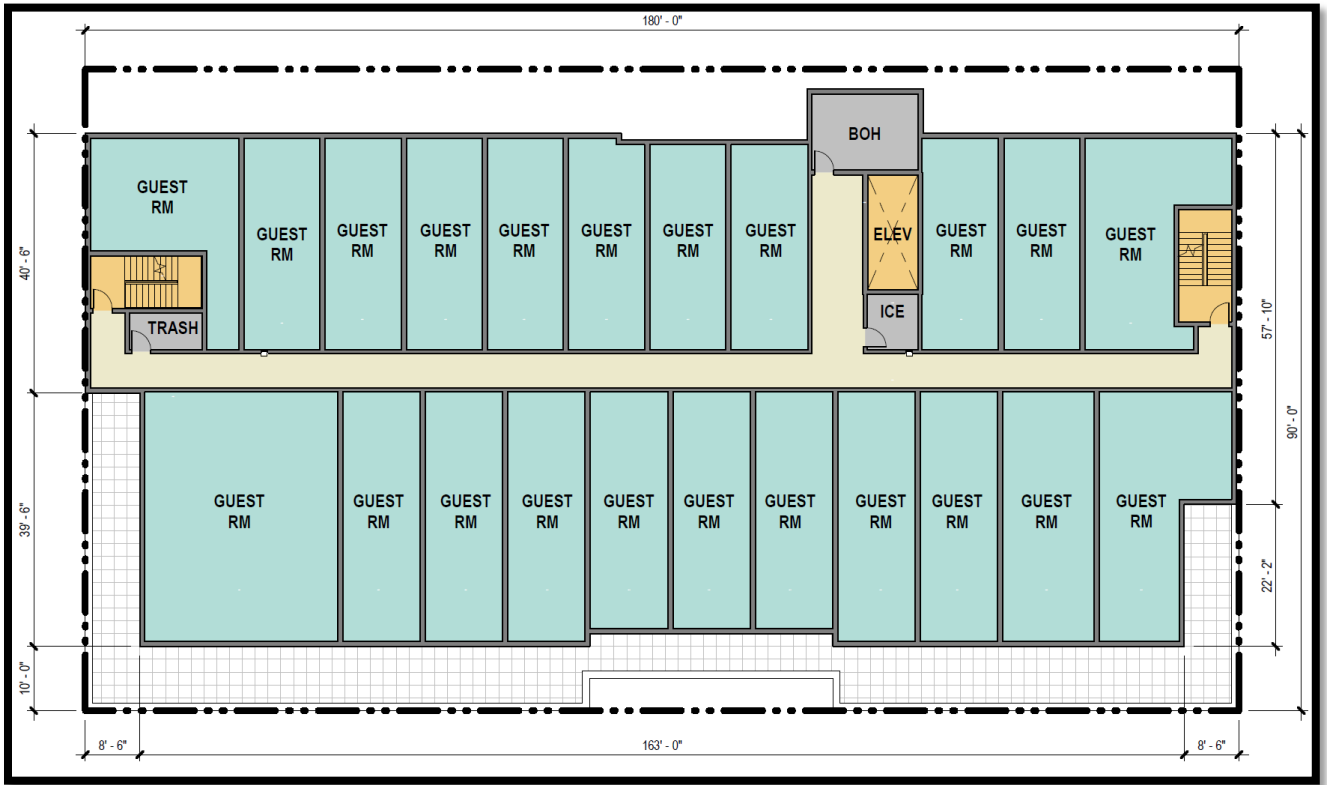
Ground Floor – Restaurant, Retail, Hotel Lobby



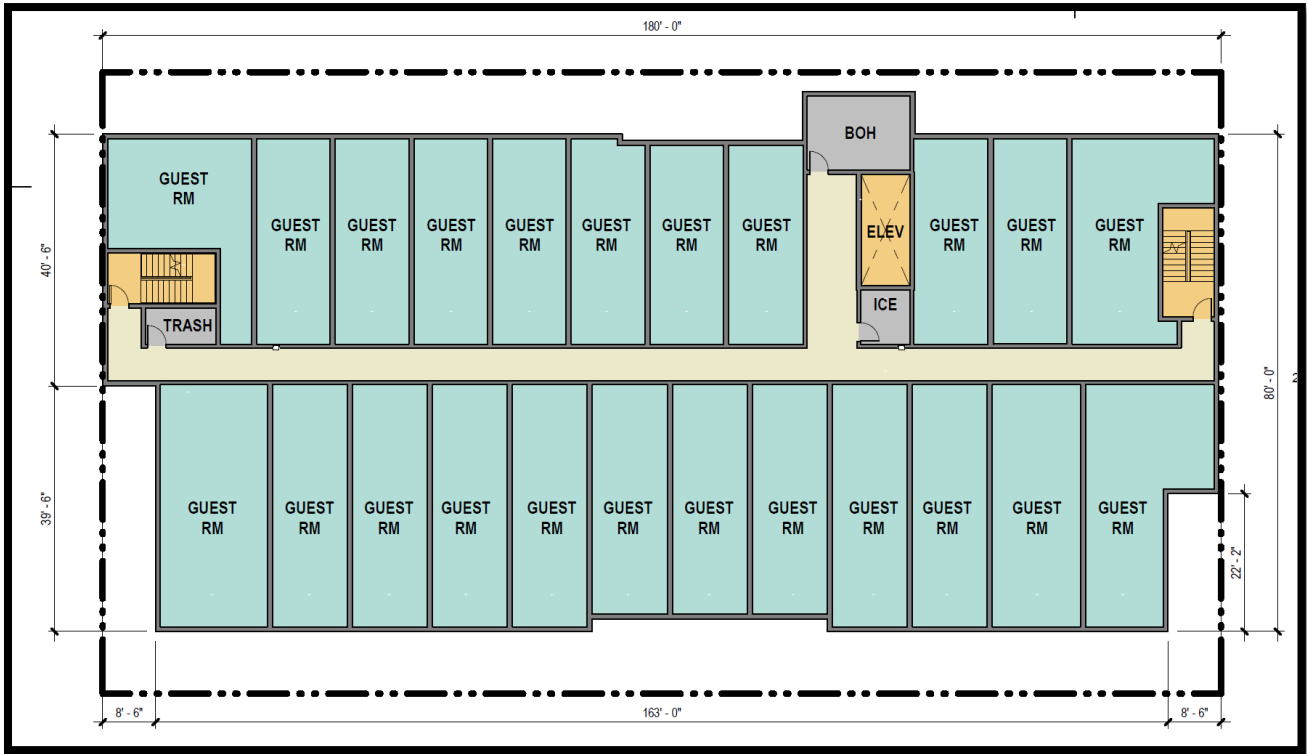
Second Floor – Hotel Rooms



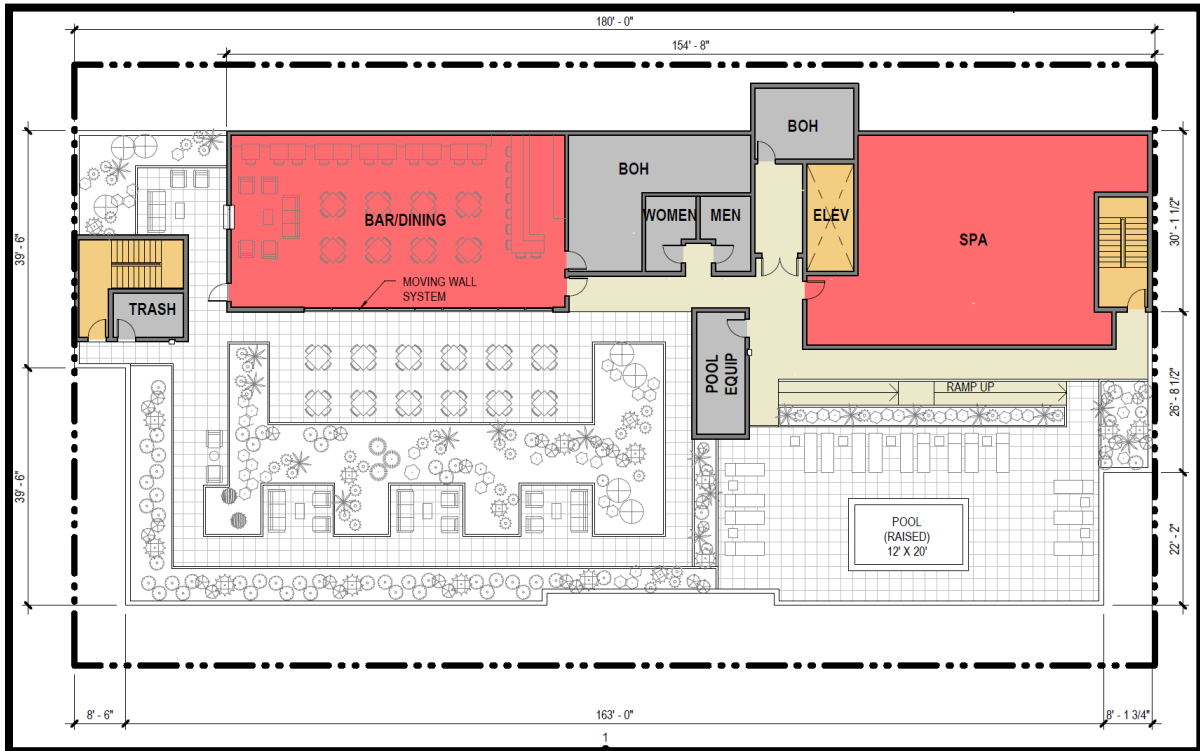
Third Floor – Hotel Rooms



Fourth Floor – Hotel Rooms



Fifth Floor – Hotel Rooms



Roof Deck with Pool, Spa and Dining

The total width of the building is 180 feet on the ground floor and 98 feet in depth on the ground floor. **Please See Third Street Elevation below.**

Third Street Elevation



View of Gwendolyn Hotel from Ford Street and Third Street



Mid-Block Street Perspective Along Third Street



Discussion:

The Historic Landmarks Committee must consider several different regulations when deliberating on whether to approve, approve with conditions or deny the applications.

For the Certificate of Demolition Approvals, the regulations are:

Oregon Administrative Rule, 660-023-0200, which states the following for considering the demolition of properties that are on the National Register of Historic Places

Oregon Administrative Rule 660-203-0200 (Section 8(a)) states that:

- (8) *National Register Resources are significant historic resources. For these resources, local governments are not required to follow the process described in OAR 660-023-0030 through 660-023-0050 or sections (4) through (6). Instead, a local government:*
- (a) *Must protect National Register Resources, regardless of whether the resources are designated in the local plan or land use regulations, by review of demolition or relocation that includes, at minimum, a public hearing process that results in approval, approval with conditions, or denial and considers the following factors: condition, historic integrity, age, historic significance, value to the community, economic consequences, design or construction rarity, and consistency with and consideration of other policy objectives in the acknowledged comprehensive plan. Local jurisdictions may exclude accessory structures and non-contributing resources within a National Register nomination;*

This states that the HLC must factor into their decision a consideration of a series of factors but it does not state how the HLC uses those factors to render a decision and provides some discretion.

McMinnville Comprehensive Plan Goals and Policies, specifically the following chapters:

- Natural Resources (Chapter II)
- Cultural, Historical, and Educational Resources (Chapter III)
- Economy of McMinnville (Chapter IV)
- Transportation (Chapter VI)
- Citizen Involvement and Plan Amendment (Chapter X)

McMinnville Municipal Code, Section 17.65.040 and 17.65.050, Historic Preservation, which considers the following guiding principles:

17.65.050 Demolition, Moving, or New Construction. The property owner shall submit an application for a Certificate of Approval for the demolition or moving of a historic resource, or any resource that is listed on the National Register for Historic Places, or for new construction on historical sites on which no structure exists. Applications shall be submitted to the Planning Department for initial review for completeness as stated in Section 17.72.040 of the McMinnville Zoning Ordinance. The Historic Landmarks Committee shall meet within thirty (30) days of the date the application was deemed complete by the Planning Department to review the request. A failure to review within thirty (30) days shall be considered as an approval of the application.

- A. *The Historic Landmarks Committee may approve, approve with conditions, or deny the application.*
- B. *The Historic Landmarks Committee shall base its decision on the following criteria:*
1. *The City's historic policies set forth in the comprehensive plan and the purpose of this ordinance;*
 2. *The economic use of the historic resource and the reasonableness of the proposed action and*

- their relationship to the historic resource preservation or renovation;*
3. *The value and significance of the historic resource;*
 4. *The physical condition of the historic resource;*
 5. *Whether the historic resource constitutes a hazard to the safety of the public or its occupants;*
 6. *Whether the historic resource is a deterrent to an improvement program of substantial benefit to the City which overrides the public interest in its preservation;*
 7. *Whether retention of the historic resource would cause financial hardship to the owner not outweighed by the public interest in the resource's preservation; and*
 8. *Whether retention of the historic resource would be in the best interests of a majority of the citizens of the City, as determined by the Historic Landmarks Committee, and, if not, whether the historic resource may be preserved by an alternative means such as through photography, item removal, written description, measured drawings, sound retention or other means of limited or special preservation.*
- C. *If the structure for which a demolition permit request has been filed has been damaged in excess of seventy percent (70%) of its assessed value due to fire, flood, wind, or other natural disaster, the Planning Director may approve the application without processing the request through the Historic Landmarks Committee.*
- D. *The Historic Landmarks Committee shall hold a public hearing to consider applications for the demolition or moving of any resource listed on National Register consistent with the procedures in Section 17.72.120 of the McMinnville Zoning Ordinance.*
- E. *Any approval may be conditioned by the Planning Director or the Historic Landmarks Committee to secure interior and/or exterior documentation of the resource prior to the proposed action. Required documentation shall consist of no less than twenty (20) black and white photographs with negatives or twenty (20) color slide photographs. The Historic Landmarks Committee may require documentation in another format or medium that is more suitable for the historic resource in question and the technology available at the time. Any approval may also be conditioned to preserve site landscaping such as individual plants or trees or to preserve selected architectural features such as doors, windows, brackets, mouldings or other details.*
- F. *If any proposed new construction is located in the downtown core as defined by Section 17.59.020 (A) of the McMinnville Zoning Ordinance, the new construction shall also comply with the requirements of Chapter 17.59 (Downtown Design Standards and Guidelines).*

Just like the Oregon Administrative Rules, the City's code does not provide a basis on how to consider the different elements of the code. The HLC has in the past rendered a decision for approval of demolition for projects that do not meet each principle and standard.

Staff has prepared a decision document that examines each of these regulations for each land-use application. The decision documents show where the factors, guiding principles and criterion are not met, where more information would be needed to make a determination, and where conditions of approval should be imposed to ensure compliance if the HLC approves the applications.

More Information Needed to Make a Determination:

OAR 660-023-0200 (Section 8(a)) Factors:

- **Condition of Property:** Structural evaluation was based on observations and no testing. An analysis with load testing should be conducted if considered a basis for demolition.
- **Historic Integrity:** Although it is clear from the pictures provided that all three properties have lost a significant amount of historic integrity, a memorandum identifying the different elements lost and retained should be provided if considered a basis for demolition.

- Age of Property: the applicant determined that all three properties are showing signs of their age. A report documenting how and why this is a consideration for demolition should be provided.

McMinnville Comprehensive Plan Policies:

- Specific to HL 6-22. There is a known contamination on the property at 609 NE Third Street. The property owner has drafted a Contaminated Media Management Plan and Site Investigation Summary Report which considers mitigation of the contamination in a variety of different scenarios. But does not consider the demolition of the structure on the property and the construction of a new underground parking structure as a scenario. The applicant should provide more information relative to the scenario specific to their project.

McMinnville Municipal Code

- Section 17.65.050(B)(2) – Economics: the applicant asserts that it is too expensive to rehabilitate the existing structures but does not provide the background data to support it. The basis for the calculations in the renovation/change of use discussion was not provided. Local lease market rates were not provided. Property purchase price versus a determination of property value was not provided. The applicant could have provided the purchase price of the property, the property tax statement showing the assessed value, real market value and property taxes for the past two years, a current fair market value as determined by an appraisal in the past twelve months, a profit and loss statement for the property as is, rehabilitated and fully leased and new construction as proposed, any expenditures associated with the property's structural maintenance in the past ten years, an estimate of the cost of rehabilitation of the property from a third-party licensed contractor, a report from a real estate professional exploring the viability of alternative uses of the property if rehabilitated, and a report of available economic incentives, including any federal tax credits available for rehabilitation of the property.
- Section 17.65.050(B)(4) – Physical Condition: Structural evaluation was based on observations and no testing. An analysis with load testing should be conducted if considered a basis for demolition.
- Section 17.65.050(B)(6) – Preservation is a deterrent to an improvement program. The applicant did not show how their planned improvement program could not be achieved by preserving the existing buildings.
- Section 17.65.050(B)(7) – Financial hardship to the Property Owner: The applicant has not provided enough information to demonstrate that preserving the property is a financial hardship for the property owner. The basis for the calculations in the renovation/change of use discussion was not provided. Local lease market rates were not provided. Property purchase price versus a determination of property value was not provided. The applicant could have provided the purchase price of the property, the property tax statement showing the assessed value, real market value and property taxes for the past two years, a current fair market value as determined by an appraisal in the past twelve months, a profit and loss statement for the property as is, rehabilitated and fully leased and new construction as proposed, any expenditures associated with the property's structural maintenance in the past ten years, an estimate of the cost of rehabilitation of the property from a third-party licensed contractor, a report from a real estate professional exploring the viability of alternative uses of the property if

rehabilitated, and a report of available economic incentives, including any federal tax credits available for rehabilitation of the property.

- Section 17.65.050(B)(8) – Economic and physical conditions of the property make a preservation project unfeasible: The applicant claims that rehabilitation of the existing structures is financially unfeasible due to the physical conditions of the properties, but did not provide a report that provided the basis for that assertion.

Recommended Conditions of Approval

If the Historic Landmarks Committee wants to move forward with approval, staff has provided a list of conditions of approval that should be considered for each application:

Specific to HL 6-22

These are conditions specific to the issues associated with the known underground storage tanks leaks that have occurred on the property and need to be mitigated with any demolition or construction

1. The applicant must demonstrate how construction activities regarding known pollutants residing under the structures onsite will not negatively affect development onsite, and not negatively affect the adjoining properties, including the city's right of ways. (Comprehensive Plan Policy 2.00)
2. The Applicant must demonstrate that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City's Right of Way and downstream users and properties. (Comprehensive Plan Policy 8.00)
3. The Applicant must demonstrate compliance with the Department of Environmental Quality and other appropriate agencies that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City's Right of Way and downstream users and properties. (Comprehensive Plan Policy 10.00)
4. The Applicant shall demonstrate its design and construction methods will avoid, and then minimize negative impacts related to water and air quality given the onsite and off-site hazards caused by the known hazardous spills associated with the site. (Comprehensive Plan Policy #132.46.00)
5. The Applicant shall demonstrate that storm water collection, detention, and drainage is constructed and maintained to restrict negative consequences and minimize adverse effects from the known underground pollution onsite and off-site areas caused by the owner of the site. (Comprehensive Plan Policy #142.00)
6. The Applicant shall demonstrate how it will comply with all federal, state and local water and wastewater quality standards, given the DEQ LUST case regarding a hazardous gasoline spill on the site and the deficiencies noted in the Record. (Comprehensive Plan Policy 151.00)

Specific to HL 6-22, HL 7-22 and HL 8-22:

7. The Certificate of Approval for Demolition is contingent upon a project that meets all of the city's local regulations, state regulations and federal regulations. A demolition permit will not be issued until that has been established. The penalty for demolition without a permit will be equal to the real market value of the most recent assessor's statement for both the structure and the land paid to the City's Historic Preservation Fund. (OAR 660-023-0200(8)(a))
8. Each historic resource will be automatically removed from the McMinnville Historic Resource Inventory when the extant structure on the subject property is demolished. (OAR 660-023-0200(9))
9. The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rainwater into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance. (Comprehensive Plan Policy #25.00)
10. The applicant shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be borne by the developer. (Comprehensive Plan Policy #25.00)
11. The applicant provided a Transportation Impact Analysis with their application for the replacement project. Several items need to be updated in the Transportation Impact Analysis prior to the issuance of building permits which may then require transportation improvements. They are as follows: (Comprehensive Plan Policy #25.00)
 - a. Provide a TIA of the intersections of NE Ford Street and NE Third Street, and NE Galloway Street and NE Third Street.
 - b. The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85-room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.
12. The Transportation Impact Analysis shows that queue lengths exceed storage length at the eastbound thru and westbound all on Second Street at Baker Street. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson Street/Lafayette St. and Third Street. Prior to the issuance of building permits, the applicant will need to provide a mitigation plan for these intersections. (Comprehensive Plan Policy #25.00)
13. Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance. (Comprehensive Plan Policy #33.00)
14. Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance. (Comprehensive Plan Policy #33.00)

15. Prior to the approval of a demolition permit, the applicant will commission a study on what needs to happen in McMinnville relative to market costs to achieve the community value of historic property rehabilitation/restoration with low lease rates to support local businesses. (McMinnville Municipal Code, 17.65.010(B)).
16. The replacement plan project must not only meet the minimum standards of Section 17.59, Downtown Design Guidelines, McMinnville Municipal Code, but it must enhance the overall historic sense of place of downtown McMinnville by replicating the form and design of the building stock on Third Street. (McMinnville Municipal Code 17.65.010(D))
17. The demolition of the historic resource will be delayed for one hundred twenty (120) days in the interest of exploring reasonable alternatives that include preservation of the buildings and a fair market sale for the property owner. The property will be posted with the pending demolition during the delay period to seek community engagement about reasonable alternatives. (McMinnville Municipal Code 17.65.050(B)(7))

Specific to DDR 2-22:

18. The applicant must demonstrate how construction activities regarding known pollutants residing under the structures onsite will not negatively affect development onsite, and not negatively affect the adjoining properties, including the city's right of ways. (Comprehensive Plan Policy 2.00)
19. The Applicant must demonstrate that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City's Right of Way and downstream users and properties. . (Comprehensive Plan Policy 8.00)
20. The Applicant must demonstrate compliance with the Department of Environmental Quality and other appropriate agencies that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City's Right of Way and downstream users and properties. (Comprehensive Plan Policy 10.00)
21. The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rainwater into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance. (Comprehensive Plan Policy #25.00)
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 - b. The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85-room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.
24. The Transportation Impact Analysis shows that queue lengths exceed storage length at the eastbound thru and westbound all on Second Street at Baker Street. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson Street/Lafayette St. and Third Street. Prior to the issuance of building permits, the applicant will need to provide a mitigation plan for these intersections. (Comprehensive Plan Policy #25.00)
 25. Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance. (Comprehensive Plan Policy #33.00)
 26. Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance. (Comprehensive Plan Policy #33.00)
 27. The Applicant shall demonstrate its design and construction methods will avoid, and then minimize negative impacts related to water and air quality given the onsite and off-site hazards caused by the known hazardous spills associated with the site. (Comprehensive Plan Policy #132.46.00)
 28. The Applicant shall demonstrate that storm water collection, detention, and drainage is constructed and maintained to restrict negative consequences and minimize adverse effects from the known underground pollution onsite and off-site areas caused by the owner of the site. (Comprehensive Plan Policy #142.00)
 29. The Applicant shall demonstrate how it will comply with all federal, state and local water and wastewater quality standards, given the DEQ LUST case regarding a hazardous gasoline spill on the site and the deficiencies noted in the Record. (Comprehensive Plan Policy #151.00)
 30. That the applicant shall include window details in the construction plans submitted for building permit review that depict how all of the windows on the building will be recessed. (McMinnville Municipal Code, 17.59.050(B)(6))
 31. That the applicant shall provide samples or examples of the exterior building colors to the Planning Department for review and approval by the Planning Director prior to application on the building. (McMinnville Municipal Code, 17.59.050(C)(3))
 32. The applicant will need to submit a sign permit for review and approval prior to the application of any signs to the project. (McMinnville Municipal Code, 17.59.080)

Attachments:

- Letter from Hugh Development, dated September 22, 2022, via Garrett H. Stephenson, Schwabe, Williamson & Wyatt (provided)
- Draft Decision Document – HL 6-22, Certificate of Approval for Demolition of Historic Resource at 609 NE Third Street (provided)
- Draft Decision Document – HL 7-22, Certificate of Approval for Demolition of Historic Resource at 611 NE Third Street (provided)
- Draft Decision Document – HL 8-22, Certificate of Approval for Demolition of Historic Resource at 619 NE Third Street (provided)
- Draft Decision Document – DDR 2-22, Downtown Design Review for New Construction (provided)
- Public Testimony Received (provided)

The following items, due to size, are provided on the project webpage at: [Gwendolyn Hotel \(HL 6-22, HL 7-22, HL 8-22, and DDR 2-22\) - 609, 611 and 619 NE Third Street | McMinnville Oregon](#)

- Department Comments
- Application and Attachments
 - Application Narrative
 - Plan Set for the Gwendolyn Hotel
 - Appendix A: Neighborhood Meeting Information
 - Appendix B: Traffic Impact Analysis dated July 27, 2022 by Otak, Inc.
 - Appendix C: Structural Evaluation dated July 19, 2022 by HHPR
- McMinnville Downtown Historic District National Register of Historic Places Nomination

Recommendation:

Staff recommends continuing the public hearing to November 30, 2022, to provide the applicant the opportunity to provide additional information for the record per the discussion above.

September 22, 2022

Garrett H. Stephenson
Admitted in Oregon
T: 503-796-2893
C: 503-320-3715
gstephenson@schwabe.com

VIA E-MAIL

Mr. John Mead, Chair
McMinnville Historic Landmarks Committee
200 NE 2nd Street
McMinnville, OR 97128

RE: Casefiles: HL 6-22, HL 7-22, HL 8-22, and DDR 2-22; The Gwendolyn

Dear Mr. Mead:

This office represents Hugh Development, applicant (the “Applicant”) in the above-referenced casefile. The Applicant respectfully requests pursuant to ORS 197.797(6)(a) that the Historic Landmarks Committee continue this hearing to its November, 2022 regular meeting date. The purpose of this extension is to provide the Applicant sufficient time to respond to Staff’s recommendation for denial, including time to provide any additional information which staff believes to be necessary to recommend approval. In order to provide sufficient time for this, pursuant to ORS 227.178(5) the Applicant hereby requests that the 120-day application deadline in ORS 227.178 be extended by 60 additional days to provide time for the continued hearing.

Best regards,



Garrett H. Stephenson

GST:jmhi

cc: Ms. Heather Richards (*via email*)
Ms. Li Alligood (*via email*)
Mr. Andrew H. Clarke (*via email*)
Mr. Mark Vuong (*via email*)
Mr. Gary Reddick (*via email*)

PDX\137252\271814\GST\34796202.1

DECISION, CONDITIONS, FINDINGS OF FACT AND CONCLUSIONARY FINDINGS OF THE MCMINNVILLE HISTORIC LANDMARKS COMMITTEE FOR THE APPROVAL OF A DEMOLITION OF THE HISTORIC LANDMARK LOCATED AT 609 NE THIRD STREET

DOCKET: HL 6-22 (Certificate of Approval for Demolition)

REQUEST: Approval of the demolition of an existing historic landmark and building that is listed on the McMinnville Historic Resources Inventory as a “Significant” historic resource (resource number B865). This building is also listed on the National Register of Historic Places as a Primary Significant Contributing building in the McMinnville Downtown Historic District.

LOCATION: 609 NE Third Street. The resource is located at the property that is identified as Tax Lot 4500, Section 21BC, T. 4 S., R. 4 W., W.M.

ZONING: C-3 General Commercial (Downtown Overlay District)

APPLICANT: Mark Vuong, HD McMinnville LLC

PROPERTY OWNER: Jon Bladine, Oregon Lithoprint, Inc.

STAFF: Heather Richards, Community Development Director

DATE DEEMED COMPLETE: September 7, 2022

HEARINGS BODY & ACTION: McMinnville Historic Landmarks Committee

HEARING DATE & LOCATION: September 29, 2022, 3:00 PM. In person at Kent Taylor Civic Hall 200 NE 2nd St and online via Zoom. Zoom Online Meeting ID: 859 9565 0539, Meeting Password: 661305

PROCEDURE: An application for a Certificate of Approval for Demolition is processed in accordance with the procedures in Section 17.65.040 - 17.65.050 of the McMinnville Municipal Code and Oregon Administrative Rule 660-203-0200 (8)(a).

CRITERIA: The applicable criteria for a Certificate of Approval for Demolition are specified in Section 17.65.040 and 17.65.050 of the McMinnville Municipal Code. In addition, since this is a structure listed as part of a historic district on the National Register of Historic Places,

Attachments :

*Attachment 1: Application and Attachments
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Neighborhood Meeting Materials*

Attachment 2: Department/Agency Comments

Attachment 3: Public Testimony

Oregon Administrative Rule 660-203-0200(8)(a) is applicable. In addition, the goals, policies, and proposals in Volume II of the Comprehensive Plan are to be applied to all land use decisions as criteria for approval, denial, or modification of the proposed request. Goals and policies are mandated; all land use decisions must conform to the applicable goals and policies of Volume II. "Proposals" specified in Volume II are not mandated, but are to be undertaken in relation to all applicable land use requests.

APPEAL: As specified in Section 17.65.080 of the McMinnville Municipal Code, the Historic Landmarks Committee’s decision may be appealed to the Planning Commission within fifteen (15) days of the date written notice of decision is mailed. The City’s final decision is subject to a 120-day processing timeline, including resolution of any local appeal. The 120-day deadline is January 5, 2023.

COMMENTS: This matter was referred to the following public agencies for comment: McMinnville Fire Department, Police Department, Engineering Department, Building Department, Parks Department, City Manager, and City Attorney; McMinnville Water and Light; McMinnville School District No. 40; Yamhill County Public Works; Yamhill County Planning Department; Frontier Communications; Comcast; Northwest Natural Gas; Oregon Department of Transportation; and State Historic Preservation Office. Their comments are provided in this document.

Based on the findings and conclusionary findings, the Historic Landmarks Committee finds the applicable criteria are **SATISFIED / NOT SATISFIED** and **APPROVES / APPROVES WITH CONDITIONS / DENIES** the Downtown Design Review for the Gwendolyn Hotel (HL 6-22).

////////////////////////////////////
DECISION: **APPROVAL** **APPROVAL WITH CONDCTIONS** **DENIAL**
////////////////////////////////////

Historic Landmarks Committee: _____
John Mead, Chair

Date: _____

Planning Department: _____
Heather Richards, Community Development Director

Date: _____

-
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I. APPLICATION SUMMARY:

The applicant has provided information in their application narrative and findings (attached as Attachment 1) regarding the history of the subject site(s) and the request(s) under consideration. Staff has found the information provided to accurately reflect the current land use request, and excerpted portions are provided below to give context to the request, in addition to the City's findings.

Proposed Project

Below is an excerpt from the application describing the proposed improvement program. The applicant would like to demolish the structures at 609, 611 and 619 NE Third Street and redevelop the property with a mixed-use hotel project that includes ground floor commercial amenities and dedicated underground parking for the project.

Within the last year, the properties at 609, 611, and 619 NE 3rd Street were listed for sale by the Bladine family and Wild Haven LLC. After analyzing the opportunity and studying both the history and potential of downtown McMinnville, the applicant saw an opportunity to greatly enhance both the economic and experiential vitality of 3rd Street.

McMinnville is in an early stage of responding to its goal of being the Willamette Valley's leader in hospitality and place-based tourism. The most recent renovation and redevelopment on the south side of 3rd Street, with new lodging, dining, and wine tasting, has been encouraging. However, the same opportunity for renovation for hospitality, commercial, and retail uses is not available to the subject buildings. As noted in the structural analysis included as Appendix C, changing the occupancy of these buildings from office to commercial, retail, or hospitality is likely to trigger significant seismic upgrades.

The applicant has indicated that this cost to fully renovate the buildings would be approximately \$12,025,000 inclusive of land cost, soft costs, and hard costs. Tenant improvements would cost an additional \$35 per sq. ft. for a total project cost of \$12,806,200. The achievable rents would be \$25 per sq. ft., with approximately 22,320 sq. ft. of rentable area, or \$558,000 effective gross income per year. Operating expenses are assumed at 38 percent of gross income, along with mortgage loan interest. The net operating income (NOI) including debt service would be (\$111,861) a year, or a loss of \$111,861 each year.

In this scenario, it would take the project approximately 40 years to recoup the initial rehabilitation cost and start making a profit. This would be unable to receive funding from a bank or investor and therefore is highly unlikely, if not impossible.

The proposal is to replace the three underutilized buildings at 609, 611, and 619 NE 3rd Street with a 90-95 room boutique hotel. The ground floor will include the hotel lobby, a signature restaurant at the corner of 3rd and Ford streets, with seasonal sidewalk dining, and small retail shop(s). The entire rooftop will be a mix of public uses, anchored by a small restaurant/bar opening onto a large terrace of seating and raised-bed landscaping. Though parking is not required in this location, a below-grade parking garage accommodating 68 parking stalls is proposed. The garage ramp will be at the north end of the property, mid-block on Ford Street, to avoid interrupting the 3rd Street pedestrian experience.

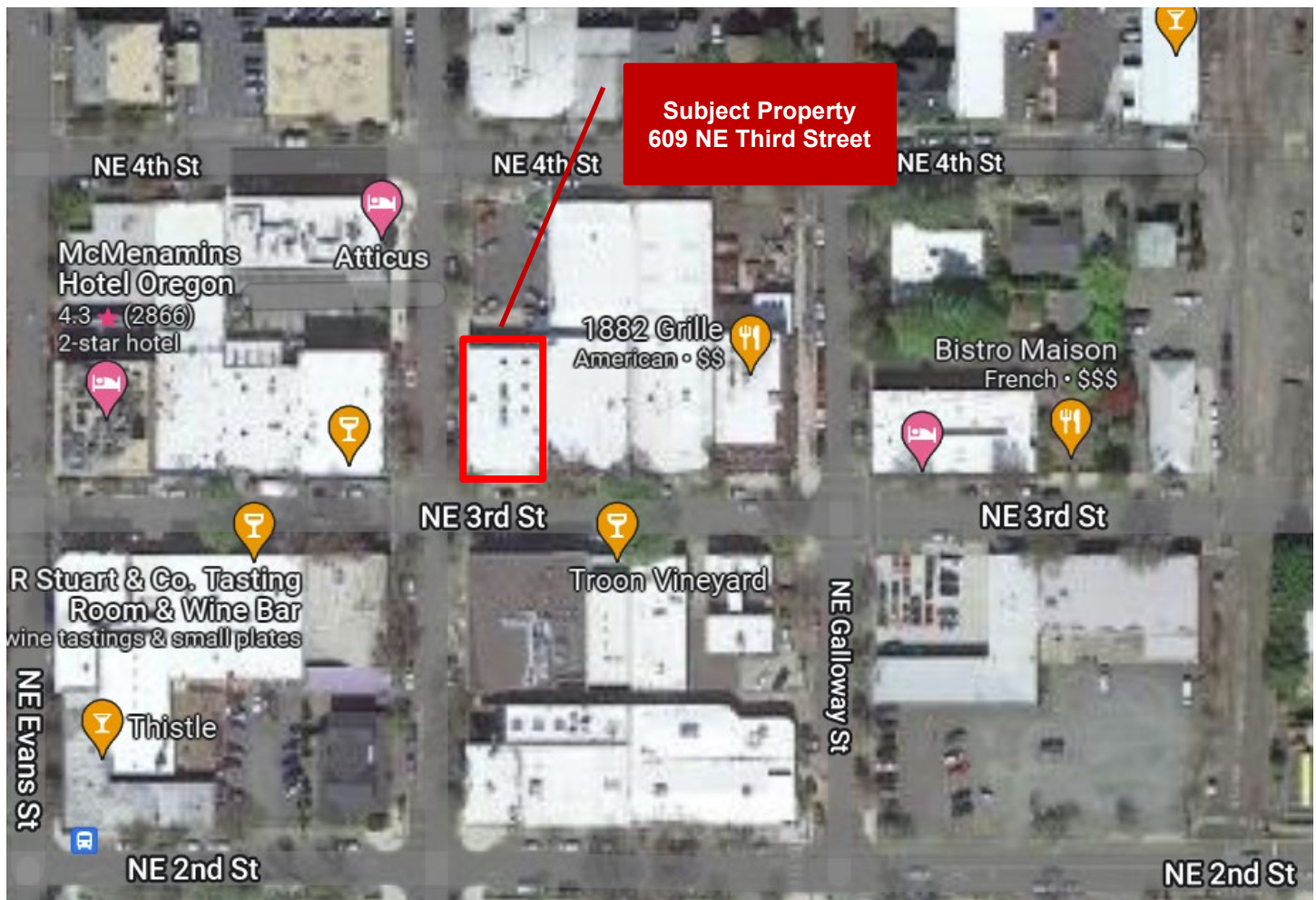
(Application Narrative, page 3)

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Subject Property & Request

The subject property is located at 609 NE Third Street. The property is identified as Tax Lot 4500, Section 21BC, T. 4 S., R. 4 W., W.M. **See Vicinity Map (Figure 1) below, which identifies the approximate location of the building in question.**

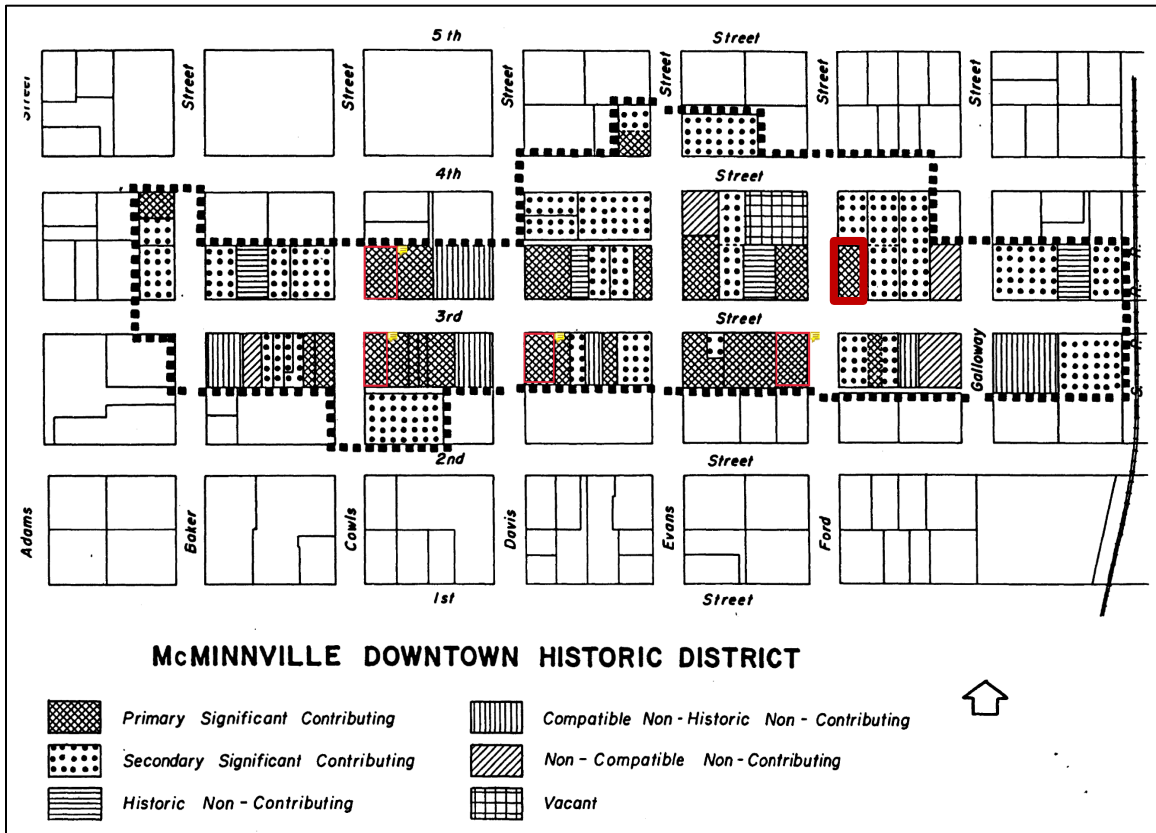
Figure 1. Vicinity Map (Building Outline Approximate)



The existing building on the subject property is listed as a Primary Significant Contributing property in the McMinnville Downtown Historic District on the National Register of Historic Places. **See McMinnville Downtown Historic District Map (Figure 2) and Description of 609 NE Third Street in the McMinnville Downtown Historic District National Register of Historic Places Nomination (Figure 3) below.**

-
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Figure 2. McMinnville Downtown Historic District Map



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Figure 3. Description of 228 East Third Street in the McMinnville Downtown Historic District National Register of Historic Places Nomination (Section 7, Page 23-24) (1987)

30 ADDRESS: 609 East Third Street
 CLASSIFICATION: Primary Significant Contributing
 OWNER: Frances Fenton et al
 5 E. 5th Street
 McMinnville, Oregon 97128
 ASSESSOR MAP: 4421 BC TAX LOT: 4500
 PLAT: Rowland's Addition LOT: 5 BLOCK: 7
 YEAR BUILT: 1904 STYLE: Commercial
 ALTERATIONS: 1933, 1950's (moderate) USE: Commercial

DESCRIPTION: This rectangular two-story stuccoed corner building has a flat roof with a raised stucco cornice line. The second floor consists of three bays on Third Street. The two eastern bays contain paired wood sash windows each with three vertical lights. The bay at the western end contains a series of three wood windows with three vertical lights. Each bay is recessed approximately four inches and each window is recessed another four inches and has a projecting stuccoed sill. The second floor windows on the west facade are identical in type to those on the Third Street facade but occur in a different configuration. This facade has four bays and the window series from north to south is three, two, one, one. A stuccoed beltcourse divides the stories. Two piers on the Third Street facade remain intact (one has been removed). The east end of the Third Street ground floor facade contains an intact storefront one bay wide with an original wood frame plate glass window with a six light transom and stuccoed sill and bulkhead. The west end of the Third Street facade has been cut away across two bays and the entrance recessed two bays towards the north. An entrance was installed which faces west and has a wood sash glass and transomed entrance and storefront window. A wood storefront was also installed facing south which has several openings. The south end of the west facade is also cut away and the bay is divided by the addition of a new pier. The three remaining bays on this facade are divided by piers which extend from the cornice through to the ground. Next to the cut away bay (north) is an original wooden storefront window with a four-light transom and stucco bulkheads and sills. The next bay to the north contains a five-light transom and plate glass window divided into three vertical lights. The far north bay contains a wooden garage door.

This building was constructed for Frank W. Fenton, a prominent McMinnville attorney, whose photograph still appears upstairs. A photograph dating from 1904 shows the building has exposed brickwork and a double row of dentils above the windows. The present cutaway portion was an enclosed storefront.

Prior to the 1920's, Tony Christianson and Russell Turner had a battery shop in the building. Dick Wilson and Charles Newman ran a Plymouth agency in the building in the 1920's. Odell's Garage moved to this location in 1933.

-
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The existing building on the subject property is listed on the McMinnville Historic Resources Inventory as a “Significant” resource (resource number B865). **Please see “Statement of Historical Significance and Description of the Property”, Figure 4 below.**

Figure 4. Statement of Historical Significance and Description of the Property, Historic Resources Survey, City of McMinnville, Yamhill County, Oregon (1983)

This is a stucco-covered square brick building of two stories facing south and situated on a corner. The entire southwest portion of the ground floor is cutaway to accommodate automobiles and gasoline pumps. The roof is flat and only a simple ledge articulates the cornice line. Fixed inset windows of three vertical lights and set-in panels course the second story. Windows on the ground level are large fixed triple lights with multi-lighted transoms.

The building was erected by prominent lawyer Frank W. Fenton whose name still appears on a door upstairs. A photograph from 1904 shows the building’s exposed brickwork and double row of dentils above the windows. The present cutaway portion was an enclosed storefront.

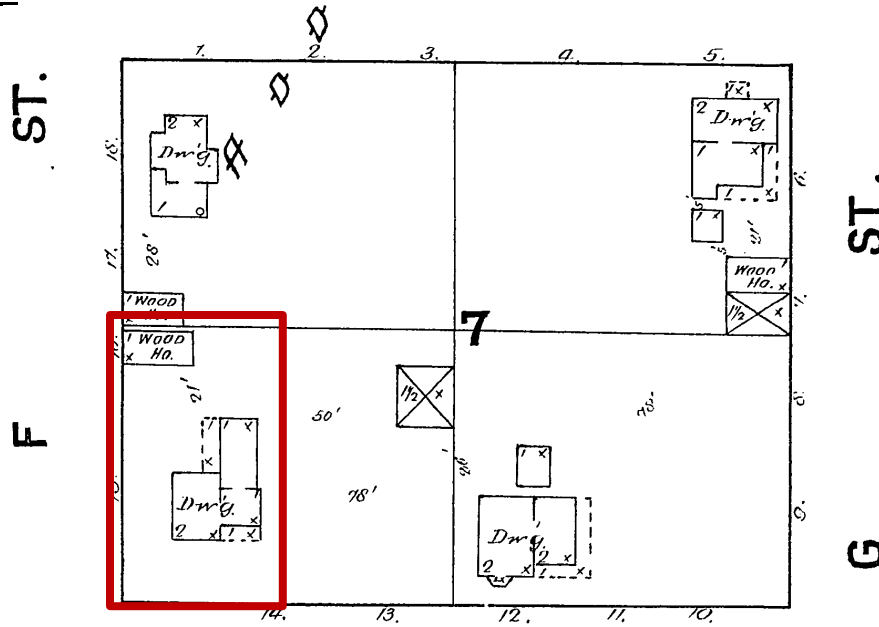
Tony Christianson and Russell Turner had a battery shop in the building prior to the 1920’s; during the 1920’s Dick Wilson and Charles Newman ran a Plymouth agency in the building. Odell’s, who had been in business across the street since 1924, move to this location in 1933.

The property originally started off as a dwelling, prior to 1889, and between 1902 and 1912 it was redeveloped into an automobile garage and dealership. Then between 1928 and 1948 it was modified at the corner of Ford and Third Street to accommodate gas pumps. **Please see Figure 5, Series of Sanborn Maps below.**

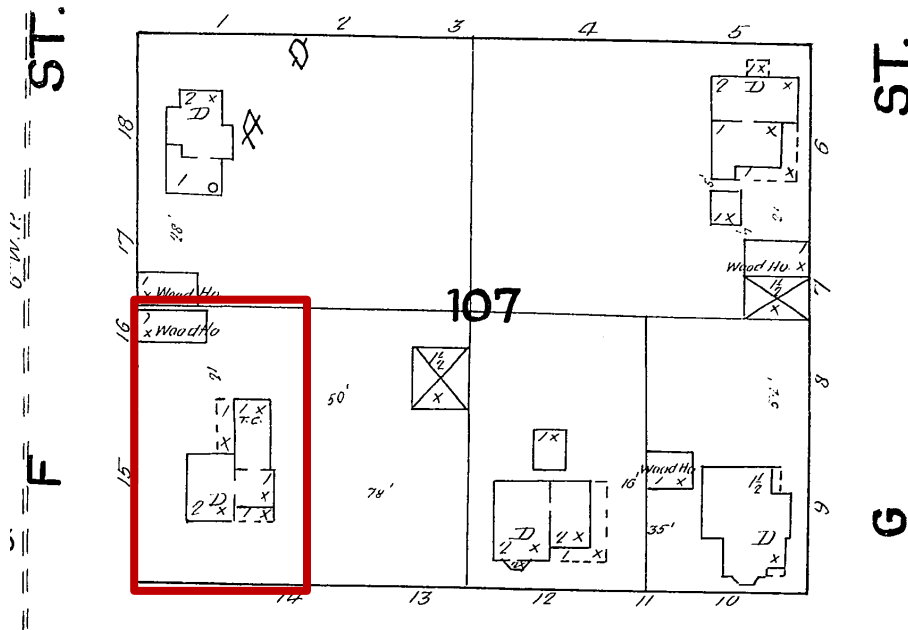
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Figure 5. Series of Sanborn Maps

Sanborn Map, 1889

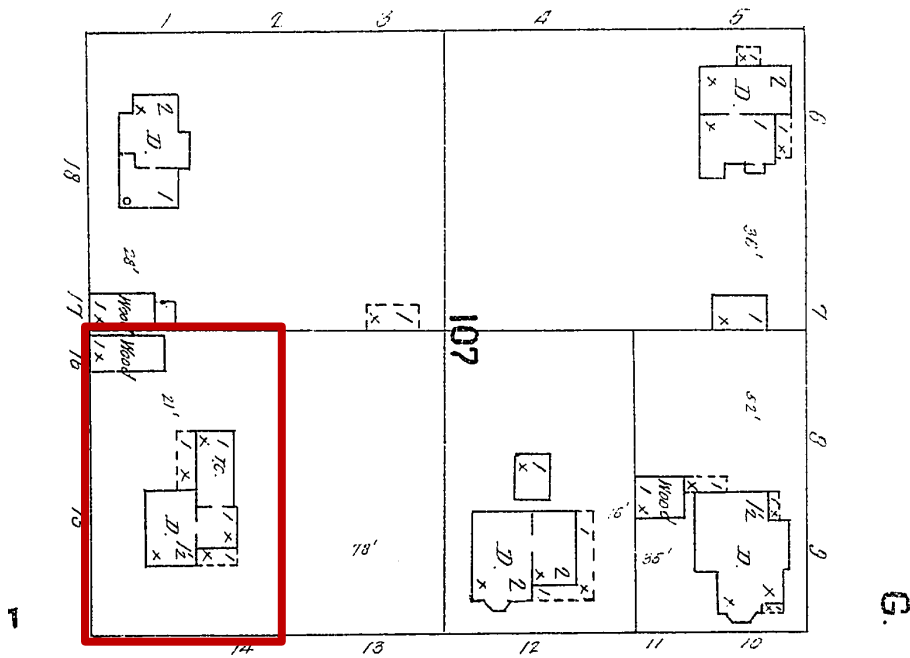


Sanborn Map, 1892

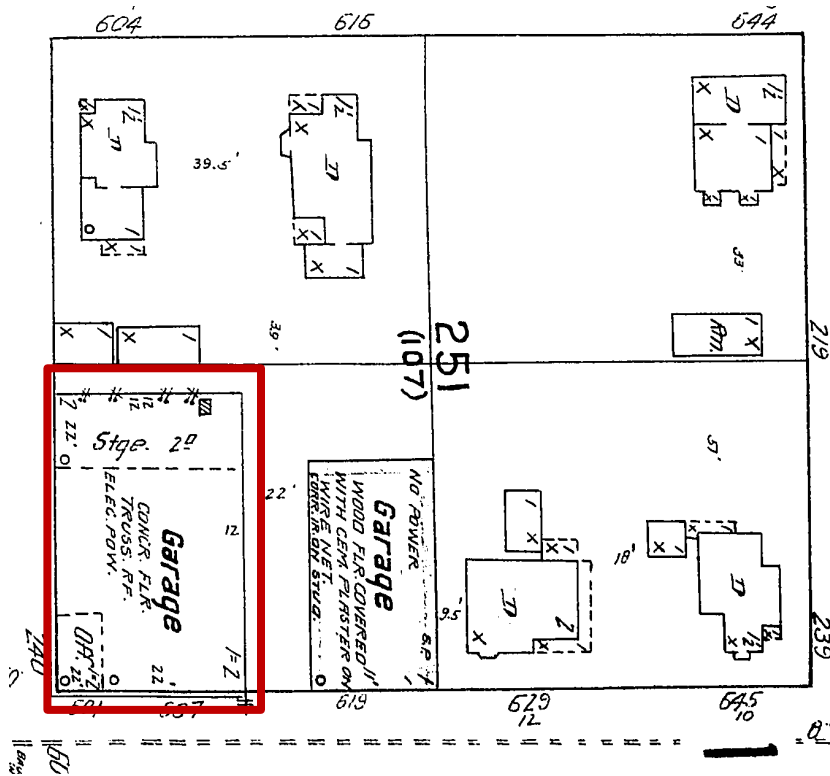


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Sanborn Map, 1902

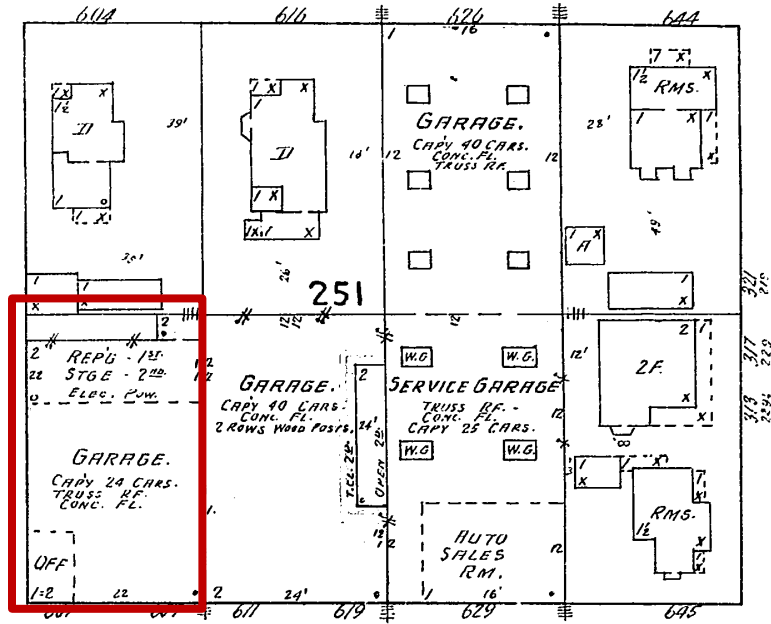


Sanborn Map, 1912

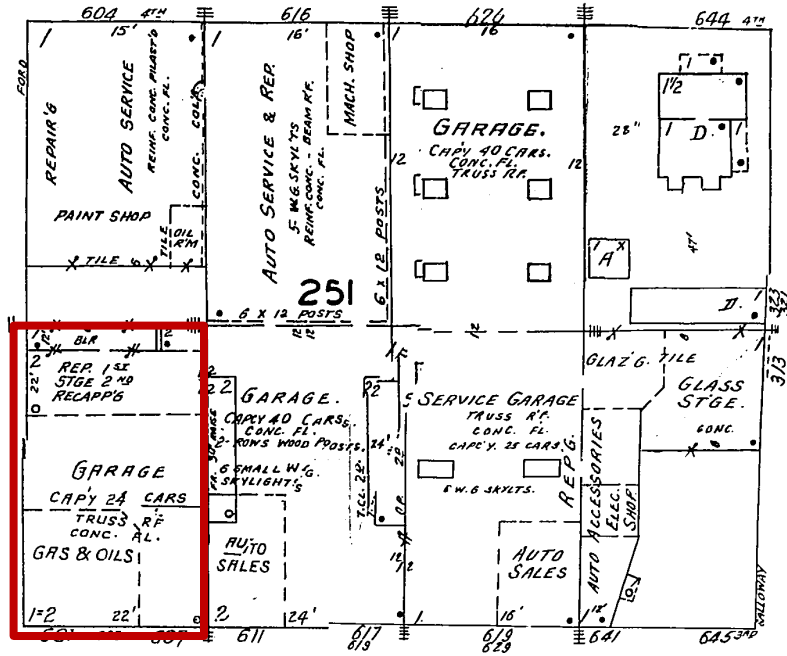


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Sanborn Map, 1928



Sanborn Map, 1948



Architecturally the subject property has changed overtime to accommodate the new uses on the property. **Please see Series of Photos, Figure 6 below.**

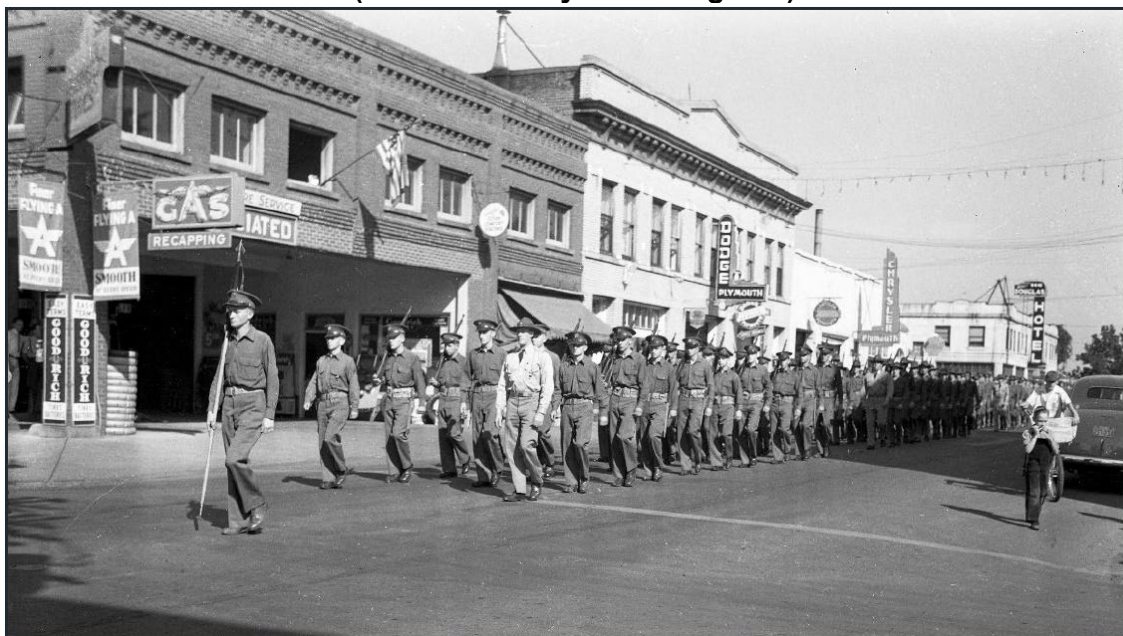
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Figure 6, Series of Photos Over Time

Circa 1904, A historic photo provided by the Yamhill County Historical Society shows the original brick building with storefronts on the ground floor.



**1940 Photo of 609 NE Third Street showing modified corner storefront for the gas pumps.
(Yamhill County News Register)**



-
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**1983 photo of the property shows the modified corner storefront for the gas pumps, the removal of the brick corbeling on the second floor and the stucco veneer that was applied all over.,
(Historic Resources Survey, City of McMinnville, Yamhill County, Oregon)**



2018, Photo of 609 NE Third Street, shows the modified corner storefront filled in with a street facing storefront.



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Background

The property was originally surveyed in 1983 and 1984, which are the dates that the “Statement of Historical Significance and Property Description” were drafted and included on the Historic Resources Inventory sheet (resource number (B865) for the subject property. This survey work led to the inclusion of the property on the Historic Resources Inventory, and the Historic Resources Inventory was adopted by the McMinnville City Council on April 14, 1987 by Ordinance 4401. The Historic Resources Inventory has since been incorporated into the McMinnville Municipal Code (MMC) through its adoption and reference in MMC Section 17.65.030(A).

The McMinnville Downtown Historic District was entered in the National Register of Historic Places on September 14, 1987.

Summary of Criteria & Issues

The application (HL 6-22) is subject to Certificate of Approval for Demolition review criteria in Section 17.65.050 of the Zoning Ordinance and Oregon Administrative Rule 660-203-0200 (Section 8(a)). The goals and policies in Volume II of the Comprehensive Plan are also independent approval criteria for all land use decisions.

Oregon Administrative Rule 660-203-0200 (Section 8(a)) states that:

- (8) *National Register Resources are significant historic resources. For these resources, local governments are not required to follow the process described in OAR 660-023-0030 through 660-023-0050 or sections (4) through (6). Instead, a local government:*
 - (a) *Must protect National Register Resources, regardless of whether the resources are designated in the local plan or land use regulations, by review of demolition or relocation that includes, at minimum, a public hearing process that results in approval, approval with conditions, or denial and considers the following factors: condition, historic integrity, age, historic significance, value to the community, economic consequences, design or construction rarity, and consistency with and consideration of other policy objectives in the acknowledged comprehensive plan. Local jurisdictions may exclude accessory structures and non-contributing resources within a National Register nomination;*

Section 17.65.050 of the McMinnville Zoning Ordinance state that:

17.65.050 Demolition, Moving, or New Construction. *The property owner shall submit an application for a Certificate of Approval for the demolition or moving of a historic resource, or any resource that is listed on the National Register for Historic Places, or for new construction on historical sites on which no structure exists. Applications shall be submitted to the Planning Department for initial review for completeness as stated in Section 17.72.040 of the McMinnville Zoning Ordinance. The Historic Landmarks Committee shall meet within thirty (30) days of the date the application was deemed complete by the Planning Department to review the request. A failure to review within thirty (30) days shall be considered as an approval of the application.*

- A. *The Historic Landmarks Committee may approve, approve with conditions, or deny the application.*
- B. *The Historic Landmarks Committee shall base its decision on the following criteria:*
 - 1. *The City’s historic policies set forth in the comprehensive plan and the purpose of this ordinance;*
 - 2. *The economic use of the historic resource and the reasonableness of the proposed action and their relationship to the historic resource preservation or renovation;*

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3. *The value and significance of the historic resource;*
 4. *The physical condition of the historic resource;*
 5. *Whether the historic resource constitutes a hazard to the safety of the public or its occupants;*
 6. *Whether the historic resource is a deterrent to an improvement program of substantial benefit to the City which overrides the public interest in its preservation;*
 7. *Whether retention of the historic resource would cause financial hardship to the owner not outweighed by the public interest in the resource's preservation; and*
 8. *Whether retention of the historic resource would be in the best interests of a majority of the citizens of the City, as determined by the Historic Landmarks Committee, and, if not, whether the historic resource may be preserved by an alternative means such as through photography, item removal, written description, measured drawings, sound retention or other means of limited or special preservation.*
- C. *If the structure for which a demolition permit request has been filed has been damaged in excess of seventy percent (70%) of its assessed value due to fire, flood, wind, or other natural disaster, the Planning Director may approve the application without processing the request through the Historic Landmarks Committee.*
- D. *The Historic Landmarks Committee shall hold a public hearing to consider applications for the demolition or moving of any resource listed on National Register consistent with the procedures in Section 17.72.120 of the McMinnville Zoning Ordinance.*
- E. *Any approval may be conditioned by the Planning Director or the Historic Landmarks Committee to secure interior and/or exterior documentation of the resource prior to the proposed action. Required documentation shall consist of no less than twenty (20) black and white photographs with negatives or twenty (20) color slide photographs. The Historic Landmarks Committee may require documentation in another format or medium that is more suitable for the historic resource in question and the technology available at the time. Any approval may also be conditioned to preserve site landscaping such as individual plants or trees or to preserve selected architectural features such as doors, windows, brackets, mouldings or other details.*
- F. *If any proposed new construction is located in the downtown core as defined by Section 17.59.020 (A) of the McMinnville Zoning Ordinance, the new construction shall also comply with the requirements of Chapter 17.59 (Downtown Design Standards and Guidelines).*

The applicant has provided findings to support the request for a Certificate of Approval for Demolition. These will be discussed in detail in Section VII (Conclusionary Findings) below.

II. CONDITIONS:

1. The Certificate of Approval for Demolition of 609 NE Third Street is contingent upon a project that meets all of the city's local regulations, state regulations and federal regulations. A demolition permit will not be issued until that has been established. The penalty for demolition without a permit will be equal to the real market value of the most recent assessor's statement for both the structure and the land paid to the City's Historic Preservation Fund. (OAR 660-023-0200(8)(a))
2. 609 NE Third Street, McMinnville Historic Resource Inventory B865 will be automatically removed from the McMinnville Historic Resource Inventory when the extant structure on the subject property is demolished. (OAR 660-023-0200(9))
3. The applicant must demonstrate how construction activities regarding known pollutants residing under the structures onsite will not negatively affect development onsite, and not negatively affect the adjoining properties, including the city's right of ways. (Comprehensive Plan Policy 2.00)

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4. The Applicant must demonstrate that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City's Right of Way and downstream users and properties. (Comprehensive Plan Policy 8.00)
5. The Applicant must demonstrate compliance with the Department of Environmental Quality and other appropriate agencies that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City's Right of Way and downstream users and properties. (Comprehensive Plan Policy 10.00)
6. The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rainwater into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance. (Comprehensive Plan Policy #25.00)
7. The applicant shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be borne by the developer. (Comprehensive Plan Policy #25.00)
8. The applicant provided a Transportation Impact Analysis with their application for the replacement project. Several items need to be updated in the Transportation Impact Analysis prior to the issuance of building permits which may then require transportation improvements. They are as follows: (Comprehensive Plan Policy #25.00)
 - a. Provide a TIA of the intersections of NE Ford Street and NE Third Street, and NE Galloway Street and NE Third Street.
 - b. The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85-room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.
9. The Transportation Impact Analysis shows that queue lengths exceed storage length at the eastbound thru and westbound all on Second Street at Baker Street. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson Street/Lafayette St. and Third Street. Prior to the issuance of building permits, the applicant will need to provide a mitigation plan for these intersections. (Comprehensive Plan Policy #25.00)
10. Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance. (Comprehensive Plan Policy #33.00)
11. Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance. (Comprehensive Plan Policy #33.00)

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12. The Applicant shall demonstrate its design and construction methods will avoid, and then minimize negative impacts related to water and air quality given the onsite and off-site hazards caused by the known hazardous spills associated with the site. (Comprehensive Plan Policy #132.46.00)
13. The Applicant shall demonstrate that storm water collection, detention, and drainage is constructed and maintained to restrict negative consequences and minimize adverse effects from the known underground pollution onsite and off-site areas caused by the owner of the site. (Comprehensive Plan Policy #142.00)
14. The Applicant shall demonstrate how it will comply with all federal, state and local water and wastewater quality standards, given the DEQ LUST case regarding a hazardous gasoline spill on the site and the deficiencies noted in the Record. (Comprehensive Plan Policy 151.00)
15. Prior to the approval of a demolition permit, the applicant will commission a study on what needs to happen in McMinnville relative to market costs to achieve the community value of historic property rehabilitation/restoration with low lease rates to support local businesses. (McMinnville Municipal Code, 17.65.010(B)).
16. The replacement plan project must not only meet the minimum standards of Section 17.59, Downtown Design Guidelines, McMinnville Municipal Code, but it must enhance the overall historic sense of place of downtown McMinnville by replicating the form and design of the building stock on Third Street. (McMinnville Municipal Code 17.65.010(D))
17. The demolition of the historic resource will be delayed for one hundred twenty (120) days in the interest of exploring reasonable alternatives that include preservation of the buildings and a fair market sale for the property owner. The property will be posted with the pending demolition during the delay period to seek community engagement about reasonable alternatives. (McMinnville Municipal Code 17.65.050(B)(7))

III. ATTACHMENTS:

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IV. COMMENTS:**Agency Comments**

This matter was referred to the following public agencies for comment: McMinnville Fire Department, Police Department, Parks and Recreation Department, Engineering and Building Departments, City Manager, and City Attorney, McMinnville School District No. 40, McMinnville Water and Light, Yamhill County Public Works, Yamhill County Planning Department, Recology Western Oregon, Frontier Communications, Comcast, Northwest Natural Gas, Oregon Department of Transportation and Oregon State Historic Preservation Office. The following comments were received:

McMinnville Engineering Department***TRANSPORTATION***

Comments and/or conditions of approval related to transportation include:

1. Based on the Transportation Impact Analysis (TIA) provided the intersections of NE Ford St & NE 3rd St and NE Galloway St & NE 3rd St should be a part of the scope as they are in the immediate vicinity of the project, and they are not included. Provide a TIA of the intersections of NE Ford St & NE 3rd St and NE Galloway St & NE 3rd St.
2. The City will have a 30% design for the 3rd Street Streetscape Plan, this should be mentioned in section 3 of the TIA under planned transportation improvements.
3. ADA Sidewalk and Driveway Standards are now being applied to all new construction and remodels. These standards are intended to meet the current ADA Standards as shown in the "PROWAG" Design Guidelines. The standards can be found at the following webpage: <https://www.access-board.gov/files/prowag/PROW-SUP-SNPRM-2013.pdf> prior to final occupancy, the applicant shall construct new driveways and sidewalks in the right-of way that conform to these standards.
4. Study shows that queue lengths exceed storage length at the eastbound thru and westbound all of 2nd St at Baker St. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson St/Lafayette St & 3rd St.

SANITARY SEWER

Comments and/or conditions of approval related to sanitary sewer service include:

1. The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rain water into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance.

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2. Sewer Capacity may be an issue with the change of use of the property, the developer shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be borne by the developer.

MISCELLANEOUS

Additional comments and/or suggested conditions of approval:

1. In the narrative, Part 4. B. Chapter 17.54.050 Yards part F. Response (Page 23) – 3rd St is listed as a Local Street. It is a Major Collector, please change to reflect the correct street classification.
2. Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance.
3. Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance.
4. The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85-room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.
5. The engineering department will need to review building permit submittals that show in detail items that could be missing in the applications provided. These reviews will be prior to any issuance of building permits.
6. The Contaminated Media Management Plan dated July 20, 2022, is not included in this application. This is a key point of discussion and should be included in the application.
7. CPP (Comprehensive Plan Policy): 2.00 “The City of McMinnville shall continue to enforce appropriate development controls on lands with identified building constraints, including, but not limited to, excessive slope, limiting soil characteristics, and natural hazards.”
 - a. The Applicant must demonstrate how construction activities regarding known pollutants residing under the structures onsite will not negatively affect development onsite, and not negatively affect the adjoining properties, including the city’s right of ways.
8. CPP 8.00 “The City of McMinnville shall continue to seek the retention of high water quality standards as defined by federal, state, and local water quality codes, for all the water resources within the planning area.”
 - a. The Applicant must demonstrate that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City’s Right of Way and downstream users and properties.
9. CPP 132.40.05 Conditions of Approval–In accordance with the City’s TSP and capital improvements plan (CIP), and based on the level of impact generated by a proposed development, conditions of approval applicable to a development application should include:
 - a. Improvement of on-site transportation facilities,

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- b. Improvement of off-site transportation facilities (as conditions of development approval), including those that create safety concerns, or those that increase a facility's operations beyond the City's mobility standards.
10. The Applicant shall demonstrate its demolition, excavation and onsite construction activities do not create safety concerns related to the DEQ LUST matter and its site and known polluted soil and water. Additionally, the Applicant shall demonstrate how its demolition and construction activities will improve the use of the city's off-site transportation facility, including but not limited to underground facility uses.
 11. CPP 132.46.00 Low impact street design, construction, and maintenance methods should be used first to avoid, and second to minimize, negative impacts related to water quality, air quality, and noise in neighborhoods. (Ord. 4922, February 23, 2010).
 - a. The Applicant shall demonstrate its design and construction methods will avoid, and then minimize negative impacts related to water and air quality given the onsite and off-site hazards caused by the known hazardous spills associated with the site.
 12. CPP 142.00 The City of McMinnville shall insure that adequate storm water drainage is provided in urban developments through review and approval of storm drainage systems, and through requirements for connection to the municipal storm drainage system, or to natural drainage ways, where required.
 - a. The Applicant shall demonstrate that storm water collection, detention, and drainage is constructed and maintained to restrict negative consequences and minimize adverse effects from the known underground pollution onsite and off-site areas caused by the owner of the site.
 13. CPP 151.00 The City of McMinnville shall evaluate major land use decisions, including but not limited to urban growth boundary, comprehensive plan amendment, zone changes, and subdivisions using the criteria outlined below:
 - a. Federal, state, and local water and waste water quality standards can be adhered to.
 - b. The Applicant shall demonstrate how it will comply with all federal, state and local water and wastewater quality standards, given the DEQ LUST case regarding a hazardous gasoline spill on the site and the deficiencies noted in the Record.

McMinnville Building Department

No building code concerns. Analysis of IEBC appears to be accurate and based on Oregon adopted code.

McMinnville Water and Light

Water: Please contact MW&L to turn off water meters and disconnect customer side of the meter – A16972894, C47575190 & A16972900 prior to demolition of property.

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Power: Please contact MW&L to coordinate the removal of existing electric services prior to demolition. The Bindery Event space does not appear to have a dedicated electric service. There will need to be a provision for re-serving the Bindery Event Space with electricity during demolition.

Public Comments

Notice of this request was mailed to property owners located within 300 feet of the subject site on September 8, 2022, and notice of the public hearing was published in the News Register on Tuesday, September 20, 2022 and Friday, September 23, 2022. The following testimony has been received by the Planning Department.

- Email from Kira Barsotti, 09.16.22
- Email from Shanna Dixon, 09.16.22
- Email from Marianne Mills, 09.18.22
- Email from Megan McCrossin, 09.18.22
- Email from Courtney Cunningham, 09.20.22
- Email from Jordan Robinson, 09.20.22
- Email from Phyllice Bradner, 09.20.22
- Email from Victoria Anderson, 09.20.22
- Letter from Marilyn Kosel, 09.20.22
- Letter from Patti Webb, 09.20.22

V. FINDINGS OF FACT - PROCEDURAL FINDINGS

1. The applicant, Mark Vuong, on behalf of HD McMinnville LLC submitted the Certificate of Approval application (HL 6-22) on August 9, 2022.
2. The application was deemed complete on September 7, 2022. Based on that date, the 120-day land use decision time limit expires on January 5, 2023.
3. Notice of the application was referred to the following public agencies for comment in accordance with Section 17.72.120 of the Zoning Ordinance: McMinnville Fire Department, Police Department, Parks and Recreation Department, Engineering and Building Departments, City Manager, and City Attorney, McMinnville School District No. 40, McMinnville Water and Light, Yamhill County Public Works, Yamhill County Planning Department, Recology Western Oregon, Frontier Communications, Comcast, Northwest Natural Gas, Oregon Department of Transportation and the Oregon State Historic Preservation Office on September 7, 2022.

Comments received from agencies are addressed in the Decision Document.

4. Notice of the application and the September 29, 2022, Historic Landmarks Committee public hearing was mailed to property owners within 300 feet of the subject property in accordance with Section 17.65.070(C) of the Zoning Ordinance on Thursday, September 8, 2021.
5. A public hearing notice was published in the News Register on Tuesday, September 20, 2022, and Friday, September 23, 2022.

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6. On September 29, 2022, the Historic Landmarks Committee held a duly noticed public hearing to consider the request.

VI. FINDINGS OF FACT – GENERAL FINDINGS

1. **Location:** 609 NE Third Street. The resource is located at the property that is identified as Tax Lot 4500, Section 21BC, T. 4 S., R. 4 W., W.M.
2. **Size:** The subject site and property is approximately 6,000 square feet.
3. **Comprehensive Plan Map Designation:** Commercial
4. **Zoning:** C-3, General Commercial
5. **Overlay Zones/Special Districts:** Downtown Overlay District, Section 17.59 of the McMinnville Municipal Code.
6. **Current Use:** Office
7. **Inventoried Significant Resources:**
 - a. **Historic Resources:** Historic Resources Inventory – Resource Number B865.
 - b. **Other:** Primary Significant Contributing resource, McMinnville National Register of Historic Places Downtown Historic District
8. **Other Features:** The building is property tight with no setbacks, two stories, unreinforced brick with a stucco finish.
9. **Utilities:**
 - a. **Water:** Water service is available to the subject site.
 - b. **Electric:** Power service is available to the subject site.
 - c. **Sewer:** Sanitary sewer service is available to the subject site.
10. **Transportation:** The site is located on the northeast corner of Ford Street and Third Street. Third Street is a major collector in the McMinnville Transportation System Plan.

VII. CONCLUSIONARY FINDINGS:

The Conclusionary Findings are the findings regarding consistency with the applicable criteria for the application. The applicable criteria for a Certificate of Approval for Demolition are specified in Section 17.65.050 of the McMinnville Municipal Code and Oregon Administrative Rule, Chapter 660 Division 23: Procedures and Requirements for Complying with Goal 5.

In addition, the goals, policies, and proposals in Volume II of the Comprehensive Plan are to be applied to all land use decisions as criteria for approval, denial, or modification of the proposed request. Goals and policies are mandated; all land use decisions must conform to the applicable goals and policies of Volume II. “Proposals” specified in Volume II are not mandated but are to be undertaken in relation to all applicable land use requests.

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Compliance with Oregon State Land Use Goals:**OAR Chapter 660, Division 23, Procedures and Requirements for Complying with Goal 5:**

(1) For purposes of this rule, the following definitions apply:

- (a) “Demolition” means any act that destroys, removes, or relocates, in whole or part, a significant historic resource such that its historic, cultural, or architectural character and significance is lost. This definition applies directly to local land use decisions regarding a National Register Resource. This definition applies directly to other local land use decisions regarding a historic resource unless the local comprehensive plan or land use regulations contain a different definition.
- (b) “Designation” is a decision by a local government to include a significant resource on the resource list.
- (c) “Historic context statement” is an element of a comprehensive plan that describes the important broad patterns of historical development in a community and its region during a specified time period. It also identifies historic resources that are representative of the important broad patterns of historical development.
- (d) “Historic preservation plan” is an element of a comprehensive plan that contains the local government’s goals and policies for historic resource preservation and the processes for creating and amending the program to achieve the goal.
- (e) “Historic resources” are those buildings, structures, objects, sites, or districts that potentially have a significant relationship to events or conditions of the human past.
- (f) “Locally significant historic resource” means a building, structure, object, site, or district deemed by a local government to be a significant resource according to the requirements of this division and criteria in the comprehensive plan.
- (g) “National Register Resource” means buildings, structures, objects, sites, or districts listed in the National Register of Historic Places pursuant to the National Historic Preservation Act of 1966 (PL 89-665; 16 U.S.C. 470).
- (h) “Owner”:
 - (A) Means the owner of fee title to the property as shown in the deed records of the county where the property is located; or
 - (B) Means the purchaser under a land sale contract, if there is a recorded land sale contract in force for the property; or
 - (C) Means, if the property is owned by the trustee of a revocable trust, the settlor of a revocable trust, except that when the trust becomes irrevocable only the trustee is the owner; and
 - (D) Does not include individuals, partnerships, corporations or public agencies holding easements or less than fee interests (including leaseholds) of any nature; or
 - (E) Means, for a locally significant historic resource with multiple owners, including a district, a simple majority of owners as defined in (A)-(D).
 - (F) Means, for National Register Resources, the same as defined in 36 CFR 60.3(k).
- (i) “Protect” means to require local government review of applications for demolition, relocation, or major exterior alteration of a historic resource, or to delay approval of, or deny, permits for these actions in order to provide opportunities for continued preservation.
- (j) “Significant historic resource” means a locally significant historic resource or a National Register Resource.

(2) Relationship of Historic Resource Protection to the Standard Goal 5 Process.

- (a) Local governments are not required to amend acknowledged plans or land use regulations in order to provide new or amended inventories, resource lists or programs regarding historic resources, except as

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specified in section (8). Local governments are encouraged to inventory and designate historic resources and must adopt historic preservation regulations to protect significant historic resources.

- (b) The requirements of the standard Goal 5 process in [OAR 660-023-0030 \(Inventory Process\)](#) through [660-023-0050 \(Programs to Achieve Goal 5\)](#), in conjunction with the requirements of this rule, apply when local governments choose to amend acknowledged historic preservation plans and regulations.
- (c) Local governments are not required to apply the ESEE process pursuant to [OAR 660-023-0040 \(ESEE Decision Process\)](#) in order to determine a program to protect historic resources.

APPLICANT’S RESPONSE: None.

FINDING: NOT APPLICABLE.

- (3) *Comprehensive Plan Contents.* Local comprehensive plans should foster and encourage the preservation, management, and enhancement of significant historic resources within the jurisdiction in a manner conforming with, but not limited by, the provisions of [ORS 358.605 \(Legislative findings\)](#). In developing local historic preservation programs, local governments should follow the recommendations in the Secretary of the Interior’s Standards and Guidelines for Archeology and Historic Preservation, produced by the National Park Service. Local governments should develop a local historic context statement and adopt a historic preservation plan and a historic preservation ordinance in conjunction with inventorying historic resources.
- (4) *Inventorying Historic Resources.* When a local government chooses to inventory historic resources, it must do so pursuant to [OAR 660-023-0030 \(Inventory Process\)](#), this section, and sections
- (5) through (7). Local governments are encouraged to provide opportunities for community-wide participation as part of the inventory process. Local governments are encouraged to complete the inventory in a manner that satisfies the requirements for such studies published by the Oregon State Historic Preservation Office and provide the inventory to that office in a format compatible with the Oregon Historic Sites Database.
- (5) *Evaluating and Determining Significance.* After a local government completes an inventory of historic resources, it should evaluate which resources on the inventory are significant pursuant to [OAR 660-023-0030 \(Inventory Process\)](#)(4) and this section.
- (a) The evaluation of significance should be based on the National Register Criteria for Evaluation, historic context statement and historic preservation plan. Criteria may include, but are not limited to, consideration of whether the resource has:
- (A) Significant association with events that have made a significant contribution to the broad patterns of local, regional, state, or national history;
- (B) Significant association with the lives of persons significant to local, regional, state, or national history;
- (C) Distinctive characteristics of a type, period, or method of construction, or represents the work of a master, or possesses high artistic values, or represents a significant and distinguishable entity whose components may lack individual distinction;
- (D) A high likelihood that, if preserved, would yield information important in prehistory or history; or
- (E) Relevance within the local historic context and priorities described in the historic preservation plan.
- (b) Local governments may delegate the determination of locally significant historic resources to a local planning commission or historic resources commission.

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- (6) *Designating Locally Significant Historic Resources.* After inventorying and evaluating the significance of historic resources, if a local government chooses to protect a historic resource, it must adopt or amend a resource list (i.e., “designate” such resources) pursuant to [OAR 660-023-0030 \(Inventory Process\)](#)(5) and this section.
- (a) *The resource list must be adopted or amended as a land use decision.*
- (b) *Local governments must allow owners of inventoried historic resources to refuse historic resource designation at any time during the designation process in subsection (a) and must not include a site on a resource list if the owner of the property objects to its designation on the public record. A local government is not required to remove a historic resource from an inventory because an owner refuses to consent to designation.*
- (7) *Historic Resource Protection Ordinances.* Local governments must adopt land use regulations to protect locally significant historic resources designated under section (6). This section replaces [OAR 660-023-0050 \(Programs to Achieve Goal 5\)](#). Historic protection ordinances should be consistent with standards and guidelines recommended in the Standards and Guidelines for Archeology and Historic Preservation published by the U.S. Secretary of the Interior, produced by the National Park Service.

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The City of McMinnville has an acknowledged Historic Preservation program, including an adopted Historic Preservation Plan as a supplemental document to the McMinnville Comprehensive Plan, Comprehensive Plan policies, an adopted Historic Resources Inventory that is actively maintained, historic resource protection ordinances, and an appointed Historic Landmarks Committee that administers and manages the historic preservation program, and makes quasi-judicial decisions on historic landmarks land-use decisions.

- (8) *National Register Resources are significant historic resources. For these resources, local governments are not required to follow the process described in [OAR 660-023-0030 \(Inventory Process\)](#) through [660-023-0050 \(Programs to Achieve Goal 5\)](#) or sections (4) through (6). Instead, a local government:*
- (a) *Must protect National Register Resources, regardless of whether the resources are designated in the local plan or land use regulations, by review of demolition or relocation that includes, at minimum, a public hearing process that results in approval, approval with conditions, or denial and considers the following factors: condition, historic integrity, age, historic significance, value to the community, economic consequences, design or construction rarity, and consistency with and consideration of other policy objectives in the acknowledged comprehensive plan. Local jurisdictions may exclude accessory structures and non-contributing resources within a National Register nomination;*

APPLICANT’S RESPONSE: The City can find that these criteria do not apply directly to the proposed development. The structures are located within a National Historic District, and as such meet the definition of National Register Resources per (1)(g) above. The buildings are identified as primary and contributing structures within the historic district, but were not identified individually as National Register properties. The buildings have not been designated as “Distinctive” resources in the local HRI and have been substantially altered since their construction.

If the City determines that this provision applies, the City can find that the criteria are met as noted below.

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CITY RESPONSE: Oregon Administrative Rule (OAR) 660-023-0200(1)(g) defines districts listed in the National Register of Historic Places as a National Register Resource, therefore this state rule applies to all properties within the McMinnville Downtown Historic District unless the local jurisdiction has excluded non-contributing resources. Per Section 17.65.040(A)(1) of the McMinnville Municipal Code, accessory structures and non-contributing resources within a National Register of Historic Places nomination are excluded from the Certificate of Approval process. Per Figure 2 of this decision document, 609 NE Third Street is considered a Primary Significant Contributing resource in the McMinnville Downtown Historic District.

FINDING: This provision of OAR 660-023-0200, Section 8(a) does apply.

OAR 660-023-0200(8)(a) Factors to Consider – Condition of the Property

APPLICANT RESPONSE: All three of the buildings are constructed of unreinforced brick. As noted in the structural report included as Appendix C, the building at 609 NE 3rd Street is in the best condition of the three. Even so, there are structural concerns that should be evaluated if the building continues to be used for its current activities.

The buildings at 611 and 619 NE 3rd Street have more significant challenges, including interior water damage, a shared wall between the two, and deterioration of the exterior wall.

CITY RESPONSE: MORE INFORMATION NEEDED TO DETERMINE IF CONDITION OF THE PROPERTY IS A FACTOR TO SUPPORT DEMOLITION. The structural analysis is very cursory and did not include any load testing sites. Without load testing on the unreinforced masonry walls, the structural analysis does not indicate any structural issues that were significant or imminent public safety hazards, the condition of the building is not a significant determining factor requiring demolition of the property.

The Structural Report, provided by Harper Houf Peterson Righellis Inc. (HHPR) dated July 29, 2022, provides an existing condition report of 609, 611, and 619 Third Street. It points observed structural issues and concludes with emergent concerns.

Emergent Concerns

- Building 609 – previously noted truss node that is out of plane over 6 inches
- Building 611 – previously noted missing beams intended to spread load across floor below
- Building 619 – previously noted rotten bearing condition at truss
- All Buildings – previously noted overall condition of brick and mortar in locations in each building

Below is the detail on the truss node that is out of plane over six inches in 609 NE Third Street.

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- The most southern roof truss in the 609 Building has a top chord node that is out of plane by over 6 inches. This represents a significant structural concern and should be evaluated further with possible remedial actions should the building remain. The remedial action includes installing a new girder and columns to support the truss thereby removing mezzanine and roof loading from the truss



The report also examines three options for preserving the historic resources: 1) retain existing buildings and construct a new hotel over the top of the existing buildings; 2) retain and maintain the existing buildings and relocate the existing buildings.

The report concludes that the first option to construct a new hotel over the top of the existing buildings would require a complete seismic and structural upgrade to the buildings and would be problematic relative to the placement of needed structural supports in the existing buildings.

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The second option to retain and maintain the existing buildings would require investment in general maintenance, repair and remediation of the spaces as well as repair of the emergent concerns described above.

And the third option to relocate the three buildings is impractical due to the unreinforced masonry structure of the buildings.

OAR 660-023-0200(8)(a) Factors to Consider – Historic Integrity of the Property

APPLICANT RESPONSE: Per the National Register of Historic Places nomination, buildings were classified locally as Primary Resources based on the date of construction in or before 1912, rather than historic integrity. Secondary Significant Contributing structures were identified based on construction between 1913 and 1937. These classifications do not appear to address architectural integrity or building condition.

This building was constructed prior to 1904 and was therefore classified as a Primary Significant Contributing structure. As noted in the HRI statement and shown in Photo 1, the building was initially constructed of brick and included ground floor storefronts and second level offices. However, it has undergone significant renovations since its construction including alterations in 1933 and the 1950s. It is unclear when the second story was removed from use as offices.

The 1980 HRI statement indicated that the building was in use at the tire shop at the time of its preparation, and “the entire southwest portion of the ground floor is cut-away to accommodate automobiles and gasoline pumps.” The HRI also indicated that the condition of the building was “good” (as opposed to excellent, fair, or poor).

A historic photo provided by the Yamhill County Historical Society shows the original brick building with storefronts on the ground floor.

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Photo 1 609 NE 3rd Street ca. 1904



Source: Yamhill County Historical Society

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A 1919 photo published in the News Register appears to show an enclosed storefront. See Photo 2.

Photo 2 609 NE 3rd Street ca. 1919



Source: Yamhill County News-Register; picture of Third Street in McMinnville around 1919 from the collection of Michael Hafner.

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A 1940 photo in the News-Register shows that the ground floor storefronts has been removed between 1919 and 1940 time to accommodate cars and gas pumps, but the brick exterior remained intact. This may have been the 1933 alteration noted in the National Register nomination.

Photo 3 609 NE 3rd Street in 1940



Source: Yamhill County News-Register

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The HRI includes a 1983 photo of the building. At the time of categorization as a Primary Contributing Structure in the HRI, the building had almost nothing of its original façade remaining. The stucco may have been applied in the 1950s; the ground floor is in the same configuration as the 1940 photo.

Photo 4 609 NE 3rd Street in 1983



Source: City of McMinnville Historic Resources Survey, 1983. Available at [https://www.mcminnvilleoregon.gov/sites/default/files/archives/Historic Resources/B Book/b865 inventory.pdf](https://www.mcminnvilleoregon.gov/sites/default/files/archives/Historic%20Resources/B%20Book/b865%20Inventory.pdf).

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In 2000, the current owner renovated the ground floor, enclosing the storefront but retaining the stucco finish. The building remains substantially changed since its original construction as shown in Photo 5 below.

Photo 5 609 NE 3rd Street in 2017



Source: <https://www.loopnet.com/Listing/609-NE-3rd-St-McMinnville-OR/9910462/>

Given the significant alterations since the time of its construction and the time of its addition to the HRI, the Committee can find that the building no longer retains historic integrity.

CITY RESPONSE: IT APPEARS THAT HISTORIC INTEGRITY IS SIGNIFICANTLY COMPROMISED AND IS NOT A SIGNIFICANT FACTOR TO PREVENT DEMOLITION, BUT MORE INFORMATION IS NEEDED TO MAKE A DETERMINATION. The City agrees that the identification of primary and secondary contributing resources in the 1987 McMinnville Downtown National Register of Historic Places Historic District was based primarily on the estimated age of the structure and not the historic integrity of the extant structure. The City also agrees that the structure underwent significant modifications with the ground floor storefront modification to add gas pumps between 1928 and 1948 (**See Figure 5, Series of Sanborn Maps and Figure 6, Series of Photos** in this decision document), the new storefronts installed in 2000 and the stucco application to the brick external veneer, all of which have compromised the historic integrity of the structure. The applicant should provide more information about the individual elements of the structure, such as the windows and storefronts to identify whether those elements have been modified as well.

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OAR 660-023-0200(8)(a) Factors to Consider – Age of the Property

APPLICANT RESPONSE: As noted above, the building at 609 NE 3rd Street was constructed in 1904 and is 118 years old. The building at 611 NE 3rd Street was constructed in 1920 and is 102 years old. The building at 619 NE 3rd Street was constructed in 1923 and is 99 years old.

As noted in the structural report included as Appendix C, all three buildings are showing signs of their age.

CITY RESPONSE: NEED MORE INFORMATION. IT DOES NOT APPEAR THAT MANY ORIGINAL COMPONENTS STILL SURVIVE ON THE BUILDING. Although the building was constructed in 1904, many of the original elements of the building no longer exist except for the overall form and massing of the building, and perhaps some individual components.

MORE INFORMATION NEEDED TO DETERMINE IF IT IS A FACTOR: To determine if age is a factor to consider of whether the property can be demolished or not, the applicant should provide a historic inventory of original external façade elements of the building.

OAR 660-023-0200(8)(a) Factors to Consider – Historic Significance of the Property

APPLICANT RESPONSE: As described in the McMinnville Historic Preservation Plan (Ord. 5068), the HRI defined the historic resource classes in the following way:

- *Distinctive: Resources outstanding for architectural or historic reasons and potentially worthy of nomination to the National Register of Historic Places.*
- *Significant: Resources of recognized importance to the City due to historical association or architectural integrity, uniqueness, or quality.*
- *Contributory: Resources not in and of themselves of major significance, but which enhance the overall historic character of the neighborhood or City. Removal or alteration would have a deleterious effect on the quality of historic continuity experienced in the community.*
- *Environmental: This category includes all resources surveyed that were not classified as distinctive, significant, or contributory. The resources comprise an historic context within the community.*

As noted in the 1987 National Register nomination, buildings on the McMinnville HRI were classified based on the building date, building style, type and number of alterations, building setback, and roof shape. At the time, there were 52 contributing (Primary and Secondary) and 14 non-contributing buildings in the district.

The National Register nomination describes the categories as such:

1. *Primary Significant Contributing: Structures are classified as Primary Significant if they were built on or before 1912, or reflect the building styles, traditions, or patterns of structures typically constructed before this date. These buildings represent the primary period of construction and development in downtown McMinnville from initial settlement in 1881 to 1912, when city improvements and use of the Oregon Electric and Southern Pacific Railroad service prompted new construction in the downtown area.*

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2. *Secondary Significant Contributing: Structures are classified as Secondary Significant if they were built in or between 1913 and 1937. These buildings represent the secondary period of construction and development from the increase of city improvements and auto traffic.*
3. *Historic Non-Contributing: Structures are classified as Historic Non-Contributing if they were built either during the primary or secondary periods of construction but have been so altered over time that their contributing elements (siding, windows, massing, entrances, and roof) have been lost or concealed. If their contributing elements were restored, these buildings could be reclassified as Primary of [sic] Secondary Significant.*
4. *Compatible Non-Historic and Non-Contributing: Structures are classified as Compatible Non-Contributing if they were built after 1937 (When the nomination was being prepared in 1987, buildings constructed in 1937 were then 50 years old and met the threshold for National Register eligibility). but are compatible architecturally (i.e. scale, materials, use) with the significant structures and the historic character of the district.*
5. *Non-Compatible Non-Contributing: Structures are classified as Non-Compatible Non-Contributing if they were built after 1937 and are incompatible architecturally (i.e. scale, materials, and use) with the significant structures and the historic character of the District.*
6. *Vacant: Properties are classified as Vacant if there are no buildings sited on them (i.e., vacant lots, alleys, parking lots).*

The HRI statements of historical significance do not provide any detail about why the buildings were classified as Primary or Secondary resources, aside from the date of construction, so it is difficult to determine what features of the buildings warranted their classification. Arguably, as described below, each of these buildings could have met the criteria for designation as Historic Non-Contributing buildings, as they met the age threshold but had been substantially altered prior to their HRI designations.

As noted above, the siding of the building at 609 NE 3rd Street has been completely changed from brick to stucco; storefront walls and windows have been removed and reconstructed; and the entrance has been relocated to the corner. Only the massing and roof remain intact. The building has been further altered since its designation and while attractive, appears to be a completely different building than the original structure.

CITY RESPONSE: PER THE NATIONAL REGISTER OF HISTORIC PLACES HISTORIC DISTRICT NOMINATION AND THE MCMINNVILLE HISTORIC RESOURCES INVENTORY THE SUBJECT PROPERTY IS HISTORICALLY SIGNIFICANT. The McMinnville Downtown Historic District National Register of Historic Places nomination provides the following as the overall summary of the statement of significance for the historic district for a time period of 1880 – 1937.

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The McMinnville Historic District is an area of approximately 15 acres in which the unifying theme represented by the 51 contributing buildings is the parallel development of commerce and railroad and highway transportation in the bustling Willamette Valley farming community and county seat between 1880 and 1937. The district meets National Register Criteria A and C in the context of local history as the place where the community's largest, best preserved and most noteworthy historic commercial buildings are concentrated. The district extends 6½ blocks along Third Street, historically the main, east-west stem of the business district. Buildings along Third Street represent several phases of development but have a marked cohesion by virtue of their density, common scale, materials and overall design elements. While ground story storefronts have been altered over the years, distinguishing features of the upper stories are intact and provide visual continuity. Descendants of many of the community's early settlers are owners of property or businesses within the district today.

(McMinnville Downtown Historic District, Section Number 8, Page 1)

The McMinnville Historic Preservation Plan has the following language for the historic context of McMinnville's historic resources for the time period that most influenced the building at 609 NE Third Street:

Motor Age, Boom and Bust (1903—1940)

This period marked the arrival of the automobile. Most of the garages added to the houses surveyed were built during this period. The city was amid a massive population growth extending from 1900 through 1910 and increased prosperity with industrial growth provided jobs and steady wages. By 1914 a spur from the main interurban railroad corridor along the Willamette Valley linked the city with Portland and cities to the south. Building construction grew considerably from 1900 to 1909 relative to pre-1900 construction, and then nearly doubled during the 1910s.⁵

Population growth continued between 1910 and 1940, increasing from 2,767 in 1920 to 3,706 in 1940.⁶ New industries established in the city and surrounding area included including a small foundry, a machine shop, a planning mill, a creamery, and an incandescent and arc light factory. The launch of Prohibition in 1919 devastated the hops industry, the area's second-most profitable crop, motivating farmers to diversify their products to include legumes, clover, and animal products.

(McMinnville Historic Preservation Plan, page 16)

609 NE Third Street is not listed as a building as exemplary of this time period.

Commercial buildings from this period of construction (1913-1937) include:

- 226 E 3rd Street (ca. 1913), Commercial style
- 225 E 3rd Street (1918), Commercial style
- Spence Building, 425 E 3rd Street (1925), Commercial style
- 236 E 3rd Street (ca. 1930), Commercial style

(McMinnville Historic Preservation Plan, page 18)

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However, based on the methodology at the time (which appears to be relative to primarily the date the building was originally constructed and not the historic integrity of the building or how much the building actually reflects its original architecture), the subject property is listed as a “Primary Significant Contributing” property in the McMinnville Downtown Historic District National Register of Historic Places nomination and is identified as a “Significant” resource on the McMinnville Historic Resources Inventory.

As discussed above, the historic integrity of the building has been significantly modified since its original construction in 1904, and then since its modification prior to 1912 to an automobile garage that reflects the “Motor Age, Boom or Bust” in the McMinnville Historic Preservation Plan.

The City recommends that both the survey for the National Register of Historic Places Historic District nomination and the McMinnville Historic Resources Inventory should be updated relative to historic significance based on contemporary methodology that takes into account age of structure, significance of the time period that the structure represents (local, state and national) and historic integrity of the structure.

OAR 660-023-0200(8)(a) Factors to Consider – Value to the Community

APPLICANT RESPONSE: The value the buildings current(ly) provide to the community include providing a consistent edge along historic 3rd Street corridor, jobs for office-based employees, and a reminder of the community’s past. The buildings provide minimal street-level activation due to their uses as offices, and deferred maintenance of the buildings has resulted in interior and exterior damage as noted in the structural report included as Appendix C.

The proposed development provides the same value to the community, and additional values. The building retains the 0 ft. setback along 3rd and Ford streets to provide a continuous street wall in accordance with historic downtown development patterns. The ground floor will be activated by retail and restaurant uses, and outdoor seating is anticipated to create a lively atmosphere during the warmer months. The new building will be energy- efficient and modern while nodding to the historic structures surrounding it. It will also provide employment for approximately 60 people, more than three times as many people currently employed on the site.

CITY RESPONSE: BALANCING THE ASSUMPTIONS THAT THE SUBJECT STRUCTURE DOES NOT RETAIN MUCH HISTORIC INTEGRITY, AND IS FINANCIALLY INFEASIBLE TO REHABILITATE, THE REPLACEMENT PLAN HAS MORE VALUE TO THE COMMUNITY THAN THE PRESERVATION OF THE BUILDING. 609 NE Third Street does not appear to have the historic integrity that many believe that it has due to the amount of modifications that have occurred. The City has received several letters from the public asking to save the historic properties but the analysis above demonstrates that there is not much historic value still intact on this building. 609 NE Third Street is though a part of the building fabric of Third Street in McMinnville, a built environment which collectively has a lot of value to the community. Any replacement project would need to be able to become an asset to that built environment and not a disrupter. Presumably the downtown overlay district design standards was developed to ensure that infill on Third Street would compliment the existing built environment. And any replacement project would need to comply with those design standards (Section 17.59 of the McMinnville Municipal Code.

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609 NE Third Street also is a two-story building where both floors have not been adequately maintained and the full vitality of the building is not realized. The applicant provided a cost analysis in their application that indicates that the cost of rehabilitating the structure and the return yield on the square footage of the rehabilitated space would not be financed as the project would not yield a positive return for 40 years.

The applicant has indicated that this cost to fully renovate the buildings would be approximately

\$12,025,000 inclusive of land cost, soft costs, and hard costs. Tenant improvements would cost an additional \$35 per sq. ft. for a total project cost of \$12,806,200. The achievable rents would be \$25 per sq. ft., with approximately 22,320 sq. ft. of rentable area, or \$558,000 effective gross income per year. Operating expenses are assumed at 38 percent of gross income, along with mortgage loan interest. The net operating income (NOI) including debt service would be (\$111,861) a year, or a loss of \$111,861 each year.

In this scenario, it would take the project approximately 40 years to recoup the initial rehabilitation cost and start making a profit. This would be unable to receive funding from a bank or investor and therefore is highly unlikely, if not impossible.

(Application Narrative, page 3)

The costs to rehabilitate the building and fully activate both floors will require higher lease rates than are currently in the McMinnville downtown market, which will either significantly impact the local lease market downtown negatively impacting existing businesses downtown or prevent a rehabilitation project from moving forward leading to further deterioration of the building. A hotel with revitalized ground floor commercial space will generate a downtown consumer market for downtown businesses and create more vitality on the street. The project will need to meet the Downtown Design Overlay District code criteria for new construction, including mimicking the character and scale of the existing structures downtown.

OAR 660-023-0200(8)(a) Factors to Consider – Economic Consequences

APPLICANT RESPONSE: The economic consequences of retaining the structures include cost, activity, and employment. The current use of all three buildings is office, which is a low activity use on McMinnville's main commercial street.

Theoretically one or more of the buildings could be renovated to house a more active use that made a greater contribution to the streetscape. However, most alternative uses would require seismic upgrades to meet current building code at a significant out-of-pocket cost. It is reasonable to assume that if the current property owners had the means or desire to make those upgrades, they would have done so. The office uses occupying these buildings are low-intensity and do not attract foot traffic. Typically, people visit offices to work or by appointment to meet with those working within. Though office employees will eat at nearby restaurants and coffee shops, many downtowns prefer to have office uses located on upper floors to allow more active uses at the street level.

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The economic consequences of removing the structures are largely positive. Approximately 20 people are employed in the existing buildings. The Gwendolyn Hotel is expected to employ approximately 60 people, in addition to employees of the ground floor restaurant and retail uses. These employees will also eat at nearby restaurants and shop at nearby stores, while the street level will be activated.

In addition, the new hotel will pay the City's lodging tax and the value of the development will be much greater than the existing development, which will result in increased property tax revenue to support urban renewal area activities. There will be new lodging options in downtown McMinnville that are expected to draw visitors from the Portland metro region and beyond. These visitors will contribute to the economic vitality of downtown McMinnville and nearby areas.

CITY RESPONSE: THE REPLACEMENT PLAN FOR A MULTI-STORY HOTEL AND GROUND FLOOR RETAIL WOULD BENEFIT MCMINNVILLE ECONOMICALLY. McMinnville needs more Class A office space, especially in its city center. However, due to long-term disinvestment in the second story of this building the costs of stabilizing the building and providing Class A office space is more than the market will bear which would lead to continued disinvestment in the second story and no office vitality outside of the ground floor. A hotel and ground floor commercial space would not be detrimental to McMinnville economically, as the downtown economy is emerging as a tourism destination, with tourists and local residents combining to support local food and beverage establishments and retail boutiques. In recent years, several lodging enterprises in downtown McMinnville have flourished and contributed positively to the overall economy of McMinnville.

OAR 660-023-0200(8)(a) Factors to Consider – Design or Construction Rarity

APPLICANT RESPONSE: Each of the buildings is fairly utilitarian in design and are not identified as examples of rare design or construction in the HRI or the National Register nomination. They are modest, functional structures that have been significantly altered over the years.

According to the McMinnville Historic Preservation Plan (Ord. 5068), as of May 2018 there were 558 properties listed on the HRI at the top three levels (Distinctive, Significant, and Contributing). Sixty-nine (or 12 percent) were classified as Distinctive; 200³ (or 36 percent) were listed as Significant and 289 (or 52 percent) were listed as Contributory. Therefore, as none of the buildings proposed for demolition are listed as Distinctive, they are not rare structures within the City.

CITY RESPONSE: 609 NE THIRD STREET IS NOT OF A RARE DESIGN AND CONSTRUCTION. 609 NE Third Street does not possess any specific design or construction standard that would be described as rare or significant for McMinnville, except for the interior structural design to allow for a large car dealer showroom.

OAR 660-023-0200(8)(a) Factors to Consider – Consistency and Consideration of other Policy Objectives in the Comprehensive Plan.U

APPLICANT RESPONSE: Other relevant policy objectives of the McMinnville Comprehensive Plan include cultural, historical, and educational resources; economic development policies; and energy policies. Each of these policies is addressed in more detail in Section 5 of this narrative.

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The relevant cultural and historical resource policies of Comprehensive Plan Chapter II include:

Goal III 2: *To preserve and protect sites, structures, areas, and Objects of historical, cultural, architectural, or Archaeological significance to the city of McMinnville.*

The relevant economic development policies of Comprehensive Plan Chapter IV include:

Goal IV 1: *To encourage the continued growth and diversification of McMinnville’s economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.*

Goal IV 2: *To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.*

Goal IV 3: *To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood-serving and other commercial lands, and discouraging strip development.*

Goal IV 4: *To promote the downtown as a cultural, administrative, service, and retail center of McMinnville.*

The relevant energy policies of Comprehensive Plan Chapter VIII include:

Goal VIII 2: *To conserve all forms of energy through utilization of Land use planning tools.*

178.00 The City of McMinnville shall encourage a compact urban development pattern to provide for conservation of all forms of energy.

179.00 The City of McMinnville shall amend pertinent ordinances to allow for design techniques which increase the efficient utilization of land and energy. Areas to examine shall include, but not be limited to:

- 1. The zoning ordinance requirements, including density, lot areas, and setbacks to increase utilizable space in lots, while maintaining health and safety standards.*
- 2. The geographic placement of various uses (commercial, industrial, residential) on the Comprehensive Plan Map to encourage energy-efficient locations.*

[...]

180.50 The City of McMinnville supports local sustainability and endorses the utilization of proven and innovative energy efficient design and construction technologies to reduce building heat-gain, lower energy consumption, and lessen pollutant output. (Ord. 4903, December 9, 2008)

Collectively, these policies call for balancing the protection of important historic and cultural resources with the efficient use of limited land within existing commercial centers, including

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downtown, and further establishing downtown as the cultural, employment, and retail center of McMinnville.

The subject site is currently occupied by three heavily altered low-rise buildings that are underutilized in terms of floor area, employment, and services. New construction on this site would advance all the City's Comprehensive Plan goals while avoiding negative impacts to "Distinctive" buildings elsewhere in the downtown.

CITY RESPONSE: Please see below for a discussion of compliance with the City of McMinnville's Comprehensive Plan policies. In summary, the proposed demolition of 609 NE Third Street does not meet the City's Comprehensive Plan goals for preservation of historic resources, and the impact that the demolition of the structure could have on a brownfield underneath the building does not meet the City's Comprehensive Plan goals for stormwater management and water quality, however the demolition of the subject structure coupled with the redevelopment of the site does meet many of the City's economic development comprehensive plan policies.

OAR 660-023-0200, Section 8(a):

OVERALL FINDING, SATISFIED WITH CONDITION OF APPROVAL: OAR 660-023-0200, Section 8(a) does apply to this land-use application. OAR 660-023-0200, Section 8(a) states that the following factors must be considered when making a decision to approve, approve with conditions or deny an application for a historic resource on the National Register of Historic Places: condition, historic integrity, age, historic significance, value to the community, economic consequences, design or construction rarity, and consistency with and consideration of other policy objectives in the acknowledged comprehensive plan. But OAR 660-023-0200, Section 8(a) does not provide clear and objective criteria as to how to consider the factors and how many factors need to support an approval, approval with conditions or denial. Per the analysis above, 609 NE Third Street does not appear to be in bad structural conditions, but also does not appear to have much historic integrity, components that are still extant from its original condition or historic significance. The value to the community could be described in two ways – historic value and overall value – but the historic value has been shown to be more emotional than actual. Based on the assumption that the historic value is over calculated for 609 NE Third Street, the condition of the building should not be a significant factor of consideration.

However, some of the factors are dependent upon a redevelopment plan that fits within the existing Third Street built environment as a complimentary attraction and asset and not a disrupter. The City of McMinnville has adopted Design Guidelines and Standards for New Construction in the Downtown Overlay District (Section 17.59 of the McMinnville Municipal Code), as a means to ensure that new development will build upon the overall sense of place on Third Street. A condition of approval needs to be established that the demolition of 609 NE Third Street will not be approved without the successful approval of a replacement plan for the site that meets all of the city's local regulations, state regulations and federal regulations.

CONDITION OF APPROVAL #1: The Certificate of Approval for Demolition of 609 NE Third Street is contingent upon a project that meets all of the city's local regulations, state regulations and federal regulations. A demolition permit will not be issued until that has been established. The penalty for

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demolition without a permit will be equal to the real market value of the most recent assessor’s statement for both the structure and the land paid to the City’s Historic Preservation Fund.

OAR 660-023-0200, Section 8

(b) May apply additional protection measures. for a National Register Resource listed in the National Register of Historic Places after the effective date of this rule, additional protection measures may be applied only upon considering, at a public hearing, the historic characteristics identified in the National Register nomination; the historic significance of the resource; the relationship to the historic context statement and historic preservation plan contained in the comprehensive plan, if they exist; the goals and policies in the comprehensive plan; and the effects of the additional protection measures on the ability of property owners to maintain and modify features of their property. Protection measures applied by a local government to a National Register resource listed before the effective date of this rule continue to apply until the local government amends or removes them; and

APPLICANT’S RESPONSE: None.

FINDING: NOT APPLICABLE. The analysis above demonstrates that the structure at 609 NE Third Street does not have significant historic integrity or a relationship to the historic context statement of the National Register of Historic Places nomination outside of the year in which it was originally built, that would merit a need for additional protection measures outside of the City of McMinnville’s Historic Preservation Code, Chapter 17.65 of the McMinnville Municipal Code.

OAR 660-023-0200, Section 8

(c) Must amend its land use regulations to protect National Register Resources in conformity with subsections (a) and (b). Until such regulations are adopted, subsections (a) and (b) shall apply directly to National Register Resources.

APPLICANT’S RESPONSE: The City of McMinnville is in the process of amending its zoning code to comply with these provisions. Until those amendments are effective (anticipated in Summer/Fall 2022) the provisions of this section are applicable.

FINDING: SATISFIED. The City concurs with the applicant’s response.

(9) Removal of a historic resource from a resource list by a local government is a land use decision and is subject to this section.

(a) A local government must remove a property from the resource list if the designation was imposed on the property by the local government and the owner at the time of designation:

- (A) Has retained ownership since the time of the designation, and*
- (B) Can demonstrate that the owner objected to the designation on the public record, or*
- (C) Was not provided an opportunity to object to the designation, and*
- (D) Requests that the local government remove the property from the resource list.*

(b) Except as provided in subsection (a), a local government may only remove a resource from the resource list if the circumstances in paragraphs (A), (B), or (C) exist.

- (A) The resource has lost the qualities for which it was originally recognized;*
- (B) Additional information shows that the resource no longer satisfies the criteria for recognition as a historic resource or did not satisfy the criteria for recognition as a historic resource at time of listing;*

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(C) *The local building official declares that the resource poses a clear and immediate hazard to public safety and must be demolished to abate the unsafe condition.*

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED WITH CONDTION OF APPROVAL #2. If the structure at 609 NE Third Street is demolished it will automatically be removed from the McMinnville Historic Resources Inventory.

CONDITION OF APPROVAL #2: 609 NE Third Street, McMinnville Historic Resource Inventory B865 will be automatically removed from the McMinnville Historic Resource Inventory when the extant structure on the subject property is demolished.

(10) *A local government shall not issue a permit for demolition or modification of a locally significant historic resource during the 120-day period following:*

- (a) *The date of the property owner’s refusal to consent to the historic resource designation, or*
- (b) *The date of an application to demolish or modify the resource if the local government has not designated the locally significant resource under section (6).*

APPLICANT’S RESPONSE: None.

FINDING: NOT APPLICABLE. The structure at 609 NE Third Street has already been designated a McMinnville Historic Resource.

Comprehensive Plan Volume II:

The following Goals, Policies, and Proposals from Volume II of the Comprehensive Plan provide criteria applicable to this request:

The implementation of most goals, policies, and proposals as they apply to this application are accomplished through the provisions, procedures, and standards in the city codes and master plans, which are sufficient to adequately address applicable goals, polices, and proposals as they apply to this application.

The following additional findings are made relating to specific Goals and Policies:

GOAL II 1: TO PRESERVE THE QUALITY OF THE AIR, WATER, AND LAND RESOURCES WITHIN THE PLANNING AREA.

2.00 *The City of McMinnville shall continue to enforce appropriate development controls on lands with identified building constraints, including, but not limited to, excessive slope, limiting soil characteristics, and natural hazards.*

APPLICANT RESPONSE: None

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FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION PROVIDED. A Contaminated Media Management Plan (CMMP) was prepared for Oregon Lithoprint, Inc. on July 20, 2022, to address residual petroleum contamination that may be encountered in soil and groundwater in the vicinity of the Oregon Lithoprint site located at 609 NE Third Street due to a former Leaking Underground Storage Tank (LUST). The Lithoprint LUST site involves underground gasoline storage tanks that were removed in the mid-1980s. The tanks were located beneath the sidewalk on the east side of NE Ford Street, just north of NE Third Street. Some gasoline-contaminated soil was excavated during the tank removal, but further investigation indicated that soil contamination extended beneath the O'Dell Building, which is owned by Lithoprint and is adjacent on the east of the former tanks. Groundwater contamination originating at the former tanks' location extends to the southwest beneath NE Ford Street, the Oddfellows Building across NE Ford Street on the west, and into NE Third Street. Soil and groundwater conditions associated with the LUST site have been monitored for the past 30+ years and contamination persists in both soil and groundwater at concentrations exceeding Oregon's cleanup requirements. Lithoprint's consultant produced a Supplemental Site Investigation Summary Report in June 2022 that does not contemplate redevelopment of the O'Dell Building and states:

"Based on the current Site use, the primary potential risk exposure that was identified as being of potential concern is limited to construction worker exposure beneath the southwest corner of the O'Dell Building and in the vicinity of MW-4. This exposure would only present a potential risk if construction or excavation activities were undertaken without appropriate precautions. The potential for unacceptable risk to construction workers beneath the O'Dell Building is further limited by the fact that the building would need to be razed or excavation activities would need to be conducted within the existing building footprint for potential exposures to occur."

This implies that if the building is razed and excavation occurs, there is a potential exposure that should be considered. The Supplemental Site Investigation Summary Report does not recommend whether additional remedial activities should occur if the O'Dell Building is demolished and allows access to contaminated soil. The Supplemental Site Investigation Summary Report should be expanded to consider the demolition of the O'Dell building.

CONDITION OF APPROVAL #3: The applicant must demonstrate how construction activities regarding known pollutants residing under the structures onsite will not negatively affect development onsite, and not negatively affect the adjoining properties, including the city's right of ways.

8.00 *The City of McMinnville shall continue to seek the retention of high water quality standards as defined by federal, state, and local water quality codes, for all the water resources within the planning area.*

APPLICANT RESPONSE: None

FINDING: SATISFIED WITH CONDITION OF APPROVAL #4. A Contaminated Media Management Plan (CMMP) was prepared for Oregon Lithoprint, Inc. on July 20, 2022, to address residual petroleum contamination that may be encountered in soil and groundwater in the vicinity of the Oregon Lithoprint site located at 609 NE Third Street due to a former Leaking Underground Storage Tank (LUST).

CONDITION OF APPROVAL #4: The Applicant must demonstrate that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City's Right of Way and downstream users and properties.

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10.00 *The City of McMinnville shall cooperate with the Oregon Department of Environmental Quality, the Mid-Willamette Valley Council of Governments, and other appropriate agencies and interests to maintain water quality and to implement agreed upon programs for management of the water resources within the planning area.*

APPLICANT RESPONSE: None

FINDING: SATISFIED WITH CONDITION OF APPROVAL #5. A Contaminated Media Management Plan (CMMP) was prepared for Oregon Lithoprint, Inc. on July 20, 2022, to address residual petroleum contamination that may be encountered in soil and groundwater in the vicinity of the Oregon Lithoprint site located at 609 NE Third Street due to a former Leaking Underground Storage Tank (LUST).

CONDITION OF APPROVAL #5: The Applicant must demonstrate compliance with the Department of Environmental Quality and other appropriate agencies that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City’s Right of Way and downstream users and properties.

GOAL III 2: TO PRESERVE AND PROTECT SITES, STRUCTURES, AREAS, AND OBJECTS OF HISTORICAL, CULTURAL, ARCHITECTURAL, OR ARCHAEOLOGICAL SIGNIFICANCE TO THE CITY OF McMINNVILLE.

APPLICANT RESPONSE: The proposed development will provide short-term lodging and retail services for the downtown McMinnville community. These services will both meet an identified demand and provide employment to local residents. The current businesses on the site employ approximately 20 people; the proposed development is expected to employ approximately 60 people. These employment opportunities will include hospitality, service industry, and management positions.

The subject site is currently occupied by three heavily altered low-rise buildings that are underutilized in terms of floor area, employment, and services. New construction on this site would advance all the City’s Comprehensive Plan goals while avoiding negative impacts to “Distinctive” buildings elsewhere in the downtown.

FINDING: NOT SATISFIED. The focus of this comprehensive plan goal is to preserve and protect structures that have special historical or architectural significance. A demolition clearly does not meet that intent. The Historic Landmarks Committee, after reviewing the application materials and receiving testimony, decided that other applicable criteria for the consideration of the demolition were met and therefore the demolition was approved. Findings for those other applicable review criteria are provided below.

16.00 *The City of McMinnville shall support special assessment programs as well as federal grants-in-aid programs and other similar legislation in an effort to preserve structures, sites, objects, or areas of significance to the City.*

FINDING: SATISFIED. The City is supportive of all of these programs to aid historic preservation. The property owner, Oregon Lithoprint, Inc., participated in the 20% Federal Tax Credit Program in 2000 on

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609 NE Third Street. With a rehabilitation expense of \$390,915, the property owner was able to access approximately \$78,000 of tax credits. The payback period for the Federal Tax Credit Program is five years if the property is demolished. That payback period has since expired. The property owner also completed the State Special Assessment program at 609 NE Third Street and met all of the requirements for participation so there is no payback provision on this program either if the property is demolished.

- 17.00 *The City of McMinnville shall enact interim measures for protection of historic sites and structures. Those measures are identified in the McMinnville Comprehensive Plan, Volume I, Chapter III.*

FINDING: SATISFIED. Chapter III of Volume 1 of the McMinnville Comprehensive Plan states the following:

A viable preservation program for the city will involve four steps: (1) the adoption of goals and policies in the Comprehensive Plan supporting the preservation of historic resources and establishing a process to achieve stated objectives; (2) the formation of a historic preservation/landmarks committee; (3) the completion of a comprehensive inventory of the historic resources in the planning area; and (4) the implementation of preservation techniques, possibly through an historic preservation ordinance, to protect and conserve the identified resources.

Based on the information contained herein, and the work of the Citizens' Advisory Committee Community Needs Subcommittee, the City finds that:

1. There are sites, structures, objects, and areas that are of importance to McMinnville because of their historical, cultural, architectural archeological significance at the local, state, or national level. Some of the sites and structures are (or are in the process of being) designated to state and national historical lists.
2. There may be pressure to destroy or alter historically significant sites and structures in the future. There is no active historical, or preservation program in McMinnville at this time to resolve conflicts between historical resources and developmental proposals.
3. Completion of Phase I of the inventory of the historic resources in McMinnville has been completed. Approximately 0.9 of a square mile of the McMinnville core (the area bounded by Fifteenth Street on the north, Fellows Street on the south, Elmwood Avenue on the west, and Kirby Street on the east) has been surveyed and some 500 potential historic resources have been identified. The survey, under the direction of Janice Rutherford, involved the efforts of some 30 volunteers, who, after attending training sessions by professional preservationists, conducted the field work and research necessary to identify the resources. Completion of this survey for the remainder of the city should be a priority concern in the historic preservation program established by the City.

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4. Historical structures should be recognized as underutilized resources that could potentially be restored and/or adapted for beneficial urban uses. Preservation techniques applicable to the historical structures identified in the core area of the city could assist in the continued redevelopment of the central business district.
5. The historical designation of sites and structures within the core business area could involve large economic ramifications for the city and property owners. A variety of incentives for rehabilitation of historically designated properties does exist. A feasibility analysis of the economic advantages and disadvantages of establishing historical sites and/or districts downtown needs to be made.
6. Preservation of historical sites and structures will necessarily involve procedures that regulate the alteration, and/or demolition of historically designated properties. The cooperation of owners of potential historical sites and structures will, therefore, be necessary for a viable preservation program.
7. A number of local groups and citizens, including the Chamber of Commerce, Committee on Redevelopment, various civic and social groups, and local historical groups, have expressed interest in an historical preservation program. Enlistment of volunteers for the completion of the comprehensive inventory of historical resources and other preservation projects should be explored.
8. There are a number of state and federal antiquity codes that may assist in the preservation of the historical resources in our city, and provide some financial incentives for preserving our heritage. Those codes are noted in the background information for the comprehensive plan.
9. The involvement of the private sector of the city is of paramount importance to the development of a preservation program. The primary initiative for setting up such a program will come from the governmental sector. However, it is only through the cooperation of property owners, volunteer workers, knowledgeable citizens, and governmental leaders that such a program will be made workable.
10. A program involving creation of an Historical Landmark Committee, a local Historical Landmarks Register, and an Historical Ordinance is being proposed by the City to establish a historical presentation program. Implementation of the program is expected to take a considerable amount of study, discussion, and therefore, time. Interim preservation measures shall be enforced until formal adoption and implementation of a preservation program.

The City of McMinnville has implemented most of the programs outlined above.

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GOAL IV 1: TO ENCOURAGE THE CONTINUED GROWTH AND DIVERSIFICATION OF McMinnville's Economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

APPLICANT RESPONSE: The proposed development will provide short-term lodging and retail services for the downtown McMinnville community. These services will both meet an identified demand and provide employment to local residents. The current businesses on the site employ approximately 20 people; the proposed development is expected to employ approximately 60 people. These employment opportunities will include hospitality, service industry, and management positions

COMMERCIAL DEVELOPMENT

GOAL IV 2: TO ENCOURAGE THE CONTINUED GROWTH OF McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

APPLICANT RESPONSE: This Comprehensive Plan policy is supplemented by several documents including the 2013 Urban Renewal Area Plan⁶ (Area Plan), the 2013 Economic Opportunities Analysis (EOA), the 2019 MAC-Town 2032 Economic Development Strategic Plan⁷ (MAC-Town 2032), and the 2020 McMinnville Growth Management and Urbanization Plan (MGMUP). The site is within the McMinnville Urban Renewal Area and downtown McMinnville is the focus of MAC-Town 2032.

Infrastructure Improvements

The Area Plan includes reconstruction of the 3rd Street Streetscape, which is currently in the conceptual design phase. Depending on the timing of the development, the project may be able to participate in construction of the streetscape improvements.

Economic Opportunities

The EOA identifies limited durations of tourism visitation as a factor affecting community economic development. The analysis found that visitors tend not to stay overnight, but rather are often day visitors, and do not appear to be making substantial expenditures while in the area. A key challenge for the future, as identified in this analysis, is to provide more and better value-added opportunities for visitors to spend more time and money while visiting the McMinnville area.

Hospitality and Tourism

As noted above, the application is consistent with the 2019 MAC-Town 2032 Economic Development Strategic Plan. Goal 6 of MAC-Town 2032 particularly encourages downtown McMinnville to “Be a leader in Hospitality and Place-Based Tourism” and identifies hotel stays and retail sales as performance measures. Action items within that goal identify additional high-quality hospitality offerings and additional conference space. Focus groups participating in MAC Town

GOAL IV 3: TO ENSURE COMMERCIAL DEVELOPMENT THAT MAXIMIZES EFFICIENCY OF LAND USE THROUGH UTILIZATION OF EXISTING COMMERCIALY DESIGNATED LANDS, THROUGH

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APPROPRIATELY LOCATING FUTURE NEIGHBORHOOD-SERVING AND OTHER COMMERCIAL LANDS, AND DISCOURAGING STRIP DEVELOPMENT.

- 22.00 *The maximum and most efficient use of existing commercially designated lands will be encouraged as will the revitalization and reuse of existing commercial properties.*

APPLICANT RESPONSE: The proposed development is a commercial development on properties zoned C-3 and designated for commercial uses and development. The building meets the applicable development standards for the zone and site will intensify the uses on the site and maximize the efficiency of a key site within downtown McMinnville.

The site is located within the McMinnville Urban Renewal Area (Area). The City’s Urban Renewal Plan notes that the programs and infrastructure improvements proposed within the Area will “maximize the efficient use of land by encouraging more intense uses on lands already developed or designated for urban development, will help keep the urban pattern compact, and will prevent sprawl and strip development.”⁸ The Gwendolyn Hotel, along with its associated retail and restaurant spaces, will redevelop three, one- to two-story buildings, while enhancing the adjacent pedestrian environment. This aids in achieving Goal III of the Area which is to encourage a unique district identity through enhancing the physical appearance of the district and providing active use opportunities within the Area. The redevelopment of the site will intensify the use of a key site within the downtown McMinnville commercial area and enhance its status as the retail center of McMinnville.

In addition to urban renewal policies, Principle #5 of the Growth Management and Urbanization Plan calls for “Density. Adopt policies that allow the market to increase densities, and push it to do so in some instances.” The plan notes that “activity centers” are the appropriate locations for these increases in density, and the Framework Plan identifies downtown McMinnville as one of four “activity centers,” and the largest. Though this Framework Plan is not an adopted Comprehensive Plan map, it does illustrate the City’s plans to meet its housing and employment needs during the planning horizon.

FINDING: SATISFIED. The proposed project maximizes the existing commercially designated lands by building a higher density commercial program on the site, which will also serve to revitalize the east side of Third Street that was identified as a redevelopment area in the adopted 2000 Downtown Improvement Plan.

- 25.00 *Commercial uses will be located in areas where conflicts with adjacent land uses can be minimized and where city services commensurate with the scale of development are or can be made available prior to development.*

FINDING: SATISFIED WITH CONDITIONS OF APPROVAL #6, #7, #8 and #9. Higher density commercial development in the city center utilizes existing infrastructure efficiencies. The following conditions of approval will need to be met to ensure that the existing infrastructure will support the development.

CONDITION OF APPROVAL #6: The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rain water into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building

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permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance.

CONDITION OF APPROVAL #7: The applicant shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be born by the developer..

CONDITION OF APPROVAL #8: The applicant provided a Transportation Impact Analysis with their application for the replacement project. Several items need to be updated in the Transportation Impact Analysis prior to the issuance of building permits which may then require transportation improvements. They are as follows:

- Provide a TIA of the intersections of NE Ford Street and NE Third Street, and NE Galloway Street and NE Third Street.
- The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85-room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.

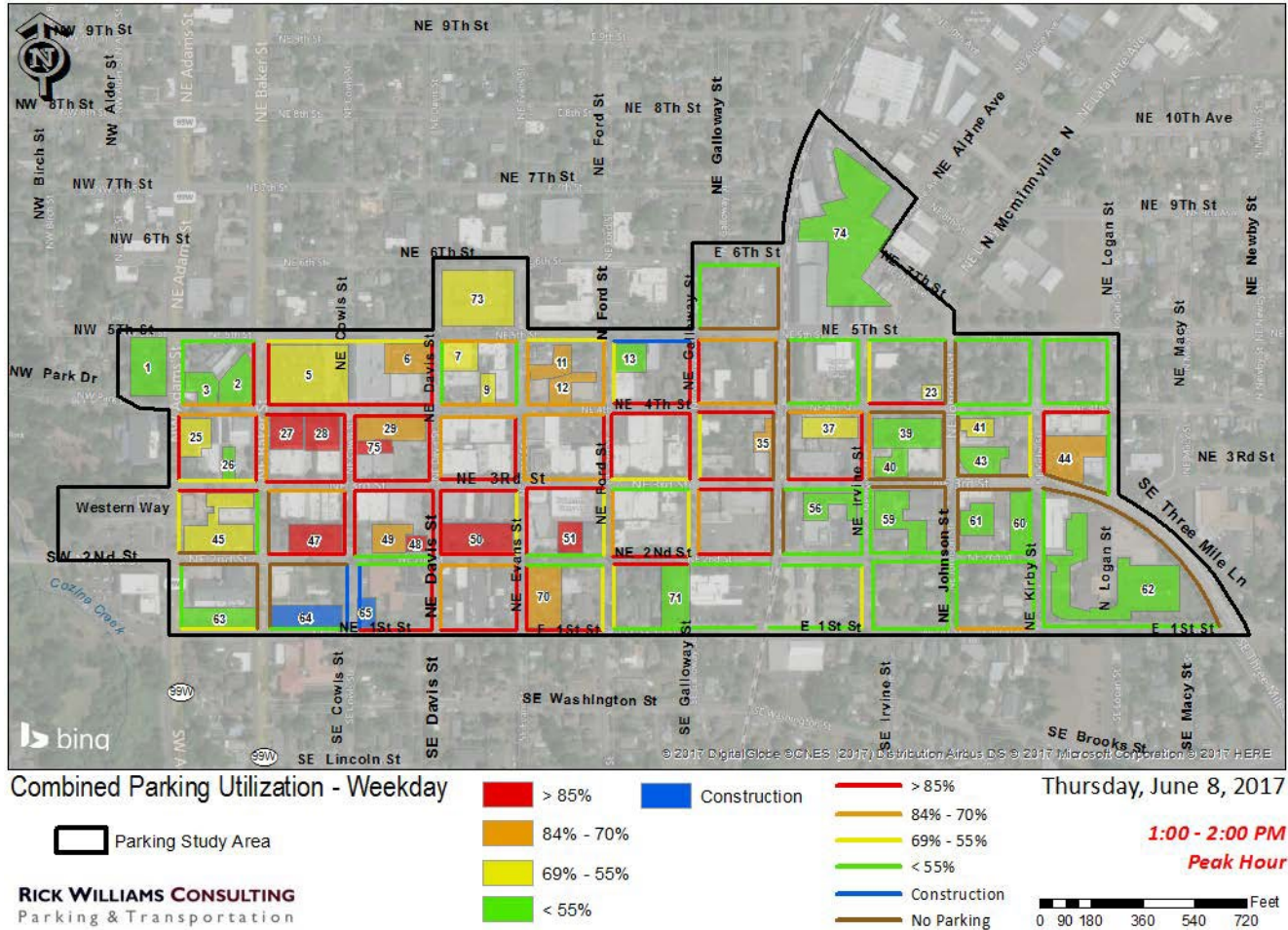
CONDITION OF APPROVAL #9: The Transportation Impact Analysis shows that queue lengths exceed storage length at the eastbound thru and westbound all on Second Street at Baker Street. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson Street/Lafayette St. and Third Street. Prior to the issuance of building permits, the applicant will need to provide a mitigation plan for these intersections.

26.00 *The size of, scale of, and market for commercial uses shall guide their locations. Large-scale, regional shopping facilities, and heavy traffic-generating uses shall be located on arterials or in the central business district, and shall be located where sufficient land for internal traffic circulation systems is available (if warranted) and where adequate parking and service areas can be constructed.*

FINDING: SATISFIED. The replacement plan project will be located in the Central Business District. The Transportation Impact Analysis provided as part of the application indicates that all intersections studied perform within mobility standards with the project as developed. No mitigation measures were identified.

Parking in the core downtown area is limited. However, a utilization study conducted in 2017 identified that parking on Ford Street between 3rd and 4th Streets was maximized at the peak hour of a weekday. Although the McMinnville Municipal Code does not require the provision of off-street parking for new developments on this site, the replacement project is providing 68 off-street parking stalls in an underground parking structure.

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(City of McMinnville, Oregon, Downtown Strategic Parking Management Plan, March 27, 2018, page 17)

33.00 *Encourage efficient use of land for parking; small parking lots and/or parking lots that are broken up with landscaping and pervious surfaces for water quality filtration areas. Large parking lots shall be minimized where possible. All parking lots shall be interspersed with landscaping islands to provide a visual break and to provide energy savings by lowering the air temperature outside commercial structures on hot days, thereby lessening the need for inside cooling. (Ord.4796, October 14, 2003)*

FINDING: SATISFIED WITH CONDITION OF APPROVAL #10 AND #11. Although the McMinnville Municipal Code does not require the provision of off-street parking for new developments on this site, the replacement project is providing 68 off-street parking stalls in an underground parking structure.

CONDITION OF APPROVAL #10: Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance.

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CONDITION OF APPROVAL #11: Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance.

GOAL IV 4: TO PROMOTE THE DOWNTOWN AS A CULTURAL, ADMINISTRATIVE, SERVICE, AND RETAIL CENTER OF McMinnville.

Downtown Development Policies:

36.00 *The City of McMinnville shall encourage a land use pattern that:*

1. *Integrates residential, commercial, and governmental activities in and around the core of the city;*
2. *Provides expansion room for commercial establishments and allows dense residential development;*
3. *Provides efficient use of land for adequate parking areas;*
4. *Encourages vertical mixed commercial and residential uses; and,*
5. *Provides for a safe and convenient auto-pedestrian traffic circulation pattern. (Ord.4796, October 14, 2003)*

FINDING: SATISFIED.

37.00 *The City of McMinnville shall strongly support, through technical and financial assistance, the efforts of the McMinnville Downtown Steering Committee to implement those elements of Phase II of the “Downtown Improvement Plan” that are found proper, necessary, and feasible by the City. (Ord.4796, October 14, 2003)*

FINDING: NOT APPLICABLE. Phase II of the Downtown Improvement Plan is a list of public improvement projects that are not associated with this application.

38.00 *The City of McMinnville shall encourage the renovation and rehabilitation of buildings in the downtown area, especially those of historical significance or unique design.*

FINDING: SATISFIED. The City provides grants and loans to encourage the renovation and rehabilitation of buildings in the downtown area.

The extant structure at 609 NE Third Street is not of historical significance or unique design.

44.00 *The City of McMinnville shall encourage, but not require, private businesses downtown to provide off-street parking and on-site traffic circulation for their employees and customers.*

FINDING: SATISFIED. The replacement plan project is providing an off-street underground parking structure with 68 parking stalls.

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GOAL VI 1: TO ENCOURAGE DEVELOPMENT OF A TRANSPORTATION SYSTEM THAT PROVIDES FOR THE COORDINATED MOVEMENT OF PEOPLE AND FREIGHT IN A SAFE AND EFFICIENT MANNER.

127.00 *The City of McMinnville shall encourage the provision of off-street parking where possible, to better utilize existing and future roadways and rights-of-way as transportation routes.*

FINDING: SATISFIED. The replacement plan project is providing an off-street underground parking structure with 68 parking stalls.

132.40.05 *Conditions of Approval—In accordance with the City’s TSP and capital improvements plan (CIP), and based on the level of impact generated by a proposed development, conditions of approval applicable to a development application should include:*

1. *Improvement of on-site transportation facilities,*
2. *Improvement of off-site transportation facilities (as conditions of development approval), including those that create safety concerns, or those that increase a facility’s operations beyond the City’s mobility standards; and*
3. *Transportation Demand Management strategies. (Ord. 4922, February 23, 2010)*

FINDING: SATISFIED. Due to the size of the replacement plan project, the City required the applicant to provide a Transportation Impact Analysis that identified no need for mitigating measures with the development of the project.

132.46.00 *Low impact street design, construction, and maintenance methods should be used first to avoid, and second to minimize, negative impacts related to water quality, air quality, and noise in neighborhoods. (Ord. 4922, February 23, 2010)*

FINDING: SATISFIED WITH CONDITION OF APPROVAL #12:

CONDITION OF APPROVAL #12: The Applicant shall demonstrate its design and construction methods will avoid, and then minimize negative impacts related to water and air quality given the onsite and off-site hazards caused by the known hazardous spills associated with the site.

142.00 *The City of McMinnville shall insure that adequate storm water drainage is provided in urban developments through review and approval of storm drainage systems, and through requirements for connection to the municipal storm drainage system, or to natural drainage ways, where required.*

FINDING: SATISFIED WITH CONDITION OF APPROVAL #13:

CONDITION OF APPROVAL #13: The Applicant shall demonstrate that storm water collection, detention, and drainage is constructed and maintained to restrict negative consequences and minimize adverse effects from the known underground pollution onsite and off-site areas caused by the owner of the site.

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151.00 *The City of McMinnville shall evaluate major land use decisions, including but not limited to urban growth boundary, comprehensive plan amendment, zone changes, and subdivisions using the criteria outlined below:*

1. *Sufficient municipal water system supply, storage and distribution facilities, as determined by McMinnville Water and Light, are available or can be made available, to fulfill peak demands and insure fire flow requirements and to meet emergency situation needs.*
2. *Sufficient municipal sewage system facilities, as determined by the City Public Works Department, are available, or can be made available, to collect, treat, and dispose of maximum flows of effluents.*
3. *Sufficient water and sewer system personnel and resources, as determined by McMinnville Water and Light and the City, respectively, are available, or can be made available, for the maintenance and operation of the water and sewer systems.*
4. *Federal, state, and local water and waste water quality standards can be adhered to.*
5. *Applicable policies of McMinnville Water and Light and the City relating to water and sewer systems, respectively, are adhered to.*

FINDING: SATISFIED WITH CONDITION OF APPROVAL #14:

CONDITION OF APPROVAL #14: The Applicant shall demonstrate how it will comply with all federal, state and local water and wastewater quality standards, given the DEQ LUST case regarding a hazardous gasoline spill on the site and the deficiencies noted in the Record.

GOAL X 1: TO PROVIDE OPPORTUNITIES FOR CITIZEN INVOLVEMENT IN THE LAND USE DECISION MAKING PROCESS ESTABLISHED BY THE CITY OF McMINNVILLE.

GOAL X 2: TO MAKE EVERY EFFORT TO ENGAGE AND INCLUDE A BROAD CROSS SECTION OF THE COMMUNITY BY MAINTAINING AN ACTIVE AND OPEN CITIZEN INVOLVEMENT PROGRAM THAT IS ACCESSIBLE TO ALL MEMBERS OF THE COMMUNITY AND ENGAGES THE COMMUNITY DURING DEVELOPMENT AND IMPLEMENTATION OF LAND USE POLICIES AND CODES.

Policy 188.00 The City of McMinnville shall continue to provide opportunities for citizen involvement in all phases of the planning process. The opportunities will allow for review and comment by community residents and will be supplemented by the availability of information on planning requests and the provision of feedback mechanisms to evaluate decisions and keep citizens informed.

APPLICANT'S RESPONSE: None.

FINDING: SATISFIED. The process for a Certificate of Approval for Demolition provides an opportunity for citizen involvement throughout the process through the public notice and the public hearing process. Throughout the process, there are opportunities for the public to review and obtain copies of the application materials and the completed staff report prior to the advertised public meeting(s). All

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members of the public have access to provide testimony and ask questions during the public review and meeting process.

McMinnville Municipal Code

The following Sections of the McMinnville Municipal Code (MMC) provide criteria applicable to the request:

Chapter 17.03. General Provisions

17.03.020 Purpose. *The purpose of this ordinance is to encourage appropriate and orderly physical development in the City through standards designed to protect residential, commercial, industrial, and civic areas from the intrusions of incompatible uses; to provide opportunities for establishments to concentrate for efficient operation in mutually beneficial relationship to each other and to shared services; to provide adequate open space, desired levels of population densities, workable relationships between land uses and the transportation system, and adequate community facilities; to provide assurance of opportunities for effective utilization of the land resource; and to promote in other ways public health, safety, convenience, and general welfare.*

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The purpose of the Zoning Ordinance is met by the proposal as described in the Conclusionary Findings contained in this Decision Document.

17.65.010 Purpose. *Districts, buildings, objects, structures, and sites in the City having special historical, architectural, or cultural significance should be preserved as a part of the City’s heritage. To this end, regulatory controls and administrative procedures are necessary for the following reasons:*

A. *Stabilize and improve property values through restoration efforts;*

APPLICANT RESPONSE: The applicant proposes to make a substantial investment in downtown McMinnville through the development of a new luxury lodging option. See Table 2 for current assessed value and market value of the buildings. Note that Assessed Value is lower than Real Market Value due to Measures 5 and 50, which limit the increase in assessed value to 3 percent per year. As a result, there is a difference of almost \$500,000 between the assessed value and the real market value of these buildings. See Table 2.

Table 2 2021 Assessed and Market Value of Buildings

| Site | 2021 Assessed Value | 2021 Real Market Value |
|-----------------------------------|----------------------------|-------------------------------|
| 609 NE 3 rd Street | \$515,480 | \$664,643 |
| 611 NE 3 rd Street | \$742,760 | \$1,010,601 |
| 611 NE 3 rd Street BPP | \$41,333 | \$41,333 |
| 619 NE 3 rd Street | \$482,993 | \$556,964 |
| Total | \$1,782,566 | \$2,273,541 |

Source: Yamhill County Assessor

The assessed value “resets” at the time of redevelopment. The applicant estimates that the new development will have a real market value of approximately \$60,000,000, which would result in a significant increase in taxes paid to the City and funding for urban renewal area projects. In

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addition, the hotel would increase the lodging taxes collected by the City.

The proposed development will increase the value of the subject properties; it is reasonable to assume that nearby properties will also see an increase in value.

FINDING: NOT SATISFIED. This application is for a demolition permit and not a restoration project.

B. Promote the education of local citizens on the benefits associated with an active historic preservation program;

APPLICANT RESPONSE: The proposed development will attempt to incorporate significant components of the existing building at 609 NE 3rd Street. The applicant team intends to promote the history of the site and its importance to the development of McMinnville. The specific approach is to be determined and will be defined in coordination with community members and groups.

FINDING: SATISFIED WITH CONDITION OF APPROVAL #15. One of the challenges of restoring historic properties in downtown McMinnville is the differential between the market value of the land/property and the costs of rehabilitating a historic structure that has experienced minimal code upgrades over its lifetime with the community value of maintaining low lease rates to support local businesses. In many cases, the proforma is not yielding the necessary returns for a successful project.

CONDITION OF APPROVAL #15: Prior to the approval of a demolition permit, the applicant will commission a study on what needs to happen in McMinnville relative to market costs to achieve the community value of historic property rehabilitation/restoration with low lease rates to support local businesses.

C. Foster civic pride in the beauty and noble accomplishments of the past;

APPLICANT RESPONSE: The existing buildings are utilitarian and were originally developed as functional structures. The applicant intends to incorporate components of the original buildings into the new building as appropriate and as determined through coordination with community members and groups. Examples of information that could be incorporated into the new development include plaques or other historic markers with information about the builders of the structures.

FINDING: SATISFIED.

D. Protect and enhance the City's attractions for tourists and visitors; and

APPLICANT RESPONSE: As noted elsewhere in this narrative, The Gwendolyn is intended to advance the City's economic development goals by expanding the lodging options in downtown McMinnville. A signature restaurant is planned for the ground floor, which may be an additional draw for visitors who are not spending the night. The proposed building will establish a gateway effect at NE 3rd and Ford streets and complement the three-story buildings on each corner.

FINDING: SATISFIED WITH CONDITION OF APPROVAL #16.

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CONDITION OF APPROVAL #16: The replacement plan project must not only meet the minimum standards of Section 17.59, Downtown Design Guidelines, McMinnville Municipal Code, but it must enhance the overall historic sense of place of downtown McMinnville by replicating the form and design of the building stock on Third Street.

E. Strengthen the economy of the City.

APPLICANT RESPONSE: The proposed development is intended to enhance the City's attractions for tourists and visitors by providing space for new specialty retail and commercial services, creating a destination for visitors to nearby wineries, and providing employment opportunities for up to 60 employees. The proposed hotel will provide a luxury boutique lodging option along with a meeting/conference room that will serve guests and community members.

FINDING: SATISFIED

17.65.040 Certificate of Approval Process. *A property owner shall obtain a Certificate of Approval from the Historic Landmarks Committee, subject to the procedures listed in Section 17.65.050 and Section 17.65.060 of this chapter, prior to any of the following activities:*

- A. *The alteration, demolition, or moving of any historic landmark, or any resource that is listed on the National Register for Historic Places;*
 - 1. *Accessory structures and non-contributing resources within a National Register for Historic Places nomination are excluded from the Certificate of Approval process.*
- B. *New construction on historical sites on which no structure exists;*
- C. *The demolition or moving of any historic resource.*

APPLICANT RESPONSE: The proposal includes the demolition of a historic landmark (609 NE 3rd Street) and two contributing buildings within the McMinnville Downtown Historic District, and replacement of all three structures with a new building. As such, the provisions of this section are applicable.

FINDING: SATISFIED. The proposal includes the demolition of a resource on the National Register of Historic Places that is considered a Primary Significant Contributing Resource. Per 17.65.040(A), section 17.65.050 of the McMinnville Municipal Code applies. The applicant has applied for a Certificate of Demolition.

17.65.050 Demolition, Moving, or New Construction. *The property owner shall submit an application for a Certificate of Approval for the demolition or moving of a historic resource, or any resource that is listed on the National Register for Historic Places, or for new construction on historical sites on which no structure exists. Applications shall be submitted to the Planning Department for initial review for completeness as stated in Section 17.72.040 of the McMinnville Zoning Ordinance. The Historic Landmarks Committee shall meet within thirty (30) days of the date the application was deemed complete by the Planning Department to review the request. A failure to review within thirty (30) days shall be considered as an approval of the application.*

APPLICANT'S RESPONSE: None.

FINDING: SATISFIED. The applicant filed an application and request to demolish 609 NE Third Street that is designated as a Significant resource on the Historic Resources Inventory. The application was reviewed by the Historic Landmarks Committee within 30 days of the application being deemed complete.

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17.65.050 Demolition, Moving, or New Construction.

A. *The Historic Landmarks Committee may approve, approve with conditions, or deny the application.*

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The Historic Landmarks Committee issued a decision that approved, approved with conditions or denied the application.

B. *The Historic Landmarks Committee shall base its decision on the following criteria:*

17.65.050(B)(1). *The City’s historic policies set forth in the comprehensive plan and the purpose of this ordinance;*

APPLICANT’S RESPONSE: The purpose of this ordinance is addressed in the responses to subsection 17.65.010 (in the narrative). The relevant Comprehensive Plan policies are addressed in Section 5 of the narrative. The applicant has demonstrated that the proposed development meets this criterion.

FINDING: NOT SATISFIED. Most of the City’s historic policies in the comprehensive plan focus on the establishment of the Historic Landmarks Committee, public awareness of historic preservation, and other activities for the City to pursue to increase documentation of historic resources. However, the goal most specifically related to historic preservation is as follows:

Goal III 2: To preserve and protect sites, structures, areas, and objects of historical, cultural, architectural, or archaeological significance to the City of McMinnville.

Per the analysis above, this application achieves some of the purpose statements but not all due to the fact that it is a demolition project and not a preservation/rehabilitation/restoration project.

The focus of the comprehensive plan goal and the purpose of the Historic Preservation chapter are to preserve structures that have special historical or architectural significance through restoration efforts. A demolition clearly does not meet that intent. The Historic Landmarks Committee, after reviewing the evidence and hearing the public testimony, decided that other criteria for the consideration of the demolition were satisfied and therefore the demolition was approved with conditions.

17.65.050(B)(2). *The economic use of the historic resource and the reasonableness of the proposed action and their relationship to the historic resource preservation or renovation;*

APPLICANT’S RESPONSE: There are three potential approaches to using or repurposing the site:

- Do nothing: continue to operate the buildings as currently operated
- Renovation/Change of use: upgrade the buildings to accommodate a change of use to commercial or retail uses
- Redevelop: Replace the existing buildings with a new development.

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Each approach is described in more detail below.

Do Nothing

The current amount of income from the tenants is unknown, but it is assumed that the owners' land costs are lower than the eventual purchase price, as they have owned the properties for many years.

If a buyer were to purchase the properties and retain the current tenants at the current rents, it is likely that the new owner would face challenges keeping up with the maintenance needs of these buildings. As noted in the structural report included as Appendix C, there are areas of damage that have not been repaired to date, presumably due to cost and availability of financial resources.

Renovation/Change of Use

The applicant has indicated that this cost to fully renovate the buildings would be approximately \$12,025,000 inclusive of land cost, soft costs, and hard costs. Tenant improvements would cost an additional \$35 per sq. ft. for a total project cost of \$12,806,200. The achievable rents would be \$25 per sq. ft., with approximately 22,320 sq. ft. of rentable area, or \$558,000 effective gross income per year. Operating expenses are assumed at 38 percent of gross income, along with mortgage loan interest. The net operating income (NOI) including debt service would be (\$111,861) a year, or a loss of \$111,861 each year.

In this scenario, it would take the project approximately 40 years to recoup the initial rehabilitation cost and start making a profit. This would be unable to receive funding from a bank or investor and therefore is highly unlikely, if not impossible.

Redevelopment

The applicant proposes redevelopment of the site with a mixed-use commercial building. This cost is estimated at approximately \$60,000,000 including land cost, soft costs, hard costs, finance fees, broker fees, pre-opening costs, marketing, etc. Lease rates are estimated at \$25 per sq. ft. triple-net/NNN, the same as in the renovation/change of use scenario, but most of the income would be generated by the hotel uses on upper floors

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED TO DETERMINE THAT THE ECONOMIC CONDITIONS OF THE PROPERTY IS SIGNIFICANT. The applicant has not provided enough information to demonstrate that rehabilitating the property is not economically viable. There are many variables that determine whether a project is financially viable or not. The basis for the calculations in the renovation/change of use discussion was not provided. Local lease market rates were not provided. Property purchase price versus a determination of property value was not provided. The applicant could have provided the purchase price of the property, the property tax statement showing the assessed value, real market value and property taxes for the past two years, a current fair market value as determined by an appraisal in the past twelve months, a profit and loss statement for the property as is, rehabilitated and fully leased and new construction as proposed, any expenditures associated with the property's structural maintenance in the past ten years, an estimate of the cost of rehabilitation of the property from a third-party licensed contractor, a report from a real estate professional exploring the viability of alternative uses of the property if rehabilitated, and a report of available economic incentives, including any federal tax credits available for rehabilitation of the property.

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17.65.050(B)(3). *The value and significance of the historic resource;*

APPLICANT’S RESPONSE: An evaluation of the significance of the buildings is provided in Section 3 of this narrative. This section provides additional information.

The McMinnville Downtown Historic District was evaluated in 1983/1984 and was listed on the National Register of Historic Places in 1987. The Historic District nomination included a description of each property including its date of construction, initial use, changes (alterations) over time, and mention of multiple owners up to the time of nomination. Each building was deemed to be distinctive, significant, contributing, or noncontributing to the historic significance of the District. The individual building descriptions describe the significance of the historic resource and the role of each building in the larger context of specific timeframes.

As described in the McMinnville HRI and the Historic District nomination, the greatest period of downtown development occurred from approximately 1884-1905. The buildings from this period are still easy to identify to this day. Their size, style (often Italianate), quality of materials, and intricate detailing set them apart from buildings that came later. The second period of downtown development occurred between 1904-1928. Many buildings constructed during this time were functional, pragmatic buildings that were intended to serve the automobile. Many of the buildings in the eastern part of downtown, including the three buildings proposed for demolition, were initially constructed as automobile garages or service shops.

The proposal requests demolition of 3 buildings within the McMinnville Downtown Historic District. The building at 609 NE 3rd Street is listed as a Primary Significant Contributing resource on the City’s HRI, and is defined by that designation as a Historic Landmark. The applicant is requesting the demolition of these 3 buildings for a replacement building that will implement and advance the future vision for Downtown McMinnville.

*Building Descriptions*609 NE 3rd Street

The building at 609 NE 3rd Street (609 East Third Street at the time of the HRI) is commonly known as O’Dell’s and is identified by its Special Assessment Program number, B865 (a Primary Contributing Resource), in the City’s HRI. The HRI does not identify the architectural style, but the 1987 National Historic District nomination describes the architecture as Commercial. The year of construction is noted as 1904 with alterations in 1933 and 1955.

After the HRI and Historic District listing, the building was further renovated.

According to the HRI, its original use was as a garage and the architect is unknown. This original use explains the large series of 8-ft. deep wooden trusses spanning east/west for the 60 ft. width of the building. A small 35-inch width mezzanine was constructed at the south end of the 100-ft. long structure at some point. As noted in the structural report included as Appendix C, this mezzanine is structurally

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compromised and is not in use today. Today, the building houses ground floor only offices. The HRI notes:

“This is a stucco-covered square brick building of two stories facing south and situated on a corner. The entire southwest portion of the ground floor is cut-away to accommodate automobiles and gasoline pumps. The roof is flat and only a simple ledge articulates the cornice line. Fixed inset windows of three vertical lights and set-in panels course the second story. Windows on the ground level are large, fixed triple lights with multi-lighted transoms.

The building was erected by prominent lawyer Frank W. Fenton whose name still appears on the door upstairs [as of 1984]. A photograph from 1904 shows the building’s exposed brickwork and double row of dentils above the windows. The present cutaway portion was an enclosed storefront.

Tony Christianson and Russell Turner had a battery shop in the building prior to the 1920’s [sic]; during the 1920’s Dick Wilson and Charles Newman ran a Plymouth agency in the building. Odell’s who had been in business across the street since 1924, moved to this location in 1933.”

The Historic District nomination provides a more detailed description and additional information about the historic occupants:

“This rectangular two-story stuccoed corner building has a flat roof with a raised stucco cornice line. The second floor consists of three bays on Third Street. The two eastern bays contain paired wood sash windows each with three vertical lights. The bay at the western end contains a series of three wooden windows with three vertical lights. Each bay is recessed approximately four inches and each window is recessed another four inches and has a projecting stuccoed sill. The second-floor windows on the west façade are identical in type to those on the Third Street façade but occur in a different configuration. This façade has four bays and the window series from north to south is three, two, one, one. A stuccoed belt course divides the stories. Two piers on the Third Street façade remain intact (one has been removed). The east end of the Third Street ground floor façade contains an intact storefront one bay wide with an original wood frame plate glass window with a six light transom and stuccoed sill and bulkhead. The west end of the Third Street façade has been cut away across two bays and the entrance recessed two bays towards the north. An entrance was installed which faces west and has a wood sash glass and transomed entrance and storefront window. A wood storefront was also installed facing south which has several openings. The south end of the west façade is also cut away and the bay is divided by the addition of a new pier. The three remaining bays on this façade are divided by piers which extend from the cornice through to the ground. Next to the cut away bay (north) is an original wooden storefront window with a four-light transom and stucco bulkheads and sills. The next bay to the north contains a five-light transom and plate glass window divided into three vertical lights. The far north bay contains a wooden garage door.

This building was constructed for Frank W. Fenton, a prominent McMinnville attorney, whose photograph still appears upstairs. A photograph dating from 1904 shows the building has exposed brickwork and a double row of dentils above the windows. The present-day cutaway portion was an enclosed storefront. Prior to the 1920’s [sic], Tony Christianson and Russell Turner had a battery shop in the building. Dick Wilson and Charles Newman ran a Plymouth agency in the building in the 1920’s [sic]. Odell’s Garage moved to this location in 1933.”

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At the time of the HRI, according to the accompanying photo, the building was still occupied by O'Dell's. According to historicmac.com, the News-Register moved into the adjacent property in 1976 and the O'Dell Building in 1981, and remodeled the O'Dell Building in 2001 through the SHPO Special Assessment Program. This remodel appears to have enclosed the previous cut-away at the southwest corner of the building and added fabric awnings above the transom windows. The upper level of the building appears to be relatively unchanged.

FINDING: SATISFIED. THE HISTORIC SIGNIFICANCE OF THE PROPERTY IS QUESTIONABLE DUE TO THE AMOUNT OF MODIFICATIONS THAT HAVE OCCURRED. The City concurs that the attributed historic significance identified in the McMinnville Downtown Historic District National Register of Historic Places nomination for 609 NE Third Street as a Primary Significant Contributing resource in the district is misrepresented due to the amount of modifications that have occurred on the property.

17.65.050(B)(4). *The physical condition of the historic resource;*

APPLICANT'S RESPONSE: As described in the structural evaluation included as Appendix C, existing buildings are in adequate physical condition for their existing uses as offices. However, a change of occupancy of these buildings from office to commercial and/or lodging uses would likely require costly seismic updates to each of these buildings.

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED ABOUT THE PHYSICAL CONDITION OF THE PROPERTY. The applicant provided a structural analysis of the property, but no other physical conditions report. The structural analysis is very cursory and did not include any load testing sites. Without load testing on the unreinforced masonry walls, the structural analysis does not indicate any structural issues that were significant or imminent public safety hazards, the condition of the building is not a significant determining factor requiring demolition of the property.

The Structural Report, provided by Harper Houf Peterson Righellis Inc. (HHPR) dated July 29, 2022, provides an existing conditions report of 609, 611, and 619 Third Street. It points observed structural issues and concludes with emergent concerns.

Emergent Concerns

- Building 609 – previously noted truss node that is out of plane over 6 inches
- Building 611 – previously noted missing beams intended to spread load across floor below
- Building 619 – previously noted rotten bearing condition at truss
- All Buildings – previously noted overall condition of brick and mortar in locations in each building

Below is the detail on the truss node that is out of plane over six inches in 609 NE Third Street.

- The most southern roof truss in the 609 Building has a top chord node that is out of plane by over 6 inches. This represents a significant structural concern and should be evaluated further with possible remedial actions should the building remain. The remedial action includes installing a new girder and columns to support the truss thereby removing mezzanine and roof loading from the truss

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The report also examines three options for preserving the historic resources: 1) retain existing buildings and construct a new hotel over the top of the existing buildings; 2) retain and maintain the existing buildings, and relocate the existing buildings.

The report concludes that the first option to construct a new hotel over the top of the existing buildings would require a complete seismic and structural upgrade to the buildings, and would be problematic relative to the placement of needed structural supports in the existing buildings.

The second option to retain and maintain the existing buildings would require investment in general maintenance, repair and remediation of the spaces as well as repair of the emergent concerns described above.

And the third option to relocate the three buildings is impractical due to the unreinforced masonry structure of the buildings.

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17.65.050(B)(5). *Whether the historic resource constitutes a hazard to the safety of the public or its occupants;*

APPLICANT’S RESPONSE: Each of the buildings is currently occupied and is assumed to not constitute a hazard to the safety of the public or its occupants.

FINDING: THE HISTORIC RESOURCE IS NOT A HAZARD TO THE SAFETY OF THE PUBLIC.

17.65.050(B)(6). *Whether the historic resource is a deterrent to an improvement program of substantial benefit to the City which overrides the public interest in its preservation;*

APPLICANT’S RESPONSE: The current structures are 1- and 2-stories in height and are occupied by office uses. The Gwendolyn Hotel development addresses many of the City’s identified economic development needs. The applicant proposes a development program that includes numerous benefits to the City:

- 90-95 luxury hotel rooms designed to accommodate visitors to nearby wineries and tasting rooms
- A ground-floor restaurant
- Ground-floor commercial/retail spaces
- 68 vehicular parking spaces
- A ground-floor meeting room for use by guests and local groups
- A reservable rooftop bar and patio
- A luxury soaking pool on the level 6 roof terrace

On March 12, 2019, the Common Council of the City of McMinnville voted unanimously to adopt the MAC-Town 2032 Economic Development Strategic Plan. The plan established eight important goals. Goal 6 is “Be a leader in hospitality and place-based tourism,” and includes a number of goals which are addressed below.

Goal 6.1: Make Downtown the best it can be.

- *Evaluate current zoning, historical districts and designations, and existing land use patterns, including underutilized parcels, to ensure that key downtown parcels offer the highest and best use for their location.*

As noted in Section 5 below, the MAC-Town 2032 plan further implements the Comprehensive Plan policies related to the economy. Following adoption of this plan, City staff presented zoning amendments to remove minimum parking requirements from downtown properties to allow new development to maximize the use of downtown parcels. Though not explicitly stated in the plan, allowing redevelopment of the subject site would also allow a key downtown parcel to offer the highest and best use for its location. The permitted height is 80 ft. and a broad range of commercial and residential uses are allowed, which indicates that the subject site was anticipated to be used more intensively in the future.

Goal 6.2: Become the preferred destination for wine related tourism.

- *Connect hoteliers and other hospitality professionals in Oregon and elsewhere to local opportunities for high quality additions to McMinnville’s current hospitality offerings.*

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The applicant intends to develop a luxury hotel on this site, which expands McMinnville’s current hospitality offerings and addresses this goal.

Goal 6.4: Market and promote McMinnville.

- *Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville’s offerings for small and large conferences.*

Though the hotel is not intended to be a conference hotel, it will provide a meeting room on the ground floor for hotel guests and members of the community. This addresses a gap in the existing offerings in downtown McMinnville.

In addition to moving the MAC-Town 2032 goals forward, the proposed development will significantly expand the assessed value of the site, which will result in additional tax income for the community and additional funding for the urban renewal area.

The hotel and supportive commercial spaces are anticipated to employ 60 community members, and visitors to the hotel will eat in nearby restaurants and shop in nearby stores. Wine enthusiasts are expected to use the Gwendolyn Hotel as a home base for weekend wine tasting trips in the surrounding areas and for visiting local tasting rooms. Though not required, the proposed development includes below-grade vehicular parking spaces for use by hotel guests.

The corner of NE 3rd and Ford streets is a key corner of downtown McMinnville. The Gwendolyn will provide additional downtown lodging opportunities for people seeking an urban wine country experience.

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED TO SUPPORT THAT THE PRESERVATION OF THE HISTORIC RESOURCE IS A DETERRENT TO AN IMPROVEMENT PROGRAM. The applicant should provide an analysis describing how the preservation and rehabilitation of the existing buildings would not advance the tourism goals of the MAC TOWN 2032 Economic Development Strategic Plan.

17.65.050(B)(7). *Whether retention of the historic resource would cause financial hardship to the owner not outweighed by the public interest in the resource’s preservation; and*

APPLICANT’S RESPONSE: As noted in the response to 17.65.050.B.2 above, the cost to retain and renovate the existing buildings to current building code, including seismic upgrades, is significant and unlikely to be undertaken by any purchaser of the property. Retention of the buildings as-is will be unsustainable given the asking sale price, and the cost of renovation of the properties for new or different uses will take 40 years to recoup.

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED TO DETERMINE IF THE PRESERVATION OF THE HISTORIC RESOURCES CREATE A FINANCIAL HARDSHIP FOR THE PROPERTY OWNER: The applicant has not provided enough information to demonstrate that preserving the property is a financial hardship for the property owner. The basis for the calculations in the renovation/change of use discussion was not provided. Local lease market rates were not provided. Property purchase price versus a determination of property value was not provided. The applicant could have provided the purchase price of the property, the property tax statement showing the assessed value, real market value and property taxes for the past two years, a current fair market value as determined by

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an appraisal in the past twelve months, a profit and loss statement for the property as is, rehabilitated and fully leased and new construction as proposed, any expenditures associated with the property's structural maintenance in the past ten years, an estimate of the cost of rehabilitation of the property from a third-party licensed contractor, a report from a real estate professional exploring the viability of alternative uses of the property if rehabilitated, and a report of available economic incentives, including any federal tax credits available for rehabilitation of the property.

CONDITION OF APPROVAL #17: The demolition of the historic resource will be delayed for one hundred twenty (120) days in the interest of exploring reasonable alternatives that include preservation of the buildings and a fair market sale for the property owner. The property will be posted with the pending demolition during the delay period to seek community engagement about reasonable alternatives.

17.65.050(B)(8). *Whether retention of the historic resource would be in the best interests of a majority of the citizens of the City, as determined by the Historic Landmarks Committee, and, if not, whether the historic resource may be preserved by an alternative means such as through photography, item removal, written description, measured drawings, sound retention or other means of limited or special preservation.*

APPLICANT'S RESPONSE: Given the economic and physical benefits of the proposed development, as described elsewhere in this narrative, the HLC can find that the retention of the existing buildings is not in the best interests of a majority of community residents and that redevelopment of the site advances the goals of the community related to the economy, tourism, and energy efficiency. On balance, the proposed development meets or exceeds all relevant policies and regulations.

The architectural and structural team have examined the three buildings extensively, and have listed their deficiencies. See the structural report included as Appendix C. All the alternative means of preservation listed here are possible and acceptable, if directed by the HLC.

As noted previously in this narrative, retaining the buildings in their current state is likely to result in continuing decline in their condition, and renovation of the buildings is cost-prohibitive and will result in a substantial loss for the development team. As noted in the structural report, relocating one or more of these buildings, which technically possible, is extremely complicated and costly and has a high potential for failure due to their construction of unreinforced brick.

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED TO DETERMINE THAT THE ECONOMIC AND PHYSICAL CONDITIONS OF THE PROPERTY MADE A PRESERVATION PROJECT UNFEASIBLE.

17.65.070 Public Notice.

- A. *After the adoption of the initial inventory, all new additions, deletions, or changes to the inventory shall comply with subsection (c) of this section.*
- B. *Any Historic Landmark Committee review of a Certificate of Approval application for a historic resource or landmark shall comply with subsection (c) of this section.*
- C. *Prior to the meeting, owners of property located within 300 feet of the historic resource under consideration shall be notified of the time and place of the Historic Landmarks Committee meeting and the purpose of the meeting. If reasonable effort has been made to notify an owner, failure of the owner to receive notice shall not impair the validity of the proceedings*

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APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. Notice of the Historic Landmarks Committee’s consideration of the Certificate of Approval application was mailed to property owners located within 300 feet of the historic resource. A copy of the written notice provided to property owners is on file with the Planning Department.

17.72.020 Application Submittal Requirements.

Applications shall be filed on forms provided by the Planning Department and shall be accompanied by the following;

- A. *A scalable site plan of the property for which action is requested. The site plan shall show existing and proposed features, such as access, lot and street lines with dimensions in feet, distances from property lines, existing and proposed buildings and significant features (slope, vegetation, adjacent development, drainage etc.)*
- B. *An explanation of intent, nature and proposed use of the development, and any pertinent background information.*
- C. *Property description and assessor map parcel numbers(s).*
- D. *A legal description of the property when necessary.*
- E. *Signed statement indicating that the property affected by the application is in the exclusive ownership or control of the applicant, or that the applicant has the consent of all partners in ownership of the affected property.*
- F. *Materials required by other sections of the McMinnville Zoning Ordinance specific to the land use application.*
- G. *Other materials deemed necessary by the Planning Director to illustrate compliance with applicable review criteria, or to explain the details of the requested land use action.*

APPLICANT’S RESPONSE: This submittal includes the required materials.

FINDING: SATISFIED.

17.72.095 Neighborhood Meetings.

- A. *A neighborhood meeting shall be required for:*
 1. *All applications that require a public hearing as described in Section 17.72.120, except that neighborhood meetings are not required for the following applications:*
 - a. *Comprehensive plan text amendment; or*
 - b. *Zoning ordinance text amendment; or*
 - c. *Appeal of a Planning Director’s decision; or*
 - d. *Application with Director’s decision for which a public hearing is requested.*
 2. *Tentative Subdivisions (up to 10 lots)*
 3. *Short Term Rental*
- B. *Schedule of Meeting.*
 1. *The applicant is required to hold one neighborhood meeting prior to submitting a land use application for a specific site. Additional meetings may be held at the applicant’s discretion.*
 2. *Land use applications shall be submitted to the City within 180 calendar days of the neighborhood meeting. If an application is not submitted in this time frame, the applicant shall be required to hold a new neighborhood meeting.*
- C. *Meeting Location and Time.*

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1. *Neighborhood meetings shall be held at a location within the city limits of the City of McMinnville.*
2. *The meeting shall be held at a location that is open to the public and must be ADA accessible.*
3. *An 8 ½ x 11” sign shall be posted at the entry of the building before the meeting. The sign will announce the meeting, state that the meeting is open to the public and that interested persons are invited to attend.*
4. *The starting time for the meeting shall be limited to weekday evenings between the hours of 6 pm and 8 pm or Saturdays between the hours of 10 am and 4 pm. Neighborhood meetings shall not be held on national holidays. If no one arrives within 30 minutes after the scheduled starting time for the neighborhood meeting, the applicant may leave.*

D. Mailed Notice.

1. *The applicant shall mail written notice of the neighborhood meeting to surrounding property owners. The notices shall be mailed to property owners within certain distances of the exterior boundary of the subject property. The notification distances shall be the same as the distances used for the property owner notices for the specific land use application that will eventually be applied for, as described in Section 17.72.110 and Section 17.72.120.*
2. *Notice shall be mailed not fewer than 20 calendar days nor more than 30 calendar days prior to the date of the neighborhood meeting.*
3. *An official list for the mailed notice may be obtained from the City of McMinnville for an applicable fee and within 5 business days. A mailing list may also be obtained from other sources such as a title company, provided that the list shall be based on the most recent tax assessment rolls of the Yamhill County Department of Assessment and Taxation. A mailing list is valid for use up to 45 calendar days from the date the mailing list was generated.*
4. *The mailed notice shall:*
 - a. *State the date, time and location of the neighborhood meeting and invite people for a conversation on the proposal.*
 - b. *Briefly describe the nature of the proposal (i.e., approximate number of lots or units, housing types, approximate building dimensions and heights, and proposed land use request).*
 - c. *Include a copy of the tax map or a GIS map that clearly identifies the location of the proposed development.*
 - d. *Include a conceptual site plan.*
5. *The City of McMinnville Planning Department shall be included as a recipient of the mailed notice of the neighborhood meeting.*
6. *Failure of a property owner to receive mailed notice shall not invalidate the neighborhood meeting proceedings.*

E. Posted Notice.

1. *The applicant shall also provide notice of the meeting by posting one 18 x 24” waterproof sign on each frontage of the subject property not fewer than 20 calendar days nor more than 30 calendar days prior to the date of the neighborhood meeting.*
2. *The sign(s) shall be posted within 20 feet of the adjacent right-of-way and must be easily viewable and readable from the right-of-way.*
3. *It is the applicant’s responsibility to post the sign, to ensure that the sign remains posted until the meeting, and to remove it following the meeting.*
4. *If the posted sign is inadvertently removed (i.e., by weather, vandals, etc.), that shall not invalidate the neighborhood meeting proceedings.*

F. Meeting Agenda.

-
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1. *The overall format of the neighborhood meeting shall be at the discretion of the applicant.*
2. *At a minimum, the applicant shall include the following components in the neighborhood meeting agenda:*
 - a. *An opportunity for attendees to view the conceptual site plan;*
 - b. *A description of the major elements of the proposal. Depending on the type and scale of the particular application, the applicant should be prepared to discuss proposed land uses and densities, proposed building size and height, proposed access and parking, and proposed landscaping, buffering, and/or protection of natural resources;*
 - c. *An opportunity for attendees to speak at the meeting and ask questions of the applicant. The applicant shall allow attendees to identify any issues that they believe should be addressed.*
- G. *Evidence of Compliance. In order for a land use application that requires a neighborhood meeting to be deemed complete, the following evidence shall be submitted with the land use application:*
 1. *A copy of the meeting notice mailed to surrounding property owners;*
 2. *A copy of the mailing list used to send the meeting notices;*
 3. *One photograph for each waterproof sign posted on the subject site, taken from the adjacent right-of-way;*
 4. *One 8 ½ x 11” copy of the materials presented by the applicant at the neighborhood meeting; and*
 5. *Notes of the meeting, which shall include:*
 - a. *Meeting date;*
 - b. *Meeting time and location;*
 - c. *The names and addresses of those attending;*
 - d. *A summary of oral and written comments received; and*
 - e. *A summary of any revisions made to the proposal based on comments received at the meeting. (Ord. 5047, §2, 2018, Ord. 5045 §2, 2017).*

APPLICANT’S RESPONSE: A virtual neighborhood meeting was held on April 25, 2022. The appropriate procedures were followed and the materials detailed in G above are included as Appendix A.

FINDING: SATISFIED.

HR

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DECISION, CONDITIONS, FINDINGS OF FACT AND CONCLUSIONARY FINDINGS OF THE MCMINNVILLE HISTORIC LANDMARKS COMMITTEE FOR THE APPROVAL OF A DEMOLITION OF THE HISTORIC LANDMARK LOCATED AT 611 NE THIRD STREET

DOCKET: HL 7-22 (Certificate of Approval for Demolition)

REQUEST: Approval of the demolition of an existing historic landmark and building that is listed on the McMinnville Historic Resources Inventory as a "Significant" historic resource (resource number B872). This building is also listed on the National Register of Historic Places as a Secondary Significant Contributing building in the McMinnville Downtown Historic District.

LOCATION: 611 NE Third Street. The resource is located at the property that is identified as Tax Lot 4300, Section 21BC, T. 4 S., R. 4 W., W.M.

ZONING: C-3 General Commercial (Downtown Overlay District)

APPLICANT: Mark Vuong, HD McMinnville LLC

PROPERTY OWNER: Jon Bladine, Bladine Family Limited Partnership.

STAFF: Heather Richards, Community Development Director

DATE DEEMED COMPLETE: September 7, 2022

HEARINGS BODY & ACTION: McMinnville Historic Landmarks Committee

HEARING DATE & LOCATION: September 29, 2022, 3:00 PM. In person at Kent Taylor Civic Hall 200 NE 2nd St and online via Zoom. Zoom Online Meeting ID: 859 9565 0539, Meeting Password: 661305

PROCEDURE: An application for a Certificate of Approval for Demolition is processed in accordance with the procedures in Section 17.65.040 - 17.65.050 of the McMinnville Municipal Code and Oregon Administrative Rule 660-203-0200 (8)(a).

CRITERIA: The applicable criteria for a Certificate of Approval for Demolition are specified in Section 17.65.040 and 17.65.050 of the McMinnville Municipal Code. In addition, since this is a

Attachments :

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structure listed as part of a historic district on the National Register of Historic Places, Oregon Administrative Rule 660-203-0200(8)(a) is applicable. In addition, the goals, policies, and proposals in Volume II of the Comprehensive Plan are to be applied to all land use decisions as criteria for approval, denial, or modification of the proposed request. Goals and policies are mandated; all land use decisions must conform to the applicable goals and policies of Volume II. "Proposals" specified in Volume II are not mandated but are to be undertaken in relation to all applicable land use requests.

APPEAL: As specified in Section 17.65.080 of the McMinnville Municipal Code, the Historic Landmarks Committee’s decision may be appealed to the Planning Commission within fifteen (15) days of the date written notice of decision is mailed. The City’s final decision is subject to a 120-day processing timeline, including resolution of any local appeal. The 120-day deadline is January 5, 2023.

COMMENTS: This matter was referred to the following public agencies for comment: McMinnville Fire Department, Police Department, Engineering Department, Building Department, Parks Department, City Manager, and City Attorney; McMinnville Water and Light; McMinnville School District No. 40; Yamhill County Public Works; Yamhill County Planning Department; Frontier Communications; Comcast; Northwest Natural Gas; Oregon Department of Transportation; and State Historic Preservation Office. Their comments are provided in this document.

Based on the findings and conclusionary findings, the Historic Landmarks Committee finds the applicable criteria are **SATISFIED / NOT SATISFIED** and **APPROVES / APPROVES WITH CONDITIONS / DENIES** the Downtown Design Review for the Gwendolyn Hotel (HL 7-22).

////////////////////////////////////
DECISION: **APPROVAL** **APPROVAL WITH CONDITONS** **DENIAL**
////////////////////////////////////

Historic Landmarks Committee: _____
John Mead, Chair

Date: _____

Planning Department: _____
Heather Richards, Community Development Director

Date: _____

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I. APPLICATION SUMMARY:

The applicant has provided information in their application narrative and findings (attached as Attachment 1) regarding the history of the subject site(s) and the request(s) under consideration. Staff has found the information provided to accurately reflect the current land use request, and excerpted portions are provided below to give context to the request, in addition to the City's findings.

Proposed Project

Below is an excerpt from the application describing the proposed improvement program. The applicant would like to demolish the structures at 609, 611 and 619 NE Third Street and redevelop the property with a mixed-use hotel project that includes ground floor commercial amenities and dedicated underground parking for the project.

Within the last year, the properties at 609, 611, and 619 NE 3rd Street were listed for sale by the Bladine family and Wild Haven LLC. After analyzing the opportunity and studying both the history and potential of downtown McMinnville, the applicant saw an opportunity to greatly enhance both the economic and experiential vitality of 3rd Street.

McMinnville is in an early stage of responding to its goal of being the Willamette Valley's leader in hospitality and place-based tourism. The most recent renovation and redevelopment on the south side of 3rd Street, with new lodging, dining, and wine tasting, has been encouraging. However, the same opportunity for renovation for hospitality, commercial, and retail uses is not available to the subject buildings. As noted in the structural analysis included as Appendix C, changing the occupancy of these buildings from office to commercial, retail, or hospitality is likely to trigger significant seismic upgrades.

The applicant has indicated that this cost to fully renovate the buildings would be approximately \$12,025,000 inclusive of land cost, soft costs, and hard costs. Tenant improvements would cost an additional \$35 per sq. ft. for a total project cost of \$12,806,200. The achievable rents would be \$25 per sq. ft., with approximately 22,320 sq. ft. of rentable area, or \$558,000 effective gross income per year. Operating expenses are assumed at 38 percent of gross income, along with mortgage loan interest. The net operating income (NOI) including debt service would be (\$111,861) a year, or a loss of \$111,861 each year.

In this scenario, it would take the project approximately 40 years to recoup the initial rehabilitation cost and start making a profit. This would be unable to receive funding from a bank or investor and therefore is highly unlikely, if not impossible.

The proposal is to replace the three underutilized buildings at 609, 611, and 619 NE 3rd Street with a 90-95 room boutique hotel. The ground floor will include the hotel lobby, a signature restaurant at the corner of 3rd and Ford streets, with seasonal sidewalk dining, and small retail shop(s). The entire rooftop will be a mix of public uses, anchored by a small restaurant/bar opening onto a large terrace of seating and raised-bed landscaping. Though parking is not required in this location, a below-grade parking garage accommodating 68 parking stalls is proposed. The garage ramp will be at the north end of the property, mid-block on Ford Street, to avoid interrupting the 3rd Street pedestrian experience.

(Application Narrative, page 3)

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Subject Property & Request

The subject property is located at 611 NE Third Street. The property is identified as Tax Lot 4500, Section 21BC, T. 4 S., R. 4 W., W.M. **See Vicinity Map (Figure 1) below, which identifies the approximate location of the building in question.**

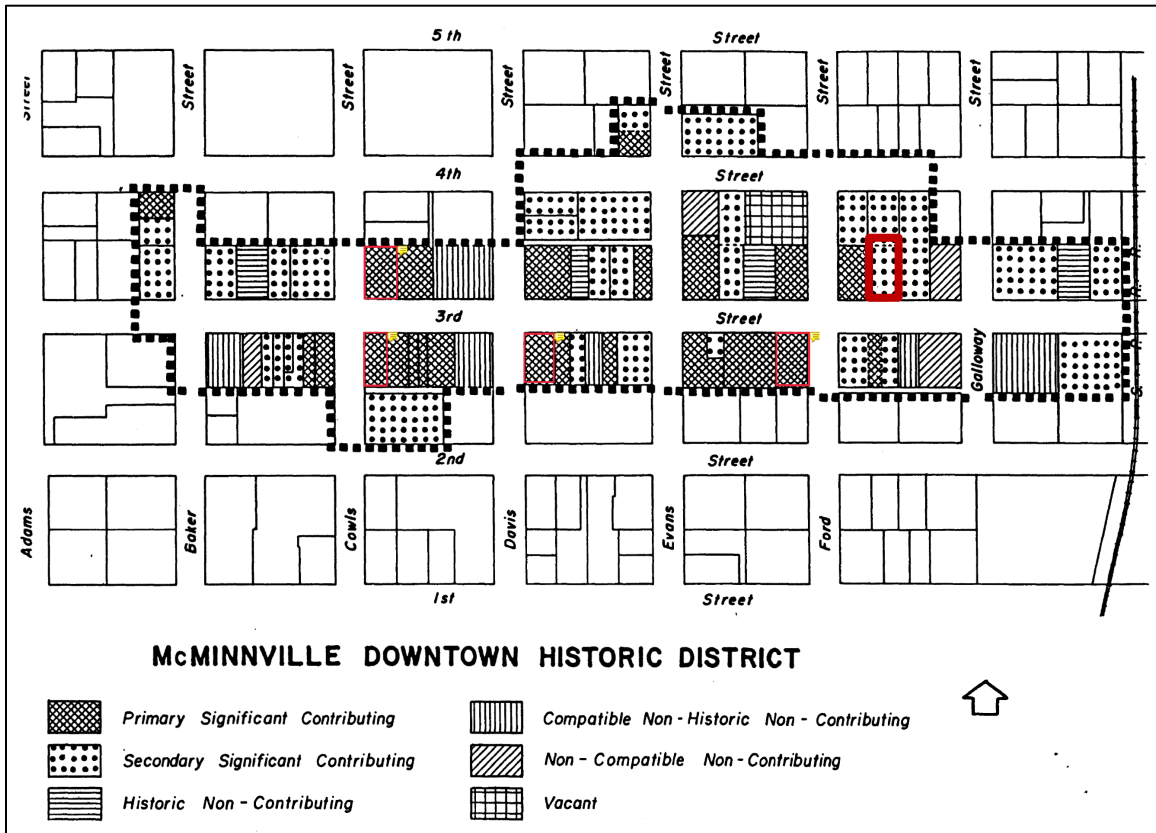
Figure 1. Vicinity Map (Building Outline Approximate)



The existing building on the subject property is listed as a Primary Significant Contributing property in the McMinnville Downtown Historic District on the National Register of Historic Places. **See McMinnville Downtown Historic District Map (Figure 2) and Description of 611 NE Third Street in the McMinnville Downtown Historic District National Register of Historic Places Nomination (Figure 3) below.**

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Figure 2. McMinnville Downtown Historic District Map



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Figure 3. Description of 611 (misabeled as 619) East Third Street in the McMinnville Downtown Historic District National Register of Historic Places Nomination (Section 7, Page 22) (1987)

28b ADDRESS: 619 East Third Street
 CLASSIFICATION: Secondary Significant Contributing
 OWNER: Francis Fenton Estate
 536 E. 5th Street
 McMinnville, Oregon 97128
 ASSESSOR MAP: 4421 BC TAX LOT: 4300
 PLAT: Rowland's Addition LOT: 3, 6 BLOCK: 7
 YEAR BUILT: Between 1912-1928 STYLE: Commercial
 ALTERATIONS: 1976 (moderate) USE: Commercial

DESCRIPTION: This rectangular buff and red brick two-story structure has a pedimented parapet with a raised stucco or cast stone cornice with dentils. A large projecting pressed metal frieze with modillions extends across the entire facade. The second floor is divided into five bays with each bay containing a pair of one over one double-hung wood sash windows. The windows are topped with a row of stretcher brick and squares of cast stone are located at each corner of each window. A low relief beltcourse divides the stories. The first floor transom level has been filled in with scored stucco. New aluminum framed plate glass windows and door have been installed in the recessed storefront. Located at the easternmost end of the facade is the entrance to the second floor. Two large metal posts divide the three storefront bays. The facade is buff brick and the sides and back are red brick. This building does not appear on the Sanborn Fire Insurance Company maps for McMinnville until 1928. A smaller building, a garage, shows on the map on this site prior to this time. The building has been joined to another building at its rear, which faces Fourth Street.

The existing building on the subject property is listed on the McMinnville Historic Resources Inventory as a "Significant" resource (resource number B872). **Please see "Statement of Historical Significance and Description of the Property", Figure 4 below.**

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Figure 4. Statement of Historical Significance and Description of the Property, Historic Resources Survey, City of McMinnville, Yamhill County, Oregon (1983)

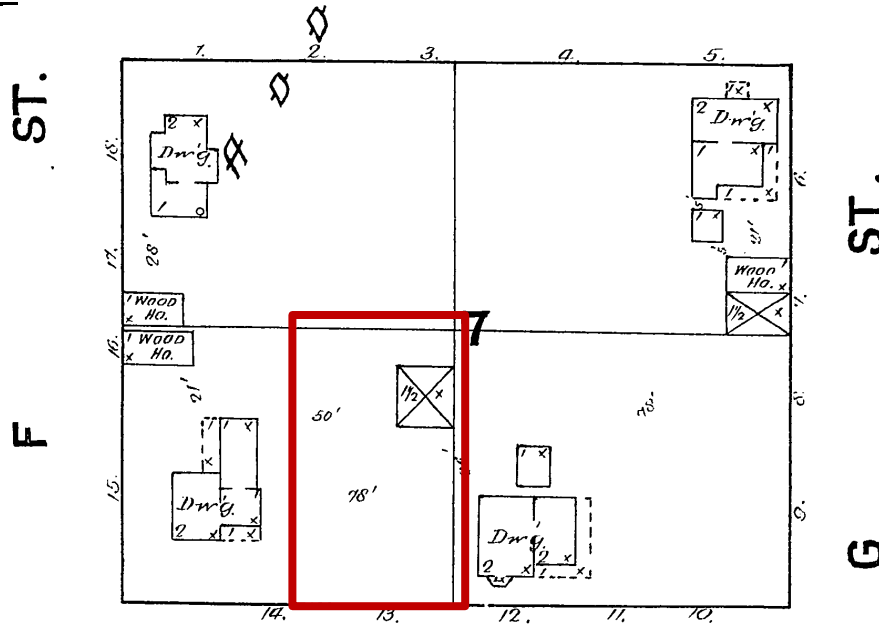
This is a square brick two story structure situated middle block between Ford and Galloway facing south on Third Street. The façade is five bayed, the second story windows being one over one double hung sash, paired, each pair articulated by rows of stretchers. A prominent bracketed and modillioned cornice line stretches the length of the façade above these windows. A parapet wall with a central gable rises three feet above the cornice line. The façade is faced with common bond buff brick above the first floor. Extensively altered, the first story of the façade is faced with scored stucco and has been cutaway to expose two pillars. A stairwell opens onto the street at the extreme east end. The building has been joined to another at its rear which faces Fourth Street on the north. In 1928, the building housed a garage.

The property originally started off as an accessory structure, prior to 1889, and between 1902 and 1912 it was redeveloped into an automobile garage. ***Please see Figure 5, Series of Sanborn Maps below.***

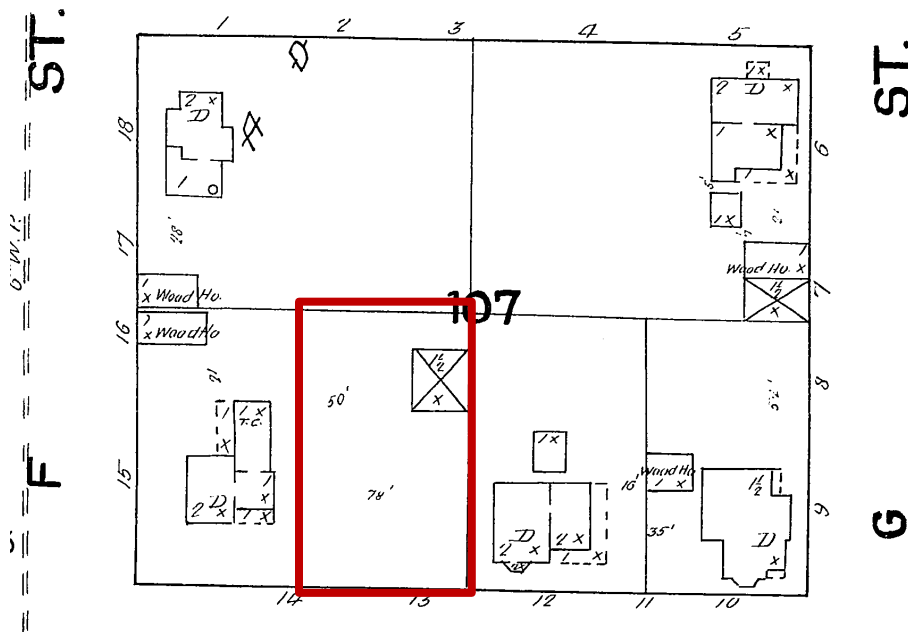
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Figure 5. Series of Sanborn Maps

Sanborn Map, 1889

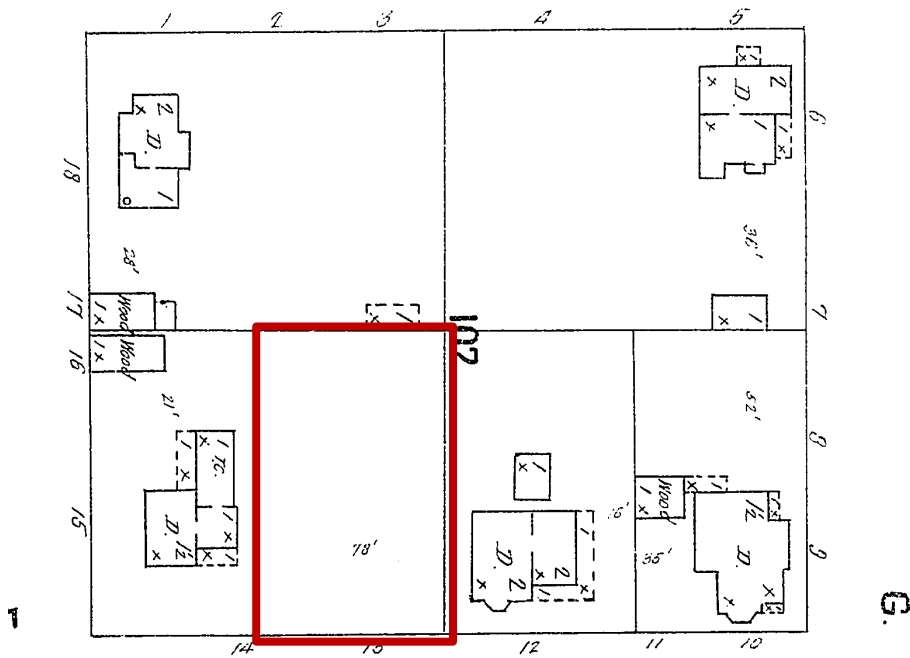


Sanborn Map, 1892

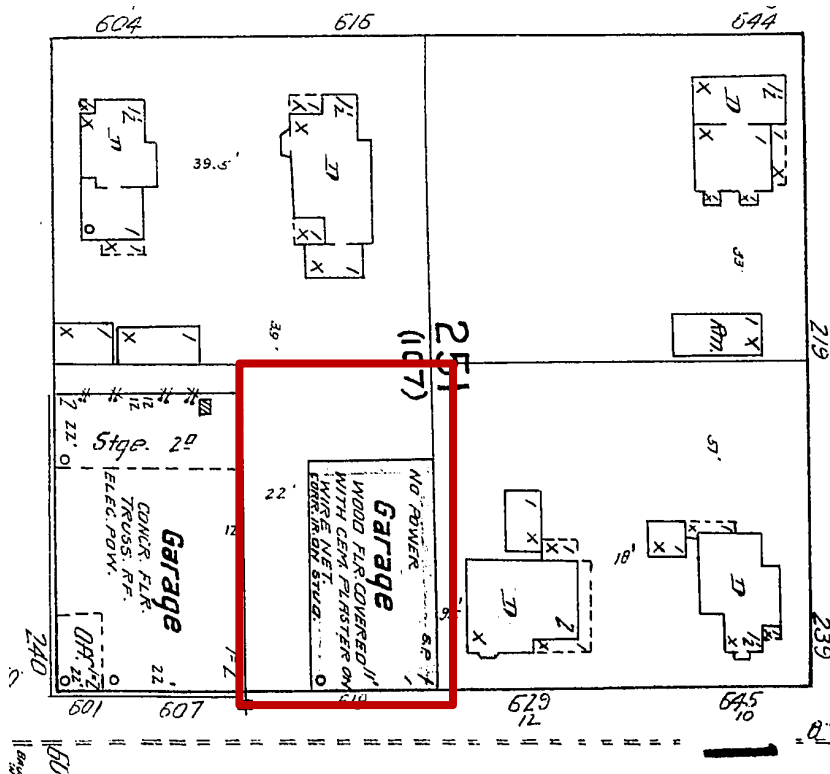


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Sanborn Map, 1902

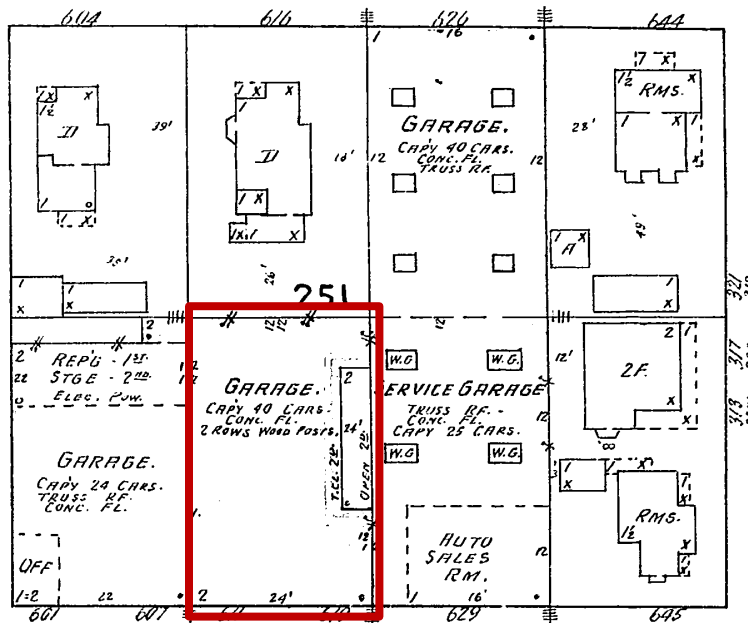


Sanborn Map, 1912

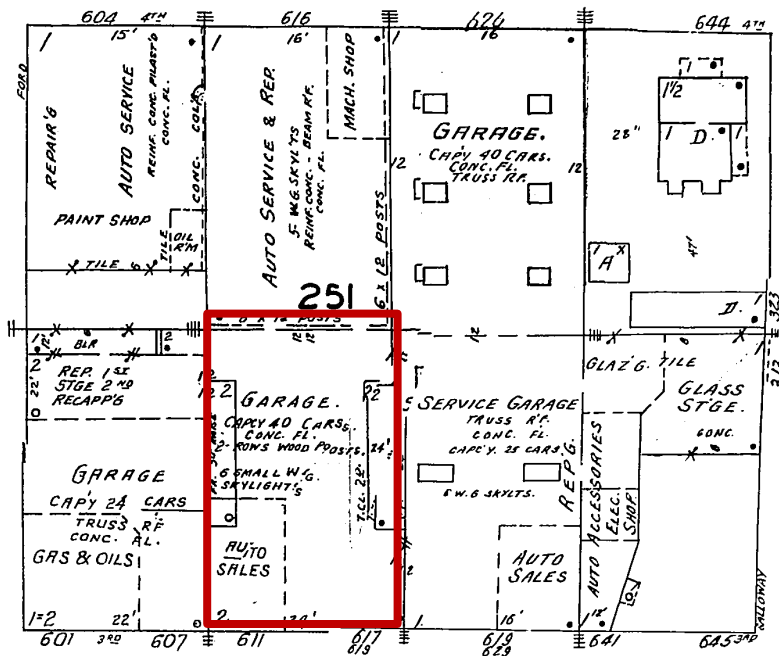


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Sanborn Map, 1928



Sanborn Map, 1948



Architecturally the subject property has changed overtime to accommodate the new uses on the property. **Please see Series of Photos, Figure 6 below.**

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Figure 6, Series of Photos Over Time

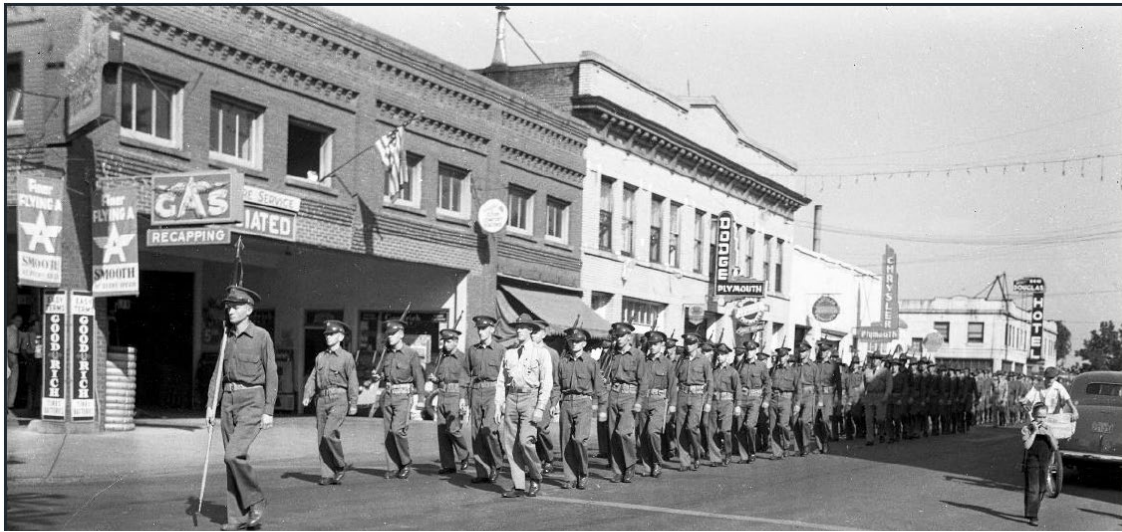
Circa 1919 Photo of 611 NE Third Street depicting two-story brick construction with a decorative parapet and extensive brick corbeling.



Source: Yamhill County News-Register; picture of Third Street in McMinnville around 1919 from the collection of Michael Hafner.

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**1940 Photo of 611 NE Third Street showing parapet, decorative brick work, second floor fenestration pattern, and ground floor storefronts for the garage.
(Yamhill County News Register)**



**1948 Photo of 611 NE Third Street depicting the ground floor storefront with the original brick veneer.
(Yamhill County News Register)**



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**1983 photo of the property shows the modified ground floor storefronts, but with the retention of the original brickwork, parapet and second floor fenestration pattern,
(Historic Resources Survey, City of McMinnville, Yamhill County, Oregon)**



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2018, Photo of 611 NE Third Street, shows the modified storefront, but the retention of the original brick, parapet and second floor fenestration pattern.



Background

The property was originally surveyed in 1983 and 1984, which are the dates that the “Statement of Historical Significance and Property Description” were drafted and included on the Historic Resources Inventory sheet (resource number (B872) for the subject property. This survey work led to the inclusion of the property on the Historic Resources Inventory, and the Historic Resources Inventory was adopted by the McMinnville City Council on April 14, 1987 by Ordinance 4401. The Historic Resources Inventory has since been incorporated into the McMinnville Municipal Code (MMC) through its adoption and reference in MMC Section 17.65.030(A).

The McMinnville Downtown Historic District was entered in the National Register of Historic Places on September 14, 1987.

Summary of Criteria & Issues

The application (HL 7-22) is subject to Certificate of Approval for Demolition review criteria in Section 17.65.050 of the Zoning Ordinance and Oregon Administrative Rule 660-203-0200 (Section 8(a)). The goals and policies in Volume II of the Comprehensive Plan are also independent approval criteria for all land use decisions.

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Oregon Administrative Rule 660-203-0200 (Section 8(a)) states that:

- (8) *National Register Resources are significant historic resources. For these resources, local governments are not required to follow the process described in OAR 660-023-0030 through 660-023-0050 or sections (4) through (6). Instead, a local government:*
- (a) *Must protect National Register Resources, regardless of whether the resources are designated in the local plan or land use regulations, by review of demolition or relocation that includes, at minimum, a public hearing process that results in approval, approval with conditions, or denial and considers the following factors: condition, historic integrity, age, historic significance, value to the community, economic consequences, design or construction rarity, and consistency with and consideration of other policy objectives in the acknowledged comprehensive plan. Local jurisdictions may exclude accessory structures and non-contributing resources within a National Register nomination;*

Section 17.65.050 of the McMinnville Zoning Ordinance state that:

17.65.050 Demolition, Moving, or New Construction. *The property owner shall submit an application for a Certificate of Approval for the demolition or moving of a historic resource, or any resource that is listed on the National Register for Historic Places, or for new construction on historical sites on which no structure exists. Applications shall be submitted to the Planning Department for initial review for completeness as stated in Section 17.72.040 of the McMinnville Zoning Ordinance. The Historic Landmarks Committee shall meet within thirty (30) days of the date the application was deemed complete by the Planning Department to review the request. A failure to review within thirty (30) days shall be considered as an approval of the application.*

- A. *The Historic Landmarks Committee may approve, approve with conditions, or deny the application.*
- B. *The Historic Landmarks Committee shall base its decision on the following criteria:*
1. *The City's historic policies set forth in the comprehensive plan and the purpose of this ordinance;*
 2. *The economic use of the historic resource and the reasonableness of the proposed action and their relationship to the historic resource preservation or renovation;*
 3. *The value and significance of the historic resource;*
 4. *The physical condition of the historic resource;*
 5. *Whether the historic resource constitutes a hazard to the safety of the public or its occupants;*
 6. *Whether the historic resource is a deterrent to an improvement program of substantial benefit to the City which overrides the public interest in its preservation;*
 7. *Whether retention of the historic resource would cause financial hardship to the owner not outweighed by the public interest in the resource's preservation; and*
 8. *Whether retention of the historic resource would be in the best interests of a majority of the citizens of the City, as determined by the Historic Landmarks Committee, and, if not, whether the historic resource may be preserved by an alternative means such as through photography, item removal, written description, measured drawings, sound retention or other means of limited or special preservation.*
- C. *If the structure for which a demolition permit request has been filed has been damaged in excess of seventy percent (70%) of its assessed value due to fire, flood, wind, or other natural disaster, the Planning Director may approve the application without processing the request through the Historic Landmarks Committee.*
- D. *The Historic Landmarks Committee shall hold a public hearing to consider applications for the demolition or moving of any resource listed on National Register consistent with the procedures in Section 17.72.120 of the McMinnville Zoning Ordinance.*
- E. *Any approval may be conditioned by the Planning Director or the Historic Landmarks Committee to secure interior and/or exterior documentation of the resource prior to the proposed action. Required documentation shall consist of no less than twenty (20) black and white photographs with negatives or twenty (20) color slide*

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photographs. The Historic Landmarks Committee may require documentation in another format or medium that is more suitable for the historic resource in question and the technology available at the time. Any approval may also be conditioned to preserve site landscaping such as individual plants or trees or to preserve selected architectural features such as doors, windows, brackets, mouldings or other details.

- F. *If any proposed new construction is located in the downtown core as defined by Section 17.59.020 (A) of the McMinnville Zoning Ordinance, the new construction shall also comply with the requirements of Chapter 17.59 (Downtown Design Standards and Guidelines).*

The applicant has provided findings to support the request for a Certificate of Approval for Demolition. These will be discussed in detail in Section VII (Conclusionary Findings) below.

II. CONDITIONS:

1. The Certificate of Approval for Demolition of 611 NE Third Street is contingent upon a project that meets all of the city's local regulations, state regulations and federal regulations. A demolition permit will not be issued until that has been established. The penalty for demolition without a permit will be equal to the real market value of the most recent assessor's statement for both the structure and the land paid to the City's Historic Preservation Fund. (OAR 660-023-0200(8)(a))
2. 611 NE Third Street, McMinnville Historic Resource Inventory B872 will be automatically removed from the McMinnville Historic Resource Inventory when the extant structure on the subject property is demolished. (OAR 660-023-0200(9))
3. The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rainwater into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance. (Comprehensive Plan Policy #25.00)
4. The applicant shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be borne by the developer. (Comprehensive Plan Policy #25.00)
5. The applicant provided a Transportation Impact Analysis with their application for the replacement project. Several items need to be updated in the Transportation Impact Analysis prior to the issuance of building permits which may then require transportation improvements. They are as follows: (Comprehensive Plan Policy #25.00)
 - a. Provide a TIA of the intersections of NE Ford Street and NE Third Street, and NE Galloway Street and NE Third Street.
 - b. The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85-room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.

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6. The Transportation Impact Analysis shows that queue lengths exceed storage length at the eastbound thru and westbound all on Second Street at Baker Street. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson Street/Lafayette St. and Third Street. Prior to the issuance of building permits, the applicant will need to provide a mitigation plan for these intersections. (Comprehensive Plan Policy #25.00)
7. Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance. (Comprehensive Plan Policy #33.00)
8. Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance. (Comprehensive Plan Policy #33.00)
9. Prior to the approval of a demolition permit, the applicant will commission a study on what needs to happen in McMinnville relative to market costs to achieve the community value of historic property rehabilitation/restoration with low lease rates to support local businesses. (McMinnville Municipal Code, 17.65.010(B)).
10. The replacement plan project must not only meet the minimum standards of Section 17.59, Downtown Design Guidelines, McMinnville Municipal Code, but it must enhance the overall historic sense of place of downtown McMinnville by replicating the form and design of the building stock on Third Street. (McMinnville Municipal Code 17.65.010(D))
11. The demolition of the historic resource will be delayed for one hundred twenty (120) days in the interest of exploring reasonable alternatives that include preservation of the buildings and a fair market sale for the property owner. The property will be posted with the pending demolition during the delay period to seek community engagement about reasonable alternatives. (McMinnville Municipal Code 17.65.050(B)(7))

III. ATTACHMENTS:

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IV. COMMENTS:**Agency Comments**

This matter was referred to the following public agencies for comment: McMinnville Fire Department, Police Department, Parks and Recreation Department, Engineering and Building Departments, City Manager, and City Attorney, McMinnville School District No. 40, McMinnville Water and Light, Yamhill County Public Works, Yamhill County Planning Department, Recology Western Oregon, Frontier Communications, Comcast, Northwest Natural Gas, Oregon Department of Transportation and Oregon State Historic Preservation Office. The following comments were received:

McMinnville Engineering Department**TRANSPORTATION**

Comments and/or conditions of approval related to transportation include:

1. Based on the Transportation Impact Analysis (TIA) provided the intersections of NE Ford St & NE 3rd St and NE Galloway St & NE 3rd St should be a part of the scope as they are in the immediate vicinity of the project, and they are not included. Provide a TIA of the intersections of NE Ford St & NE 3rd St and NE Galloway St & NE 3rd St.
2. The City will have a 30% design for the 3rd Street Streetscape Plan, this should be mentioned in section 3 of the TIA under planned transportation improvements.
3. ADA Sidewalk and Driveway Standards are now being applied to all new construction and remodels. These standards are intended to meet the current ADA Standards as shown in the "PROWAG" Design Guidelines. The standards can be found at the following webpage: <https://www.access-board.gov/files/prowag/PROW-SUP-SNPRM-2013.pdf> prior to final occupancy, the applicant shall construct new driveways and sidewalks in the right-of way that conform to these standards.
4. Study shows that queue lengths exceed storage length at the eastbound thru and westbound all of 2nd St at Baker St. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson St/Lafayette St & 3rd St.

SANITARY SEWER

Comments and/or conditions of approval related to sanitary sewer service include:

1. The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rain water into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance.
2. Sewer Capacity may be an issue with the change of use of the property, the developer shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be born by the developer.

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MISCELLANEOUS

Additional comments and/or suggested conditions of approval:

1. In the narrative, Part 4. B. Chapter 17.54.050 Yards part F. Response (Page 23) – 3rd St is listed as a Local Street. It is a Major Collector, please change to reflect the correct street classification.
2. Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance.
3. Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance.
4. The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85-room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.
5. The engineering department will need to review building permit submittals that show in detail items that could be missing in the applications provided. These reviews will be prior to any issuance of building permits.
6. The Contaminated Media Management Plan dated July 20, 2022 is not included in this application. This is a key point of discussion and should be included in the application.
7. CPP (Comprehensive Plan Policy): 2.00 “The City of McMinnville shall continue to enforce appropriate development controls on lands with identified building constraints, including, but not limited to, excessive slope, limiting soil characteristics, and natural hazards.”
 - a. The Applicant must demonstrate how construction activities regarding known pollutants residing under the structures onsite will not negatively affect development onsite, and not negatively affect the adjoining properties, including the city’s right of ways.
8. CPP 8.00 “The City of McMinnville shall continue to seek the retention of high water quality standards as defined by federal, state, and local water quality codes, for all the water resources within the planning area.”
 - a. The Applicant must demonstrate that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City’s Right of Way and downstream users and properties.
9. CPP 132.40.05 Conditions of Approval–In accordance with the City’s TSP and capital improvements plan (CIP), and based on the level of impact generated by a proposed development, conditions of approval applicable to a development application should include:
 - a. Improvement of on-site transportation facilities,
 - b. Improvement of off-site transportation facilities (as conditions of development approval), including those that create safety concerns, or those that increase a facility’s operations beyond the City’s mobility standards.

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10. The Applicant shall demonstrate its demolition, excavation and onsite construction activities do not create safety concerns related to the DEQ LUST matter and its site and known polluted soil and water. Additionally, the Applicant shall demonstrate how its demolition and construction activities will improve the use of the city's off-site transportation facility, including but not limited to underground facility uses.
11. CPP 132.46.00 Low impact street design, construction, and maintenance methods should be used first to avoid, and second to minimize, negative impacts related to water quality, air quality, and noise in neighborhoods. (Ord. 4922, February 23, 2010).
 - a. The Applicant shall demonstrate its design and construction methods will avoid, and then minimize negative impacts related to water and air quality given the onsite and off-site hazards caused by the known hazardous spills associated with the site.
12. CPP 142.00 The City of McMinnville shall insure that adequate storm water drainage is provided in urban developments through review and approval of storm drainage systems, and through requirements for connection to the municipal storm drainage system, or to natural drainage ways, where required.
 - a. The Applicant shall demonstrate that storm water collection, detention, and drainage is constructed and maintained to restrict negative consequences and minimize adverse effects from the known underground pollution onsite and off-site areas caused by the owner of the site.
13. CPP 151.00 The City of McMinnville shall evaluate major land use decisions, including but not limited to urban growth boundary, comprehensive plan amendment, zone changes, and subdivisions using the criteria outlined below:
 - a. Federal, state, and local water and waste water quality standards can be adhered to.
 - b. The Applicant shall demonstrate how it will comply with all federal, state and local water and wastewater quality standards, given the DEQ LUST case regarding a hazardous gasoline spill on the site and the deficiencies noted in the Record.

McMinnville Building Department

No building code concerns. Analysis of IEBC appears to be accurate and based on Oregon adopted code.

McMinnville Water and Light

Water: Please contact MW&L to turn off water meters and disconnect customer side of the meter – A16972894, C47575190 & A16972900 prior to demolition of property.

Power: Please contact MW&L to coordinate the removal of existing electric services prior to demolition. The Bindery Event space does not appear to have a dedicated electric service. There will need to be a provision for re-serving the Bindery Event Space with electricity during demolition.

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Public Comments

Notice of this request was mailed to property owners located within 300 feet of the subject site on September 8, 2022 and notice of the public hearing was published in the News Register on Tuesday, September 20, 2022 and Friday, September 23, 2022. The following testimony has been received by the Planning Department.

- Email from Kira Barsotti, 09.16.22
- Email from Shanna Dixon, 09.16.22
- Email from Marianne Mills, 09.18.22
- Email from Megan McCrossin, 09.18.22
- Email from Courtney Cunningham, 09.20.22
- Email from Jordan Robinson, 09.20.22
- Email from Phyllice Bradner, 09.20.22
- Email from Victoria Anderson, 09.20.22
- Letter from Marilyn Kosel, 09.20.22
- Letter from Patti Webb, 09.20.22

V. FINDINGS OF FACT - PROCEDURAL FINDINGS

1. The applicant, Mark Vuong, on behalf of HD McMinnville LLC submitted the Certificate of Approval application (HL 7-22) on August 9, 2022.
2. The application was deemed complete on September 7, 2022. Based on that date, the 120-day land use decision time limit expires on January 5, 2023.
3. Notice of the application was referred to the following public agencies for comment in accordance with Section 17.72.120 of the Zoning Ordinance: McMinnville Fire Department, Police Department, Parks and Recreation Department, Engineering and Building Departments, City Manager, and City Attorney, McMinnville School District No. 40, McMinnville Water and Light, Yamhill County Public Works, Yamhill County Planning Department, Recology Western Oregon, Frontier Communications, Comcast, Northwest Natural Gas, Oregon Department of Transportation and the Oregon State Historic Preservation Office on September 7, 2022.

Comments received from agencies are addressed in the Decision Document.

4. Notice of the application and the September 29, 2022, Historic Landmarks Committee public hearing was mailed to property owners within 300 feet of the subject property in accordance with Section 17.65.070(C) of the Zoning Ordinance on Thursday, September 8, 2021.
5. A public hearing notice was published in the News Register on Tuesday, September 20, 2022, and Friday, September 23, 2022.
6. On September 29, 2022, the Historic Landmarks Committee held a duly noticed public hearing to consider the request.

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VI. FINDINGS OF FACT – GENERAL FINDINGS

1. **Location:** 611 NE Third Street. The resource is located at the property that is identified as Tax Lot 4300, Section 21BC, T. 4 S., R. 4 W., W.M. This is a property that spans the block north to south from Fourth Street to Third Street. Only the structure that is facing Third Street is recommended for demolition.
2. **Size:** The subject site is approximately 6,500 sf, the property is approximately 20,000 square feet.
3. **Comprehensive Plan Map Designation:** Commercial
4. **Zoning:** C-3, General Commercial
5. **Overlay Zones/Special Districts:** Downtown Overlay District, Section 17.59 of the McMinnville Municipal Code.
6. **Current Use:** Office
7. **Inventoried Significant Resources:**
 - a. **Historic Resources:** Historic Resources Inventory – Resource Number B872.
 - b. **Other:** Secondary Significant Contributing resource, McMinnville National Register of Historic Places Downtown Historic District
8. **Other Features:** The building is property tight with no setbacks, two stories, unreinforced brick with a stucco finish.
9. **Utilities:**
 - a. **Water:** Water service is available to the subject site.
 - b. **Electric:** Power service is available to the subject site.
 - c. **Sewer:** Sanitary sewer service is available to the subject site.
10. **Transportation:** The site is located on the northern side of Third Street in the middle of the block between Ford and Galloway Streets and stretches to Fourth Street. Third Street is a major collector in the McMinnville Transportation System Plan.

VII. CONCLUSIONARY FINDINGS:

The Conclusionary Findings are the findings regarding consistency with the applicable criteria for the application. The applicable criteria for a Certificate of Approval for Demolition are specified in Section 17.65.050 of the McMinnville Municipal Code and Oregon Administrative Rule, Chapter 660 Division 23: Procedures and Requirements for Complying with Goal 5.

In addition, the goals, policies, and proposals in Volume II of the Comprehensive Plan are to be applied to all land use decisions as criteria for approval, denial, or modification of the proposed request. Goals and policies are mandated; all land use decisions must conform to the applicable goals and policies of Volume II. "Proposals" specified in Volume II are not mandated but are to be undertaken in relation to all applicable land use requests.

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Compliance with Oregon State Land Use Goals:**OAR Chapter 660, Division 23, Procedures and Requirements for Complying with Goal 5:**

(1) For purposes of this rule, the following definitions apply:

- (a) “Demolition” means any act that destroys, removes, or relocates, in whole or part, a significant historic resource such that its historic, cultural, or architectural character and significance is lost. This definition applies directly to local land use decisions regarding a National Register Resource. This definition applies directly to other local land use decisions regarding a historic resource unless the local comprehensive plan or land use regulations contain a different definition.
- (b) “Designation” is a decision by a local government to include a significant resource on the resource list.
- (c) “Historic context statement” is an element of a comprehensive plan that describes the important broad patterns of historical development in a community and its region during a specified time period. It also identifies historic resources that are representative of the important broad patterns of historical development.
- (d) “Historic preservation plan” is an element of a comprehensive plan that contains the local government’s goals and policies for historic resource preservation and the processes for creating and amending the program to achieve the goal.
- (e) “Historic resources” are those buildings, structures, objects, sites, or districts that potentially have a significant relationship to events or conditions of the human past.
- (f) “Locally significant historic resource” means a building, structure, object, site, or district deemed by a local government to be a significant resource according to the requirements of this division and criteria in the comprehensive plan.
- (g) “National Register Resource” means buildings, structures, objects, sites, or districts listed in the National Register of Historic Places pursuant to the National Historic Preservation Act of 1966 (PL 89-665; 16 U.S.C. 470).
- (h) “Owner”:
 - (A) Means the owner of fee title to the property as shown in the deed records of the county where the property is located; or
 - (B) Means the purchaser under a land sale contract, if there is a recorded land sale contract in force for the property; or
 - (C) Means, if the property is owned by the trustee of a revocable trust, the settlor of a revocable trust, except that when the trust becomes irrevocable only the trustee is the owner; and
 - (D) Does not include individuals, partnerships, corporations or public agencies holding easements or less than fee interests (including leaseholds) of any nature; or
 - (E) Means, for a locally significant historic resource with multiple owners, including a district, a simple majority of owners as defined in (A)-(D).
 - (F) Means, for National Register Resources, the same as defined in 36 CFR 60.3(k).
- (i) “Protect” means to require local government review of applications for demolition, relocation, or major exterior alteration of a historic resource, or to delay approval of, or deny, permits for these actions in order to provide opportunities for continued preservation.
- (j) “Significant historic resource” means a locally significant historic resource or a National Register Resource.

(2) Relationship of Historic Resource Protection to the Standard Goal 5 Process.

- (a) Local governments are not required to amend acknowledged plans or land use regulations in order to provide new or amended inventories, resource lists or programs regarding historic resources, except as

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specified in section (8). Local governments are encouraged to inventory and designate historic resources and must adopt historic preservation regulations to protect significant historic resources.

- (b) The requirements of the standard Goal 5 process in [OAR 660-023-0030 \(Inventory Process\)](#) through [660-023-0050 \(Programs to Achieve Goal 5\)](#), in conjunction with the requirements of this rule, apply when local governments choose to amend acknowledged historic preservation plans and regulations.
- (c) Local governments are not required to apply the ESEE process pursuant to [OAR 660-023-0040 \(ESEE Decision Process\)](#) in order to determine a program to protect historic resources.

APPLICANT’S RESPONSE: None.

FINDING: NOT APPLICABLE.

- (3) *Comprehensive Plan Contents.* Local comprehensive plans should foster and encourage the preservation, management, and enhancement of significant historic resources within the jurisdiction in a manner conforming with, but not limited by, the provisions of [ORS 358.605 \(Legislative findings\)](#). In developing local historic preservation programs, local governments should follow the recommendations in the Secretary of the Interior’s Standards and Guidelines for Archeology and Historic Preservation, produced by the National Park Service. Local governments should develop a local historic context statement and adopt a historic preservation plan and a historic preservation ordinance in conjunction with inventorying historic resources.
- (4) *Inventorying Historic Resources.* When a local government chooses to inventory historic resources, it must do so pursuant to [OAR 660-023-0030 \(Inventory Process\)](#), this section, and sections
- (5) through (7). Local governments are encouraged to provide opportunities for community-wide participation as part of the inventory process. Local governments are encouraged to complete the inventory in a manner that satisfies the requirements for such studies published by the Oregon State Historic Preservation Office and provide the inventory to that office in a format compatible with the Oregon Historic Sites Database.
- (5) *Evaluating and Determining Significance.* After a local government completes an inventory of historic resources, it should evaluate which resources on the inventory are significant pursuant to [OAR 660-023-0030 \(Inventory Process\)](#)(4) and this section.
 - (a) The evaluation of significance should be based on the National Register Criteria for Evaluation, historic context statement and historic preservation plan. Criteria may include, but are not limited to, consideration of whether the resource has:
 - (A) Significant association with events that have made a significant contribution to the broad patterns of local, regional, state, or national history;
 - (B) Significant association with the lives of persons significant to local, regional, state, or national history;
 - (C) Distinctive characteristics of a type, period, or method of construction, or represents the work of a master, or possesses high artistic values, or represents a significant and distinguishable entity whose components may lack individual distinction;
 - (D) A high likelihood that, if preserved, would yield information important in prehistory or history; or
 - (E) Relevance within the local historic context and priorities described in the historic preservation plan.
 - (b) Local governments may delegate the determination of locally significant historic resources to a local planning commission or historic resources commission.

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- (6) *Designating Locally Significant Historic Resources.* After inventorying and evaluating the significance of historic resources, if a local government chooses to protect a historic resource, it must adopt or amend a resource list (i.e., “designate” such resources) pursuant to [OAR 660-023-0030 \(Inventory Process\)](#)(5) and this section.
- (a) *The resource list must be adopted or amended as a land use decision.*
- (b) *Local governments must allow owners of inventoried historic resources to refuse historic resource designation at any time during the designation process in subsection (a) and must not include a site on a resource list if the owner of the property objects to its designation on the public record. A local government is not required to remove a historic resource from an inventory because an owner refuses to consent to designation.*
- (7) *Historic Resource Protection Ordinances.* Local governments must adopt land use regulations to protect locally significant historic resources designated under section (6). This section replaces [OAR 660-023-0050 \(Programs to Achieve Goal 5\)](#). Historic protection ordinances should be consistent with standards and guidelines recommended in the Standards and Guidelines for Archeology and Historic Preservation published by the U.S. Secretary of the Interior, produced by the National Park Service.

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The City of McMinnville has an acknowledged Historic Preservation program, including an adopted Historic Preservation Plan as a supplemental document to the McMinnville Comprehensive Plan, Comprehensive Plan policies, an adopted Historic Resources Inventory that is actively maintained, historic resource protection ordinances, and an appointed Historic Landmarks Committee that administers and manages the historic preservation program, and makes quasi-judicial decisions on historic landmarks land-use decisions.

- (8) *National Register Resources are significant historic resources. For these resources, local governments are not required to follow the process described in [OAR 660-023-0030 \(Inventory Process\)](#) through [660-023-0050 \(Programs to Achieve Goal 5\)](#) or sections (4) through (6). Instead, a local government:*
- (a) *Must protect National Register Resources, regardless of whether the resources are designated in the local plan or land use regulations, by review of demolition or relocation that includes, at minimum, a public hearing process that results in approval, approval with conditions, or denial and considers the following factors: condition, historic integrity, age, historic significance, value to the community, economic consequences, design or construction rarity, and consistency with and consideration of other policy objectives in the acknowledged comprehensive plan. Local jurisdictions may exclude accessory structures and non-contributing resources within a National Register nomination;*

APPLICANT’S RESPONSE: The City can find that these criteria do not apply directly to the proposed development. The structures are located within a National Historic District, and as such meet the definition of National Register Resources per (1)(g) above. The buildings are identified as primary and contributing structures within the historic district but were not identified individually as National Register properties. The buildings have not been designated as “Distinctive” resources in the local HRI and have been substantially altered since their construction.

If the City determines that this provision applies, the City can find that the criteria are met as noted below.

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CITY RESPONSE: Oregon Administrative Rule (OAR) 660-023-0200(1)(g) defines districts listed in the National Register of Historic Places as a National Register Resource, therefore this state rule applies to all properties within the McMinnville Downtown Historic District unless the local jurisdiction has excluded non-contributing resources. Per Section 17.65.040(A)(1) of the McMinnville Municipal Code, accessory structures and non-contributing resources within a National Register of Historic Places nomination are excluded from the Certificate of Approval process. Per Figure 2 of this decision document, 611 NE Third Street is considered a Secondary Significant Contributing resource in the McMinnville Downtown Historic District.

FINDING: This provision of OAR 660-023-0200, Section 8(a) does apply.

OAR 660-023-0200(8)(a) Factors to Consider – Condition of the Property

APPLICANT RESPONSE: All three of the buildings are constructed of unreinforced brick. The buildings at 611 and 619 NE 3rd Street have more significant challenges, including interior water damage, a shared wall between the two, and deterioration of the exterior wall.

As noted in the structural report included as Appendix C, the building at 611 NE 3rd Street is missing some floor beams.

CITY RESPONSE: MORE INFORMATION NEEDED TO DETERMINE IF CONDITION OF THE PROPERTY IS A FACTOR TO SUPPORT DEMOLITION. The structural analysis is very cursory and did not include any load testing sites. Without load testing on the unreinforced masonry walls, the structural analysis does not indicate any structural issues that were significant or imminent public safety hazards, the condition of the building is not a significant determining factor requiring demolition of the property.

The Structural Report, provided by Harper Houf Peterson Righellis Inc. (HHPR) dated July 29, 2022, provides an existing condition report of 611, 611, and 619 Third Street. It points observed structural issues and concludes with emergent concerns.

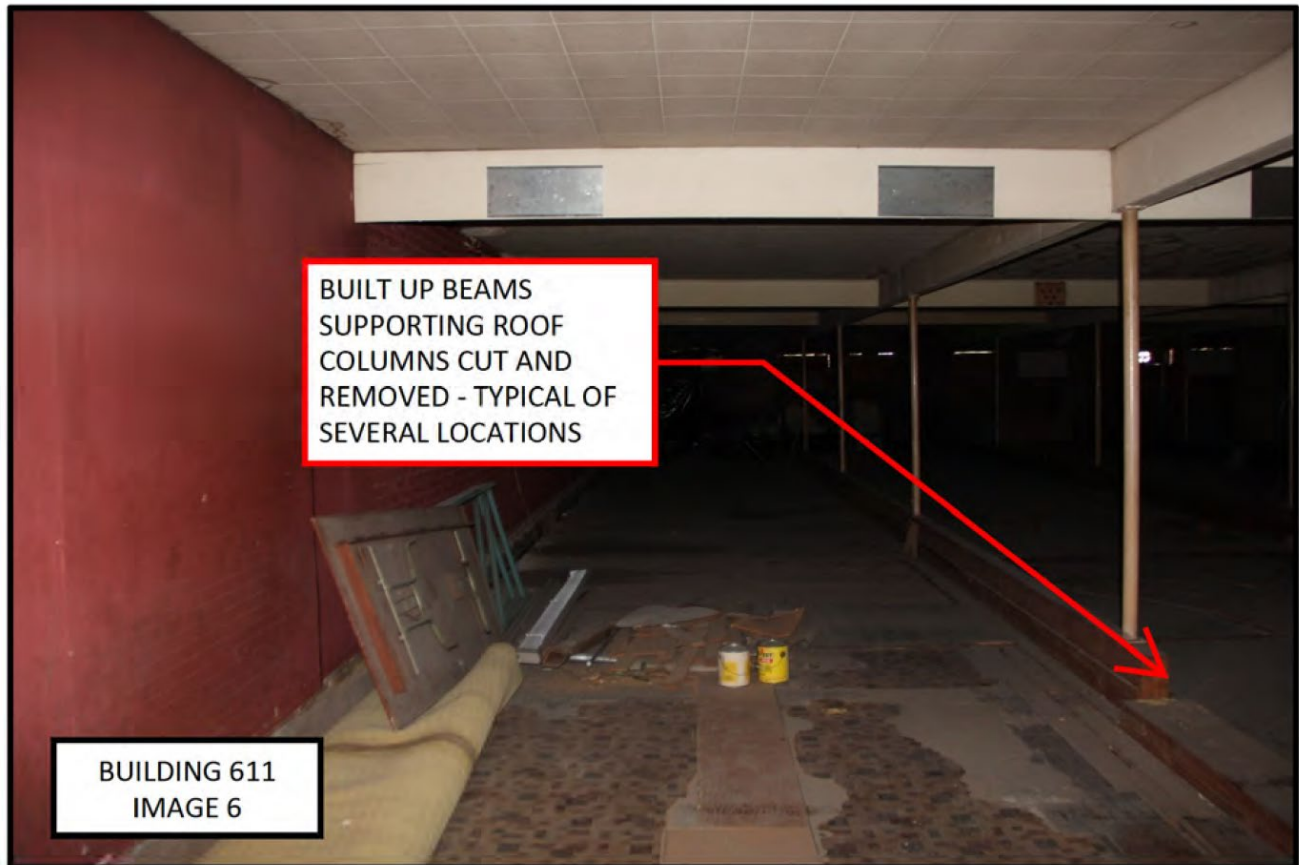
Emergent Concerns

- Building 609 – previously noted truss node that is out of plane over 6 inches
- Building 611 – previously noted missing beams intended to spread load across floor below
- Building 619 – previously noted rotten bearing condition at truss
- All Buildings – previously noted overall condition of brick and mortar in locations in each building

Below is the detail on the missing beams intended to spread load across floor below.

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- Built up beams spanning in the north south direction supported by round pipe columns bearing on built up laminate beams to spread the load across the floor below
- At north and south walls the roof beams are supported by the perimeter brick walls
- In some cases, the built-up laminated beams across the floor have been cut and removed. This condition compromises the structure’s ability to spread the concentrated roof load across the floor below (see Image 6)
- The built-up beams across the floor do not appear to align with the beam lines in the floor below, which would complicate any future work



The report also examines three options for preserving the historic resources: 1) retain existing buildings and construct a new hotel over the top of the existing buildings; 2) retain and maintain the existing buildings and relocate the existing buildings.

The report concludes that the first option to construct a new hotel over the top of the existing buildings would require a complete seismic and structural upgrade to the buildings, and would be problematic relative to the placement of needed structural supports in the existing buildings.

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The second option to retain and maintain the existing buildings would require investment in general maintenance, repair and remediation of the spaces as well as repair of the emergent concerns described above.

And the third option to relocate the three buildings is impractical due to the unreinforced masonry structure of the buildings.

OAR 660-023-0200(8)(a) Factors to Consider – Historic Integrity of the Property

APPLICANT RESPONSE: According to the HRI, the building at 611 NE 3rd Street (referred to as 619 East Third Street in the HRI and the National Register nomination) was constructed between 1912 and 1928, and was therefore classified as a Secondary Significant Contributing structure. The Oregon Historic Sites Database notes the date of construction as 1920. As noted in the HRI statement and shown in Figure 4, the building was initially constructed of buff and red brick. The lower-level storefronts were renovated in 1976 and replaced the brick storefront with stucco and pillars.

The 1980 HRI statement indicated that the building had been extensively altered, and noted that the first story had been faced with stucco. The HRI also indicated that the condition of the building was “good”.

Though its construction date is noted as 1920, a ca. 1919 printed in the Yamhill County News-Register shows the original brick building with storefronts on the ground floor.

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A historic photo provided by the Yamhill County Historical Society shows the original brick building with storefronts on the ground floor.

611 NE 3rd Street ca. 1919



Source: Yamhill County News-Register; picture of Third Street in McMinnville around 1919 from the collection of Michael Hafner.

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The HRI includes a 1983 photo of the building. At the time of categorization as a Secondary Contributing Structure in the HRI, the storefront portion of the building had been significantly altered and covered with stucco and tile..

611 NE 3rd Street in 1983



Source: City of McMinnville Historic Resources Survey, 1983.

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Today, the building looks much as it did in 1983, though the pillars have been painted and an awning has been added to the entrance.

611 NE 3rd Street in 2022



Source: Google Maps

Given the significant alterations since the time of its construction, the Committee can find that the building no longer retains historic integrity.

CITY RESPONSE: HISTORIC INTEGRITY IS COMPROMISED, HOWEVER SECOND FLOOR INTEGRITY IS STILL INTACT. MORE INFORMATION IS NEEDED TO MAKE A DETERMINATION. The City agrees that the identification of primary and secondary contributing resources in the 1987 McMinnville Downtown National Register of Historic Places Historic District was based primarily on the estimated age of the structure and not the historic integrity of the extant structure. The City also agrees that the structure underwent significant modifications with the ground floor storefront modification (*See Figure 5, Series of Sanborn Maps and Figure 6, Series of Photos in this decision document*), however the second floor is still, for the most part, intact per the original building. The applicant should provide more information about the individual elements of the structure, such as the windows and storefronts to identify whether those elements have been modified as well.

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OAR 660-023-0200(8)(a) Factors to Consider – Age of the Property

APPLICANT RESPONSE: As noted, the building at 609 NE 3rd Street was constructed in 1904 and is 118 years old. The building at 611 NE 3rd Street was constructed in 1920 and is 102 years old. The building at 619 NE 3rd Street was constructed in 1923 and is 99 years old.

As noted in the structural report included as Appendix C, all three buildings are showing signs of their age.

CITY RESPONSE: NEED MORE INFORMATION TO UNDERSTAND HOW MUCH OF THE ORIGINAL BUILDING STILL EXISTS ON THE SECOND FLOOR AND POTENTIALLY UNDER THE STOREFRONT APPLIQUE. The second-floor historic integrity is fairly remarkable and should be studied more.

MORE INFORMATION NEEDED TO DETERMINE IF IT IS A FACTOR: To determine if age is a factor to consider of whether the property can be demolished or not, the applicant should provide a historic inventory of original external façade elements of the building.

OAR 660-023-0200(8)(a) Factors to Consider – Historic Significance of the Property

APPLICANT RESPONSE: As described in the McMinnville Historic Preservation Plan (Ord. 5068), the HRI defined the historic resource classes in the following way:

- *Distinctive: Resources outstanding for architectural or historic reasons and potentially worthy of nomination to the National Register of Historic Places.*
- *Significant: Resources of recognized importance to the City due to historical association or architectural integrity, uniqueness, or quality.*
- *Contributory: Resources not in and of themselves of major significance, but which enhance the overall historic character of the neighborhood or City. Removal or alteration would have a deleterious effect on the quality of historic continuity experienced in the community.*
- *Environmental: This category includes all resources surveyed that were not classified as distinctive, significant, or contributory. The resources comprise an historic context within the community.*

As noted in the 1987 National Register nomination, buildings on the McMinnville HRI were classified based on the building date, building style, type and number of alterations, building setback, and roof shape. At the time, there were 52 contributing (Primary and Secondary) and 14 non-contributing buildings in the district.

The National Register nomination describes the categories as such:

1. *Primary Significant Contributing: Structures are classified as Primary Significant if they were built on or before 1912, or reflect the building styles, traditions, or patterns of structures typically constructed before this date. These buildings represent the primary period of construction and development in downtown McMinnville from initial settlement in 1881 to 1912, when city improvements and use of the Oregon Electric and Southern Pacific Railroad service prompted new construction in the downtown area.*

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2. *Secondary Significant Contributing: Structures are classified as Secondary Significant if they were built in or between 1913 and 1937. These buildings represent the secondary period of construction and development from the increase of city improvements and auto traffic.*
3. *Historic Non-Contributing: Structures are classified as Historic Non-Contributing if they were built either during the primary or secondary periods of construction but have been so altered over time that their contributing elements (siding, windows, massing, entrances, and roof) have been lost or concealed. If their contributing elements were restored, these buildings could be reclassified as Primary of [sic] Secondary Significant.*
4. *Compatible Non-Historic and Non-Contributing: Structures are classified as Compatible Non-Contributing if they were built after 1937 (When the nomination was being prepared in 1987, buildings constructed in 1937 were then 50 years old and met the threshold for National Register eligibility). but are compatible architecturally (i.e. scale, materials, use) with the significant structures and the historic character of the district.*
5. *Non-Compatible Non-Contributing: Structures are classified as Non-Compatible Non-Contributing if they were built after 1937 and are incompatible architecturally (i.e. scale, materials, and use) with the significant structures and the historic character of the District.*
6. *Vacant: Properties are classified as Vacant if there are no buildings sited on them (i.e., vacant lots, alleys, parking lots).*

The HRI statements of historical significance do not provide any detail about why the buildings were classified as Primary or Secondary resources, aside from the date of construction, so it is difficult to determine what features of the buildings warranted their classification. Arguably, as described below, each of these buildings could have met the criteria for designation as Historic Non-Contributing buildings, as they met the age threshold but had been substantially altered prior to their HRI designations.

Likewise, the building at 611 NE 3rd Street had been substantially altered at the ground level. The ground floor siding had been changed from brick to stucco; windows had been removed and replaced; and the primary entrance had been enclosed. Only the massing and roof remained intact. The ground level and upper level present a jarring contrast in style and material.

CITY RESPONSE: PER THE NATIONAL REGISTER OF HISTORIC PLACES HISTORIC DISTRICT NOMINATION AND THE MCMINNVILLE HISTORIC RESOURCES INVENTORY THE SUBJECT PROPERTY IS HISTORICALLY SIGNIFICANT. The McMinnville Downtown Historic District National Register of Historic Places nomination provides the following as the overall summary of the statement of significance for the historic district for a time period of 1880 – 1937.

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The McMinnville Historic District is an area of approximately 15 acres in which the unifying theme represented by the 51 contributing buildings is the parallel development of commerce and railroad and highway transportation in the bustling Willamette Valley farming community and county seat between 1880 and 1937. The district meets National Register Criteria A and C in the context of local history as the place where the community's largest, best preserved and most noteworthy historic commercial buildings are concentrated. The district extends 6½ blocks along Third Street, historically the main, east-west stem of the business district. Buildings along Third Street represent several phases of development but have a marked cohesion by virtue of their density, common scale, materials and overall design elements. While ground story storefronts have been altered over the years, distinguishing features of the upper stories are intact and provide visual continuity. Descendants of many of the community's early settlers are owners of property or businesses within the district today.

(McMinnville Downtown Historic District, Section Number 8, Page 1)

The McMinnville Historic Preservation Plan discusses has the following language for the historic context of McMinnville's historic resources for the time period that most influenced the building at 611 NE Third Street:

Motor Age, Boom and Bust (1903—1940)

This period marked the arrival of the automobile. Most of the garages added to the houses surveyed were built during this period. The city was amid a massive population growth extending from 1900 through 1910 and increased prosperity with industrial growth provided jobs and steady wages. By 1914 a spur from the main interurban railroad corridor along the Willamette Valley linked the city with Portland and cities to the south. Building construction grew considerably from 1900 to 1909 relative to pre-1900 construction, and then nearly doubled during the 1910s.⁵

Population growth continued between 1910 and 1940, increasing from 2,767 in 1920 to 3,706 in 1940.⁶ New industries established in the city and surrounding area included including a small foundry, a machine shop, a planning mill, a creamery, and an incandescent and arc light factory. The launch of Prohibition in 1919 devastated the hops industry, the area's second-most profitable crop, motivating farmers to diversify their products to include legumes, clover, and animal products.

(McMinnville Historic Preservation Plan, page 16)

611 NE Third Street is not listed as a building as exemplary of this time period.

Commercial buildings from this period of construction (1913-1937) include:

- 226 E 3rd Street (ca. 1913), Commercial style
- 225 E 3rd Street (1918), Commercial style
- Spence Building, 425 E 3rd Street (1925), Commercial style
- 236 E 3rd Street (ca. 1930), Commercial style

(McMinnville Historic Preservation Plan, page 18)

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However, based on the methodology at the time (which appears to be relative to primarily the date the building was originally constructed and not the historic integrity of the building or how much the building actually reflects its original architecture), the subject property is listed as a “Secondary Significant Contributing” property in the McMinnville Downtown Historic District National Register of Historic Places nomination and is identified as a “Significant” resource on the McMinnville Historic Resources Inventory.

As discussed above, the historic integrity of the building has been significantly modified since its original construction.

The City recommends that both the survey for the National Register of Historic Places Historic District nomination and the McMinnville Historic Resources Inventory should be updated relative to historic significance based on contemporary methodology that takes into account age of structure, significance of the time period that the structure represents (local, state and national) and historic integrity of the structure.

OAR 660-023-0200(8)(a) Factors to Consider – Value to the Community

APPLICANT RESPONSE: The value the buildings current(ly) provide to the community include providing a consistent edge along historic 3rd Street corridor, jobs for office-based employees, and a reminder of the community’s past. The buildings provide minimal street-level activation due to their uses as offices, and deferred maintenance of the buildings has resulted in interior and exterior damage as noted in the structural report included as Appendix C.

The proposed development provides the same value to the community, and additional values. The building retains the 0 ft. setback along 3rd and Ford streets to provide a continuous street wall in accordance with historic downtown development patterns. The ground floor will be activated by retail and restaurant uses, and outdoor seating is anticipated to create a lively atmosphere during the warmer months. The new building will be energy- efficient and modern while nodding to the historic structures surrounding it. It will also provide employment for approximately 60 people, more than three times as many people currently employed on the site.

CITY RESPONSE: BALANCING THE ASSUMPTIONS THAT THE SUBJECT STRUCTURE DOES NOT RETAIN MUCH HISTORIC INTEGRITY, AND IS FINANCIALLY INFEASIBLE TO REHABILITATE, THE REPLACEMENT PLAN HAS MORE VALUE TO THE COMMUNITY THAN THE PRESERVATION OF THE BUILDING. 611 NE Third Street does not appear to have the historic integrity that many believe that it has due to the amount of modifications that have occurred. The City has received several letters from the public asking to save the historic properties. 611 NE Third Street is part of the historic building fabric of Third Street in McMinnville, a built environment which collectively has a lot of value to the community. Any replacement project would need to be able to become an asset to that built environment and not a disrupter. Presumably the downtown overlay district design standards were developed to ensure that infill on Third Street would compliment the existing built environment. And any replacement project would need to comply with those design standards (Section 17.59 of the McMinnville Municipal Code.

611 NE Third Street also is a two-story building where both floors have not been adequately maintained and the full vitality of the building is not realized. The applicant provided a cost analysis

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in their application that indicates that the cost of rehabilitating the structure and the return yield on the square footage of the rehabilitated space would not be financed as the project would not yield a positive return for 40 years.

The applicant has indicated that this cost to fully renovate the buildings would be approximately

\$12,025,000 inclusive of land cost, soft costs, and hard costs. Tenant improvements would cost an additional \$35 per sq. ft., for a total project cost of \$12,806,200. The achievable rents would be \$25 per sq. ft., with approximately 22,320 sq. ft. of rentable area, or \$558,000 effective gross income per year. Operating expenses are assumed at 38 percent of gross income, along with mortgage loan interest. The net operating income (NOI) including debt service would be (\$111,861) a year, or a loss of \$111,861 each year.

In this scenario, it would take the project approximately 40 years to recoup the initial rehabilitation cost and start making a profit. This would be unable to receive funding from a bank or investor and therefore is highly unlikely, if not impossible.

(Application Narrative, page 3)

The costs to rehabilitate the building and fully activate both floors will require higher lease rates than are currently in the McMinnville downtown market, which will either significantly impact the local lease market downtown negatively impacting existing businesses downtown or prevent a rehabilitation project from moving forward leading to further deterioration of the building. A hotel with revitalized ground floor commercial space will generate a downtown consumer market for downtown businesses and create more vitality on the street. The project will need to meet the Downtown Design Overlay District code criteria for new construction, including mimicking the character and scale of the existing structures downtown.

OAR 660-023-0200(8)(a) Factors to Consider – Economic Consequences

APPLICANT RESPONSE: The economic consequences of retaining the structures include cost, activity, and employment. The current use of all three buildings is office, which is a low activity use on McMinnville’s main commercial street.

Theoretically one or more of the buildings could be renovated to house a more active use that made a greater contribution to the streetscape. However, most alternative uses would require seismic upgrades to meet current building code at a significant out-of-pocket cost. It is reasonable to assume that if the current property owners had the means or desire to make those upgrades, they would have done so. The office uses occupying these buildings are low-intensity and do not attract foot traffic. Typically, people visit offices to work or by appointment to meet with those working within. Though office employees will eat at nearby restaurants and coffee shops, many downtowns prefer to have office uses located on upper floors to allow more active uses at the street level.

The economic consequences of removing the structures are largely positive. Approximately 20 people are employed in the existing buildings. The Gwendolyn Hotel is expected to employ approximately 60 people, in addition to employees of the ground floor restaurant and retail uses.

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These employees will also eat at nearby restaurants and shop at nearby stores, while the street level will be activated.

In addition, the new hotel will pay the City's lodging tax and the value of the development will be much greater than the existing development, which will result in increased property tax revenue to support urban renewal area activities. There will be new lodging options in downtown McMinnville that are expected to draw visitors from the Portland metro region and beyond. These visitors will contribute to the economic vitality of downtown McMinnville and nearby areas.

CITY RESPONSE: THE REPLACEMENT PLAN FOR A MULTI-STORY HOTEL AND GROUND FLOOR RETAIL WOULD BENEFIT MCMINNVILLE ECONOMICALLY. McMinnville needs more Class A office space, especially in its city center. However, due to long-term disinvestment in the second story of this building the costs of stabilizing the building and providing Class A office space is more than the market will bear which would lead to continued disinvestment in the second story and no office vitality outside of the ground floor. A hotel and ground floor commercial space would not be detrimental to McMinnville economically, as the downtown economy is emerging as a tourism destination, with tourists and local residents combining to support local food and beverage establishments and retail boutiques. In recent years, several lodging enterprises in downtown McMinnville have flourished and contributed positively to the overall economy of McMinnville.

OAR 660-023-0200(8)(a) Factors to Consider – Design or Construction Rarity

APPLICANT RESPONSE: Each of the buildings is fairly utilitarian in design and are not identified as examples of rare design or construction in the HRI or the National Register nomination. They are modest, functional structures that have been significantly altered over the years.

According to the McMinnville Historic Preservation Plan (Ord. 5068), as of May 2018 there were 558 properties listed on the HRI at the top three levels (Distinctive, Significant, and Contributing). Sixty-nine (or 12 percent) were classified as Distinctive; 200³ (or 36 percent) were listed as Significant and 289 (or 52 percent) were listed as Contributory. Therefore, as none of the buildings proposed for demolition are listed as Distinctive, they are not rare structures within the City.

CITY RESPONSE: 611 NE THIRD STREET IS NOT OF A RARE DESIGN AND CONSTRUCTION. HOWEVER THE SECOND FLOOR IS REPRESENTATIVE OF THE BRICK CORBELING THAT IS PRESENT ON MANY HISTORIC BUILDINGS IN DOWNTOWN MCMINNVILLE. 611 NE Third Street does not possess any specific design or construction standard that would be described as rare, however the second floor is representative of the brick corbeling that is present on many historic buildings in downtown McMinnville.

OAR 660-023-0200(8)(a) Factors to Consider – Consistency and Consideration of other Policy Objectives in the Comprehensive Plan.U

APPLICANT RESPONSE: Other relevant policy objectives of the McMinnville Comprehensive Plan include cultural, historical, and educational resources; economic development policies; and energy policies. Each of these policies is addressed in more detail in Section 5 of this narrative.

The relevant cultural and historical resource policies of Comprehensive Plan Chapter II include:

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Goal III 2: *To preserve and protect sites, structures, areas, and Objects of historical, cultural, architectural, or Archaeological significance to the city of McMinnville.*

The relevant economic development policies of Comprehensive Plan Chapter IV include:

Goal IV 1: *To encourage the continued growth and diversification of McMinnville’s economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.*

Goal IV 2: *To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.*

Goal IV 3: *To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood-serving and other commercial lands, and discouraging strip development.*

Goal IV 4: *To promote the downtown as a cultural, administrative, service, and retail center of McMinnville.*

The relevant energy policies of Comprehensive Plan Chapter VIII include:

Goal VIII 2: *To conserve all forms of energy through utilization of Land use planning tools.*

178.00 The City of McMinnville shall encourage a compact urban development pattern to provide for conservation of all forms of energy.

179.00 The City of McMinnville shall amend pertinent ordinances to allow for design techniques which increase the efficient utilization of land and energy. Areas to examine shall include, but not be limited to:

- 1. The zoning ordinance requirements, including density, lot areas, and setbacks to increase utilizable space in lots, while maintaining health and safety standards.*
- 2. The geographic placement of various uses (commercial, industrial, residential) on the Comprehensive Plan Map to encourage energy-efficient locations.*

[...]

180.50 The City of McMinnville supports local sustainability and endorses the utilization of proven and innovative energy efficient design and construction technologies to reduce building heat-gain, lower energy consumption, and lessen pollutant output. (Ord. 4903, December 9, 2008)

Collectively, these policies call for balancing the protection of important historic and cultural resources with the efficient use of limited land within existing commercial centers, including downtown, and further establishing downtown as the cultural, employment, and retail center of McMinnville.

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The subject site is currently occupied by three heavily altered low-rise buildings that are underutilized in terms of floor area, employment, and services. New construction on this site would advance all the City’s Comprehensive Plan goals while avoiding negative impacts to “Distinctive” buildings elsewhere in the downtown.

CITY RESPONSE: Please see below for a discussion of compliance with the City of McMinnville’s Comprehensive Plan policies. In summary, the proposed demolition of 611 NE Third Street does not meet the City’s Comprehensive Plan goals for preservation of historic resources, however the demolition of the subject structure coupled with the redevelopment of the site does meet many of the City’s economic development comprehensive plan policies.

OAR 660-023-0200, Section 8(a):

OVERALL FINDING, SATISFIED WITH CONDITION OF APPROVAL: OAR 660-023-0200, Section 8(a) does apply to this land-use application. OAR 660-023-0200, Section 8(a) states that the following factors must be considered when making a decision to approve, approve with conditions or deny an application for a historic resource on the National Register of Historic Places: condition, historic integrity, age, historic significance, value to the community, economic consequences, design or construction rarity, and consistency with and consideration of other policy objectives in the acknowledged comprehensive plan. But OAR 660-023-0200, Section 8(a) does not provide clear and objective criteria as to how to consider the factors and how many factors need to support an approval, approval with conditions or denial. Per the analysis above, 611 NE Third Street does not appear to be in bad structural condition and has lost all of its historic integrity on the ground floor, however the second floor and roofline appear to be historically original to the building. The value to the community could be described in two ways – historic value and overall value.

However, some of the factors are dependent upon a redevelopment plan that fits within the existing Third Street built environment as a complimentary attraction and asset and not a disrupter. The City of McMinnville has adopted Design Guidelines and Standards for New Construction in the Downtown Overlay District (Section 17.59 of the McMinnville Municipal Code), as a means to ensure that new development will build upon the overall sense of place on Third Street. A condition of approval needs to be established that the demolition of 611 NE Third Street will not be approved without the successful approval of a replacement plan for the site that meets all of the city’s local regulations, state regulations and federal regulations.

CONDITION OF APPROVAL #1: The Certificate of Approval for Demolition of 611 NE Third Street is contingent upon a project that meets all of the city’s local regulations, state regulations and federal regulations. A demolition permit will not be issued until that has been established. The penalty for demolition without a permit will be equal to the real market value of the most recent assessor’s statement for both the structure and the land paid to the City’s Historic Preservation Fund.

OAR 660-023-0200, Section 8

(b) May apply additional protection measures. for a National Register Resource listed in the National Register of Historic Places after the effective date of this rule, additional protection measures may be applied only upon considering, at a public hearing, the historic characteristics identified in the National

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Register nomination; the historic significance of the resource; the relationship to the historic context statement and historic preservation plan contained in the comprehensive plan, if they exist; the goals and policies in the comprehensive plan; and the effects of the additional protection measures on the ability of property owners to maintain and modify features of their property. Protection measures applied by a local government to a National Register resource listed before the effective date of this rule continue to apply until the local government amends or removes them; and

APPLICANT’S RESPONSE: None.

FINDING: NOT APPLICABLE. The analysis above demonstrates that the structure at 611 NE Third Street does not have significant historic integrity on the first floor but some historic integrity on the second floor, and the structure does not have a relationship to the historic context statement of the National Register of Historic Places nomination outside of the year in which it was originally built, that would merit a need for additional protection measures outside of the City of McMinnville’s Historic Preservation Code, Chapter 17.65 of the McMinnville Municipal Code.

OAR 660-023-0200, Section 8

(c) Must amend its land use regulations to protect National Register Resources in conformity with subsections (a) and (b). Until such regulations are adopted, subsections (a) and (b) shall apply directly to National Register Resources.

APPLICANT’S RESPONSE: The City of McMinnville is in the process of amending its zoning code to comply with these provisions. Until those amendments are effective (anticipated in Summer/Fall 2022) the provisions of this section are applicable.

FINDING: SATISFIED. The City concurs with the applicant’s response.

(9) Removal of a historic resource from a resource list by a local government is a land use decision and is subject to this section.

(a) A local government must remove a property from the resource list if the designation was imposed on the property by the local government and the owner at the time of designation:

- (A) Has retained ownership since the time of the designation, and*
- (B) Can demonstrate that the owner objected to the designation on the public record, or*
- (C) Was not provided an opportunity to object to the designation, and*
- (D) Requests that the local government remove the property from the resource list.*

(b) Except as provided in subsection (a), a local government may only remove a resource from the resource list if the circumstances in paragraphs (A), (B), or (C) exist.

- (A) The resource has lost the qualities for which it was originally recognized;*
- (B) Additional information shows that the resource no longer satisfies the criteria for recognition as a historic resource or did not satisfy the criteria for recognition as a historic resource at time of listing;*
- (C) The local building official declares that the resource poses a clear and immediate hazard to public safety and must be demolished to abate the unsafe condition.*

APPLICANT’S RESPONSE: None.

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FINDING: SATISFIED WITH CONDITON OF APPROVAL #2. If the structure at 611 NE Third Street is demolished it will automatically be removed from the McMinnville Historic Resources Inventory.

CONDITION OF APPROVAL #2: 611 NE Third Street, McMinnville Historic Resource Inventory B872 will be automatically removed from the McMinnville Historic Resource Inventory when the extant structure on the subject property is demolished.

(10) A local government shall not issue a permit for demolition or modification of a locally significant historic resource during the 120-day period following:

- (a) The date of the property owner's refusal to consent to the historic resource designation, or
- (b) The date of an application to demolish or modify the resource if the local government has not designated the locally significant resource under section (6).

APPLICANT'S RESPONSE: None.

FINDING: NOT APPLICABLE. The structure at 611 NE Third Street has already been designated a McMinnville Historic Resource.

Comprehensive Plan Volume II:

The following Goals, Policies, and Proposals from Volume II of the Comprehensive Plan provide criteria applicable to this request:

The implementation of most goals, policies, and proposals as they apply to this application are accomplished through the provisions, procedures, and standards in the city codes and master plans, which are sufficient to adequately address applicable goals, polices, and proposals as they apply to this application.

The following additional findings are made relating to specific Goals and Policies:

GOAL II 1: TO PRESERVE THE QUALITY OF THE AIR, WATER, AND LAND RESOURCES WITHIN THE PLANNING AREA.

GOAL III 2: TO PRESERVE AND PROTECT SITES, STRUCTURES, AREAS, AND OBJECTS OF HISTORICAL, CULTURAL, ARCHITECTURAL, OR ARCHAEOLOGICAL SIGNIFICANCE TO THE CITY OF McMINNVILLE.

APPLICANT RESPONSE: The proposed development will provide short-term lodging and retail services for the downtown McMinnville community. These services will both meet an identified demand and provide employment to local residents. The current businesses on the site employ approximately 20 people; the proposed development is expected to employ approximately 60 people. These employment opportunities will include hospitality, service industry, and management positions.

The subject site is currently occupied by three heavily altered low-rise buildings that are underutilized in terms of floor area, employment, and services. New construction on this site would advance all the City's

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Comprehensive Plan goals while avoiding negative impacts to “Distinctive” buildings elsewhere in the downtown.

FINDING: NOT SATISFIED. The focus of this comprehensive plan goal is to preserve and protect structures that have special historical or architectural significance. A demolition clearly does not meet that intent. The Historic Landmarks Committee, after reviewing the application materials and receiving testimony, decided that other applicable criteria for the consideration of the demolition were met and therefore the demolition was approved. Findings for those other applicable review criteria are provided below.

16.00 *The City of McMinnville shall support special assessment programs as well as federal grants-in-aid programs and other similar legislation in an effort to preserve structures, sites, objects, or areas of significance to the City.*

FINDING: SATISFIED. The City is supportive of all of these programs to aid historic preservation.

17.00 *The City of McMinnville shall enact interim measures for protection of historic sites and structures. Those measures are identified in the McMinnville Comprehensive Plan, Volume I, Chapter III.*

FINDING: SATISFIED. Chapter III of Volume 1 of the McMinnville Comprehensive Plan states the following:

A viable preservation program for the city will involve four steps: (1) the adoption of goals and policies in the Comprehensive Plan supporting the preservation of historic resources and establishing a process to achieve stated objectives; (2) the formation of a historic preservation/landmarks committee; (3) the completion of a comprehensive inventory of the historic resources in the planning area; and (4) the implementation of preservation techniques, possibly through an historic preservation ordinance, to protect and conserve the identified resources.

Based on the information contained herein, and the work of the Citizens' Advisory Committee Community Needs Subcommittee, the City finds that:

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1. There are sites, structures, objects, and areas that are of importance to McMinnville because of their historical, cultural, architectural archeological significance at the local, state, or national level. Some of the sites and structures are (or are in the process of being) designated to state and national historical lists.
2. There may be pressure to destroy or alter historically significant sites and structures in the future. There is no active historical, or preservation program in McMinnville at this time to resolve conflicts between historical resources and developmental proposals.
3. Completion of Phase I of the inventory of the historic resources in McMinnville has been completed. Approximately 0.9 of a square mile of the McMinnville core (the area bounded by Fifteenth Street on the north, Fellows Street on the south, Elmwood Avenue on the west, and Kirby Street on the east) has been surveyed and some 500 potential historic resources have been identified. The survey, under the direction of Janice Rutherford, involved the efforts of some 30 volunteers, who, after attending training sessions by professional preservationists, conducted the field work and research necessary to identify the resources. Completion of this survey for the remainder of the city should be a priority concern in the historic preservation program established by the City.
4. Historical structures should be recognized as underutilized resources that could potentially be restored and/or adapted for beneficial urban uses. Preservation techniques applicable to the historical structures identified in the core area of the city could assist in the continued redevelopment of the central business district.
5. The historical designation of sites and structures within the core business area could involve large economic ramifications for the city and property owners. A variety of incentives for rehabilitation of historically designated properties does exist. A feasibility analysis of the economic advantages and disadvantages of establishing historical sites and/or districts downtown needs to be made.
6. Preservation of historical sites and structures will necessarily involve procedures that regulate the alteration, and/or demolition of historically designated properties. The cooperation of owners of potential historical sites and structures will, therefore, be necessary for a viable preservation program.
7. A number of local groups and citizens, including the Chamber of Commerce, Committee on Redevelopment, various civic and social groups, and local historical groups, have expressed interest in an historical preservation program. Enlistment of volunteers for the completion of the comprehensive inventory of historical resources and other preservation projects should be explored.

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8. There are a number of state and federal antiquity codes that may assist in the preservation of the historical resources in our city, and provide some financial incentives for preserving our heritage. Those codes are noted in the background information for the comprehensive plan.
9. The involvement of the private sector of the city is of paramount importance to the development of a preservation program. The primary initiative for setting up such a program will come from the governmental sector. However, it is only through the cooperation of property owners, volunteer workers, knowledgeable citizens, and governmental leaders that such a program will be made workable.
10. A program involving creation of an Historical Landmark Committee, a local Historical Landmarks Register, and an Historical Ordinance is being proposed by the City to establish a historical presentation program. Implementation of the program is expected to take a considerable amount of study, discussion, and therefore, time. Interim preservation measures shall be enforced until formal adoption and implementation of a preservation program.

The City of McMinnville has implemented most of the programs outlined above.

GOAL IV 1: TO ENCOURAGE THE CONTINUED GROWTH AND DIVERSIFICATION OF McMINNVILLE'S ECONOMY IN ORDER TO ENHANCE THE GENERAL WELL-BEING OF THE COMMUNITY AND PROVIDE EMPLOYMENT OPPORTUNITIES FOR ITS CITIZENS.

APPLICANT RESPONSE: The proposed development will provide short-term lodging and retail services for the downtown McMinnville community. These services will both meet an identified demand and provide employment to local residents. The current businesses on the site employ approximately 20 people; the proposed development is expected to employ approximately 60 people. These employment opportunities will include hospitality, service industry, and management positions

COMMERCIAL DEVELOPMENT

GOAL IV 2: TO ENCOURAGE THE CONTINUED GROWTH OF McMINNVILLE AS THE COMMERCIAL CENTER OF YAMHILL COUNTY IN ORDER TO PROVIDE EMPLOYMENT OPPORTUNITIES, GOODS, AND SERVICES FOR THE CITY AND COUNTY RESIDENTS.

APPLICANT RESPONSE: This Comprehensive Plan policy is supplemented by several documents including the 2013 Urban Renewal Area Plan (Area Plan), the 2013 Economic Opportunities Analysis (EOA), the 2019 MAC-Town 2032 Economic Development Strategic Plan⁷ (MAC-Town 2032), and the 2020 McMinnville Growth Management and Urbanization Plan (MGMUP). The site is within the McMinnville Urban Renewal Area and downtown McMinnville is the focus of MAC-Town 2032.

Infrastructure Improvements

The Area Plan includes reconstruction of the 3rd Street Streetscape, which is currently in the conceptual design phase. Depending on the timing of the development, the project may be able to participate in construction of the streetscape improvements.

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Economic Opportunities

The EOA identifies limited durations of tourism visitation as a factor affecting community economic development. The analysis found that visitors tend not to stay overnight, but rather are often day visitors, and do not appear to be making substantial expenditures while in the area. A key challenge for the future, as identified in this analysis, is to provide more and better value-added opportunities for visitors to spend more time and money while visiting the McMinnville area.

Hospitality and Tourism

As noted above, the application is consistent with the 2019 MAC-Town 2032 Economic Development Strategic Plan. Goal 6 of MAC-Town 2032 particularly encourages downtown McMinnville to “Be a leader in Hospitality and Place-Based Tourism” and identifies hotel stays and retail sales as performance measures. Action items within that goal identify additional high-quality hospitality offerings and additional conference space. Focus groups participating in MAC Town

GOAL IV 3: TO ENSURE COMMERCIAL DEVELOPMENT THAT MAXIMIZES EFFICIENCY OF LAND USE THROUGH UTILIZATION OF EXISTING COMMERCIALY DESIGNATED LANDS, THROUGH APPROPRIATELY LOCATING FUTURE NEIGHBORHOOD-SERVING AND OTHER COMMERCIAL LANDS, AND DISCOURAGING STRIP DEVELOPMENT.

22.00 *The maximum and most efficient use of existing commercially designated lands will be encouraged as will the revitalization and reuse of existing commercial properties.*

APPLICANT RESPONSE: The proposed development is a commercial development on properties zoned C-3 and designated for commercial uses and development. The building meets the applicable development standards for the zone and site will intensify the uses on the site and maximize the efficiency of a key site within downtown McMinnville.

The site is located within the McMinnville Urban Renewal Area (Area). The City’s Urban Renewal Plan notes that the programs and infrastructure improvements proposed within the Area will “maximize the efficient use of land by encouraging more intense uses on lands already developed or designated for urban development, will help keep the urban pattern compact, and will prevent sprawl and strip development.”⁸ The Gwendolyn Hotel, along with its associated retail and restaurant spaces, will redevelop three, one- to two-story buildings, while enhancing the adjacent pedestrian environment. This aids in achieving Goal III of the Area which is to encourage a unique district identity through enhancing the physical appearance of the district and providing active use opportunities within the Area. The redevelopment of the site will intensify the use of a key site within the downtown McMinnville commercial area and enhance its status as the retail center of McMinnville.

In addition to urban renewal policies, Principle #5 of the Growth Management and Urbanization Plan calls for “Density. Adopt policies that allow the market to increase densities, and push it to do so in some instances.” The plan notes that “activity centers” are the appropriate locations for these increases in density, and the Framework Plan identifies downtown McMinnville as one of four “activity centers,” and the largest. Though this Framework Plan is not an adopted Comprehensive Plan map, it does illustrate the City’s plans to meet its housing and employment needs during the planning horizon.

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FINDING: SATISFIED. The proposed project maximizes the existing commercially designated lands by building a higher density commercial program on the site, which will also serve to revitalize the east side of Third Street that was identified as a redevelopment area in the adopted 2000 Downtown Improvement Plan.

25.00 *Commercial uses will be located in areas where conflicts with adjacent land uses can be minimized and where city services commensurate with the scale of development are or can be made available prior to development.*

FINDING: SATISFIED WITH CONDITIONS OF APPROVAL #3, #4, #5 and #6. Higher density commercial development in the city center utilizes existing infrastructure efficiencies. The following conditions of approval will need to be met to ensure that the existing infrastructure will support the development.

CONDITION OF APPROVAL #3: The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rain water into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance.

CONDITION OF APPROVAL #4: The applicant shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be borne by the developer.

CONDITION OF APPROVAL #5: The applicant provided a Transportation Impact Analysis with their application for the replacement project. Several items need to be updated in the Transportation Impact Analysis prior to the issuance of building permits which may then require transportation improvements. They are as follows:

- Provide a TIA of the intersections of NE Ford Street and NE Third Street, and NE Galloway Street and NE Third Street.
- The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85-room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.

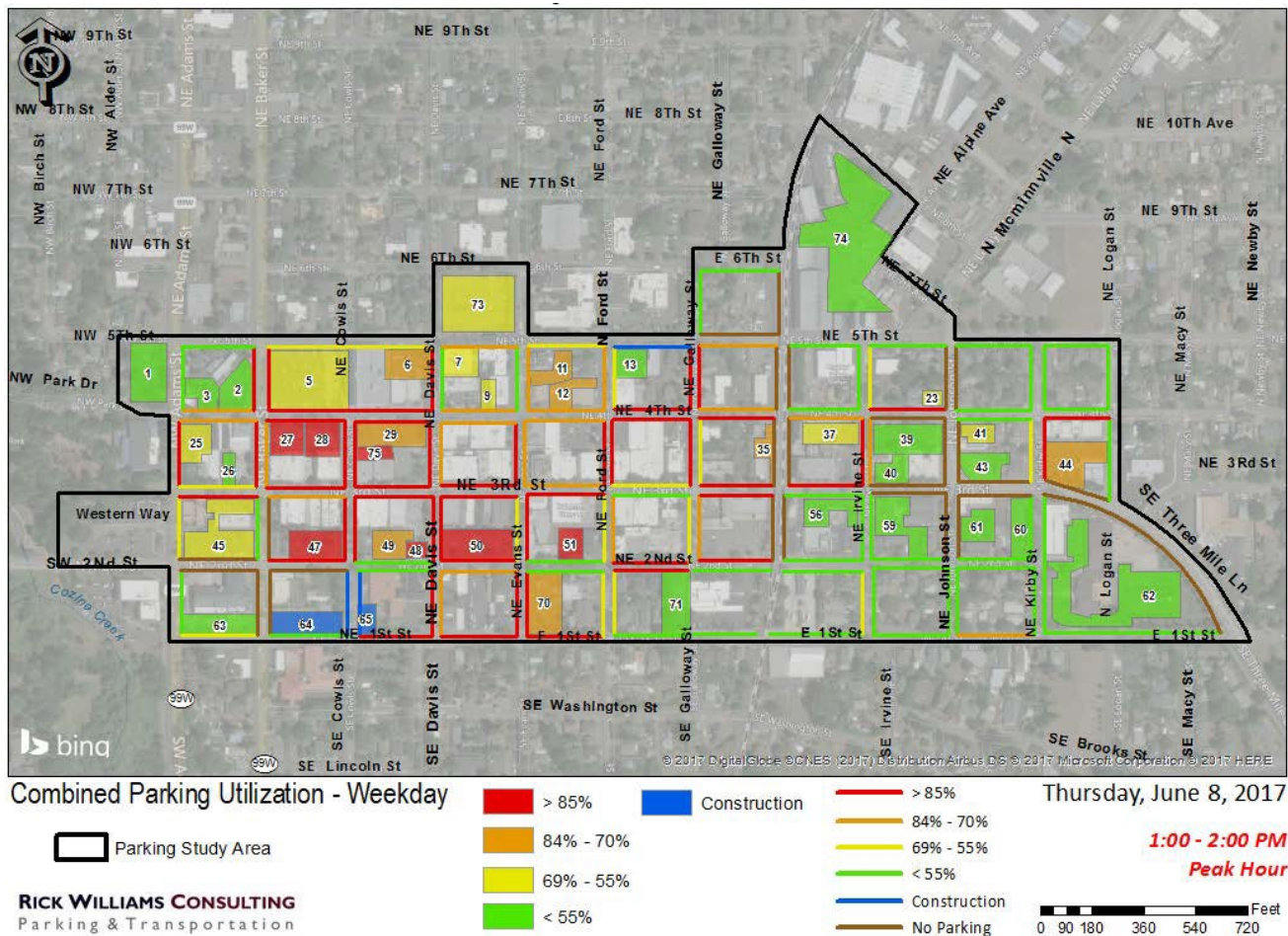
CONDITION OF APPROVAL #6: The Transportation Impact Analysis shows that queue lengths exceed storage length at the eastbound thru and westbound all on Second Street at Baker Street. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson Street/Lafayette St. and Third Street. Prior to the issuance of building permits, the applicant will need to provide a mitigation plan for these intersections.

26.00 *The size of, scale of, and market for commercial uses shall guide their locations. Large-scale, regional shopping facilities, and heavy traffic-generating uses shall be located on arterials or in the central business district, and shall be located where sufficient land for internal traffic circulation systems is available (if warranted) and where adequate parking and service areas can be constructed.*

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FINDING: SATISFIED. The replacement plan project will be located in the Central Business District. The Transportation Impact Analysis provided as part of the application indicates that all intersections studied perform within mobility standards with the project as developed. No mitigation measures were identified.

Parking in the core downtown area is limited. However, a utilization study conducted in 2017 identified that parking on Ford Street between 3rd and 4th Streets was maximized at the peak hour of a weekday. Although the McMinnville Municipal Code does not require the provision of off-street parking for new developments on this site, the replacement project is providing 68 off-street parking stalls in an underground parking structure.



(City of McMinnville, Oregon, Downtown Strategic Parking Management Plan, March 27, 2018, page 17)

33.00 Encourage efficient use of land for parking; small parking lots and/or parking lots that are broken up with landscaping and pervious surfaces for water quality filtration areas. Large parking lots shall be minimized where possible. All parking lots shall be interspersed with landscaping islands to provide a

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visual break and to provide energy savings by lowering the air temperature outside commercial structures on hot days, thereby lessening the need for inside cooling. (Ord.4796, October 14, 2003)

FINDING: SATISFIED WITH CONDITION OF APPROVAL #7 AND #8. Although the McMinnville Municipal Code does not require the provision of off-street parking for new developments on this site, the replacement project is providing 68 off-street parking stalls in an underground parking structure.

CONDITION OF APPROVAL #7: Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance.

CONDITION OF APPROVAL #8: Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance.

GOAL IV 4: TO PROMOTE THE DOWNTOWN AS A CULTURAL, ADMINISTRATIVE, SERVICE, AND RETAIL CENTER OF McMINNVILLE.

Downtown Development Policies:

36.00 *The City of McMinnville shall encourage a land use pattern that:*

1. *Integrates residential, commercial, and governmental activities in and around the core of the city;*
2. *Provides expansion room for commercial establishments and allows dense residential development;*
3. *Provides efficient use of land for adequate parking areas;*
4. *Encourages vertical mixed commercial and residential uses; and,*
5. *Provides for a safe and convenient auto-pedestrian traffic circulation pattern. (Ord.4796, October 14, 2003)*

FINDING: SATISFIED.

37.00 *The City of McMinnville shall strongly support, through technical and financial assistance, the efforts of the McMinnville Downtown Steering Committee to implement those elements of Phase II of the “Downtown Improvement Plan” that are found proper, necessary, and feasible by the City. (Ord.4796, October 14, 2003)*

FINDING: NOT APPLICABLE. Phase II of the Downtown Improvement Plan is a list of public improvement projects that are not associated with this application.

38.00 *The City of McMinnville shall encourage the renovation and rehabilitation of buildings in the downtown area, especially those of historical significance or unique design.*

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FINDING: SATISFIED. The City provides grants and loans to encourage the renovation and rehabilitation of buildings in the downtown area.

44.00 *The City of McMinnville shall encourage, but not require, private businesses downtown to provide off-street parking and on-site traffic circulation for their employees and customers.*

FINDING: SATISFIED. The replacement plan project is providing an off-street underground parking structure with 68 parking stalls.

GOAL VI 1: TO ENCOURAGE DEVELOPMENT OF A TRANSPORTATION SYSTEM THAT PROVIDES FOR THE COORDINATED MOVEMENT OF PEOPLE AND FREIGHT IN A SAFE AND EFFICIENT MANNER.

127.00 *The City of McMinnville shall encourage the provision of off-street parking where possible, to better utilize existing and future roadways and rights-of-way as transportation routes.*

FINDING: SATISFIED. The replacement plan project is providing an off-street underground parking structure with 68 parking stalls.

132.40.05 *Conditions of Approval—In accordance with the City’s TSP and capital improvements plan (CIP), and based on the level of impact generated by a proposed development, conditions of approval applicable to a development application should include:*

1. *Improvement of on-site transportation facilities,*
2. *Improvement of off-site transportation facilities (as conditions of development approval), including those that create safety concerns, or those that increase a facility’s operations beyond the City’s mobility standards; and*
3. *Transportation Demand Management strategies. (Ord. 4922, February 23, 2010)*

FINDING: SATISFIED. Due to the size of the replacement plan project, the City required the applicant to provide a Transportation Impact Analysis that identified no need for mitigating measures with the development of the project.

GOAL X 1: TO PROVIDE OPPORTUNITIES FOR CITIZEN INVOLVEMENT IN THE LAND USE DECISION MAKING PROCESS ESTABLISHED BY THE CITY OF McMINNVILLE.

GOAL X 2: TO MAKE EVERY EFFORT TO ENGAGE AND INCLUDE A BROAD CROSS SECTION OF THE COMMUNITY BY MAINTAINING AN ACTIVE AND OPEN CITIZEN INVOLVEMENT PROGRAM THAT IS ACCESSIBLE TO ALL MEMBERS OF THE COMMUNITY AND ENGAGES THE COMMUNITY DURING DEVELOPMENT AND IMPLEMENTATION OF LAND USE POLICIES AND CODES.

Policy 188.00 *The City of McMinnville shall continue to provide opportunities for citizen involvement in all phases of the planning process. The opportunities will allow for review and comment by community*

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residents and will be supplemented by the availability of information on planning requests and the provision of feedback mechanisms to evaluate decisions and keep citizens informed.

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The process for a Certificate of Approval for Demolition provides an opportunity for citizen involvement throughout the process through the public notice and the public hearing process. Throughout the process, there are opportunities for the public to review and obtain copies of the application materials and the completed staff report prior to the advertised public meeting(s). All members of the public have access to provide testimony and ask questions during the public review and meeting process.

McMinnville Municipal Code

The following Sections of the McMinnville Municipal Code (MMC) provide criteria applicable to the request:

Chapter 17.03. General Provisions

17.03.020 Purpose. *The purpose of this ordinance is to encourage appropriate and orderly physical development in the City through standards designed to protect residential, commercial, industrial, and civic areas from the intrusions of incompatible uses; to provide opportunities for establishments to concentrate for efficient operation in mutually beneficial relationship to each other and to shared services; to provide adequate open space, desired levels of population densities, workable relationships between land uses and the transportation system, and adequate community facilities; to provide assurance of opportunities for effective utilization of the land resource; and to promote in other ways public health, safety, convenience, and general welfare.*

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The purpose of the Zoning Ordinance is met by the proposal as described in the Conclusionary Findings contained in this Decision Document.

17.65.010 Purpose. *Districts, buildings, objects, structures, and sites in the City having special historical, architectural, or cultural significance should be preserved as a part of the City’s heritage. To this end, regulatory controls and administrative procedures are necessary for the following reasons:*

A. *Stabilize and improve property values through restoration efforts;*

APPLICANT RESPONSE: The applicant proposes to make a substantial investment in downtown McMinnville through the development of a new luxury lodging option. See Table 2 for current assessed value and market value of the buildings. Note that Assessed Value is lower than Real Market Value due to Measures 5 and 50, which limit the increase in assessed value to 3 percent per year. As a result, there is a difference of almost \$500,000 between the assessed value and the real market value of these buildings. See Table 2.

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Table 2 2021 Assessed and Market Value of Buildings

| Site | 2021 Assessed Value | 2021 Real Market Value |
|-----------------------------------|---------------------|------------------------|
| 609 NE 3 rd Street | \$515,480 | \$664,643 |
| 611 NE 3 rd Street | \$742,760 | \$1,010,601 |
| 611 NE 3 rd Street BPP | \$41,333 | \$41,333 |
| 619 NE 3 rd Street | \$482,993 | \$556,964 |
| Total | \$1,782,566 | \$2,273,541 |

Source: Yamhill County Assessor

The assessed value “resets” at the time of redevelopment. The applicant estimates that the new development will have a real market value of approximately \$60,000,000, which would result in a significant increase in taxes paid to the City and funding for urban renewal area projects. In addition, the hotel would increase the lodging taxes collected by the City.

The proposed development will increase the value of the subject properties; it is reasonable to assume that nearby properties will also see an increase in value.

FINDING: NOT SATISFIED. This application is for a demolition permit and not a restoration project.

B. Promote the education of local citizens on the benefits associated with an active historic preservation program;

APPLICANT RESPONSE: The proposed development will attempt to incorporate significant components of the existing building at 611 NE 3rd Street. The applicant team intends to promote the history of the site and its importance to the development of McMinnville. The specific approach is to be determined and will be defined in coordination with community members and groups.

FINDING: SATISFIED WITH CONDITION OF APPROVAL #9. One of the challenges of restoring historic properties in downtown McMinnville is the differential between the market value of the land/property and the costs of rehabilitating a historic structure that has experienced minimal code upgrades over its lifetime with the community value of maintaining low lease rates to support local businesses. In many cases, the proforma is not yielding the necessary returns for a successful project.

CONDITION OF APPROVAL #9: Prior to the approval of a demolition permit, the applicant will commission a study on what needs to happen in McMinnville relative to market costs to achieve the community value of historic property rehabilitation/restoration with low lease rates to support local businesses.

C. Foster civic pride in the beauty and noble accomplishments of the past;

APPLICANT RESPONSE: The existing buildings are utilitarian and were originally developed as functional structures. The applicant intends to incorporate components of the original buildings into the new building as appropriate and as determined through coordination with community members and groups. Examples of information that could be incorporated into the new development include plaques or other historic markers with information about the builders of the structures.

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FINDING: SATISFIED.*D. Protect and enhance the City's attractions for tourists and visitors; and*

APPLICANT RESPONSE: As noted elsewhere in this narrative, The Gwendolyn is intended to advance the City's economic development goals by expanding the lodging options in downtown McMinnville. A signature restaurant is planned for the ground floor, which may be an additional draw for visitors who are not spending the night. The proposed building will establish a gateway effect at NE 3rd and Ford streets and complement the three-story buildings on each corner.

FINDING: SATISFIED WITH CONDITION OF APPROVAL #10.

CONDITION OF APPROVAL #10: The replacement plan project must not only meet the minimum standards of Section 17.59, Downtown Design Guidelines, McMinnville Municipal Code, but it must enhance the overall historic sense of place of downtown McMinnville by replicating the form and design of the building stock on Third Street.

E. Strengthen the economy of the City.

APPLICANT RESPONSE: The proposed development is intended to enhance the City's attractions for tourists and visitors by providing space for new specialty retail and commercial services, creating a destination for visitors to nearby wineries, and providing employment opportunities for up to 60 employees. The proposed hotel will provide a luxury boutique lodging option along with a meeting/conference room that will serve guests and community members.

FINDING: SATISFIED

17.65.040 Certificate of Approval Process. *A property owner shall obtain a Certificate of Approval from the Historic Landmarks Committee, subject to the procedures listed in Section 17.65.050 and Section 17.65.060 of this chapter, prior to any of the following activities:*

- A. *The alteration, demolition, or moving of any historic landmark, or any resource that is listed on the National Register for Historic Places;*
 - 1. *Accessory structures and non-contributing resources within a National Register for Historic Places nomination are excluded from the Certificate of Approval process.*
- B. *New construction on historical sites on which no structure exists;*
- C. *The demolition or moving of any historic resource.*

APPLICANT RESPONSE: The proposal includes the demolition of a historic landmark (611 NE 3rd Street) and two contributing buildings within the McMinnville Downtown Historic District, and replacement of all three structures with a new building. As such, the provisions of this section are applicable.

FINDING: SATISFIED. The proposal includes the demolition of a resource on the National Register of Historic Places that is considered a Primary Significant Contributing Resource. Per 17.65.040(A), section 17.65.050 of the McMinnville Municipal Code applies. The applicant has applied for a Certificate of Demolition.

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17.65.050 Demolition, Moving, or New Construction. *The property owner shall submit an application for a Certificate of Approval for the demolition or moving of a historic resource, or any resource that is listed on the National Register for Historic Places, or for new construction on historical sites on which no structure exists. Applications shall be submitted to the Planning Department for initial review for completeness as stated in Section 17.72.040 of the McMinnville Zoning Ordinance. The Historic Landmarks Committee shall meet within thirty (30) days of the date the application was deemed complete by the Planning Department to review the request. A failure to review within thirty (30) days shall be considered as an approval of the application.*

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The applicant filed an application and request to demolish 611 NE Third Street that is designated as a Significant resource on the Historic Resources Inventory. The application was reviewed by the Historic Landmarks Committee within 30 days of the application being deemed complete.

17.65.050 Demolition, Moving, or New Construction.

A. *The Historic Landmarks Committee may approve, approve with conditions, or deny the application.*

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The Historic Landmarks Committee issued a decision that approved, approved with conditions or denied the application.

B. *The Historic Landmarks Committee shall base its decision on the following criteria:*

17.65.050(B)(1). *The City’s historic policies set forth in the comprehensive plan and the purpose of this ordinance;*

APPLICANT’S RESPONSE: The purpose of this ordinance is addressed in the responses to subsection 17.65.010 (in the narrative). The relevant Comprehensive Plan policies are addressed in Section 5 of the narrative. The applicant has demonstrated that the proposed development meets this criterion.

FINDING: NOT SATISFIED. Most of the City’s historic policies in the comprehensive plan focus on the establishment of the Historic Landmarks Committee, public awareness of historic preservation, and other activities for the City to pursue to increase documentation of historic resources. However, the goal most specifically related to historic preservation is as follows:

Goal III 2: To preserve and protect sites, structures, areas, and objects of historical, cultural, architectural, or archaeological significance to the City of McMinnville.

Per the analysis above, this application achieves some of the purpose statements but not all due to the fact that it is a demolition project and not a preservation/rehabilitation/restoration project.

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The focus of the comprehensive plan goal and the purpose of the Historic Preservation chapter are to preserve structures that have special historical or architectural significance through restoration efforts. A demolition clearly does not meet that intent. The Historic Landmarks Committee, after reviewing the evidence and hearing the public testimony, decided that other criteria for the consideration of the demolition were satisfied and therefore the demolition was approved with conditions.

17.65.050(B)(2). *The economic use of the historic resource and the reasonableness of the proposed action and their relationship to the historic resource preservation or renovation;*

APPLICANT’S RESPONSE: There are three potential approaches to using or repurposing the site:

- Do nothing: continue to operate the buildings as currently operated
- Renovation/Change of use: upgrade the buildings to accommodate a change of use to commercial or retail uses
- Redevelop: Replace the existing buildings with a new development.

Each approach is described in more detail below.

Do Nothing

The current amount of income from the tenants is unknown, but it is assumed that the owners’ land costs are lower than the eventual purchase price, as they have owned the properties for many years.

If a buyer were to purchase the properties and retain the current tenants at the current rents, it is likely that the new owner would face challenges keeping up with the maintenance needs of these buildings. As noted in the structural report included as Appendix C, there are areas of damage that have not been repaired to date, presumably due to cost and availability of financial resources.

Renovation/Change of Use

The applicant has indicated that this cost to fully renovate the buildings would be approximately \$12,025,000 inclusive of land cost, soft costs, and hard costs. Tenant improvements would cost an additional \$35 per sq. ft. for a total project cost of \$12,806,200. The achievable rents would be \$25 per sq. ft., with approximately 22,320 sq. ft. of rentable area, or \$558,000 effective gross income per year. Operating expenses are assumed at 38 percent of gross income, along with mortgage loan interest. The net operating income (NOI) including debt service would be (\$111,861) a year, or a loss of \$111,861 each year.

In this scenario, it would take the project approximately 40 years to recoup the initial rehabilitation cost and start making a profit. This would be unable to receive funding from a bank or investor and therefore is highly unlikely, if not impossible.

Redevelopment

The applicant proposes redevelopment of the site with a mixed-use commercial building. This cost is estimated at approximately \$60,000,000 including land cost, soft costs, hard costs, finance fees, broker fees, pre-opening costs, marketing, etc. Lease rates are estimated at \$25 per sq. ft. triple-

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net/NNN, the same as in the renovation/change of use scenario, but most of the income would be generated by the hotel uses on upper floors

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED TO DETERMINE THAT THE ECONOMIC CONDITIONS OF THE PROPERTY IS SIGNIFICANT. The applicant has not provided enough information to demonstrate that rehabilitating the property is not economically viable. There are many variables that determine whether a project is financially viable or not. The basis for the calculations in the renovation/change of use discussion was not provided. Local lease market rates were not provided. Property purchase price versus a determination of property value was not provided. The applicant could have provided the purchase price of the property, the property tax statement showing the assessed value, real market value and property taxes for the past two years, a current fair market value as determined by an appraisal in the past twelve months, a profit and loss statement for the property as is, rehabilitated and fully leased and new construction as proposed, any expenditures associated with the property's structural maintenance in the past ten years, an estimate of the cost of rehabilitation of the property from a third-party licensed contractor, a report from a real estate professional exploring the viability of alternative uses of the property if rehabilitated, and a report of available economic incentives, including any federal tax credits available for rehabilitation of the property.

17.65.050(B)(3). *The value and significance of the historic resource;*

APPLICANT'S RESPONSE: An evaluation of the significance of the buildings is provided in Section 3 of this narrative. This section provides additional information.

The McMinnville Downtown Historic District was evaluated in 1983/1984 and was listed on the National Register of Historic Places in 1987. The Historic District nomination included a description of each property including its date of construction, initial use, changes (alterations) over time, and mention of multiple owners up to the time of nomination. Each building was deemed to be distinctive, significant, contributing, or noncontributing to the historic significance of the District. The individual building descriptions describe the significance of the historic resource and the role of each building in the larger context of specific timeframes.

As described in the McMinnville HRI and the Historic District nomination, the greatest period of downtown development occurred from approximately 1884-1905. The buildings from this period are still easy to identify to this day. Their size, style (often Italianate), quality of materials, and intricate detailing set them apart from buildings that came later. The second period of downtown development occurred between 1904-1928. Many buildings constructed during this time were functional, pragmatic buildings that were intended to serve the automobile. Many of the buildings in the eastern part of downtown, including the three buildings proposed for demolition, were initially constructed as automobile garages or service shops.

The proposal requests demolition of 3 buildings within the McMinnville Downtown Historic District. The building at 611 NE 3rd Street is listed as a Primary Significant Contributing resource on the City's HRI, and is defined by that designation as a Historic Landmark. The applicant is requesting the demolition of these 3 buildings for a replacement building that will implement and advance the future vision for

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Downtown McMinnville.

Building Descriptions

611 NE Third Street

The building at 611 NE 3rd Street (619 East Third Street at the time of the HRI) is located on Lot 6 of Block 7 of Rowland’s Addition and appears to be misaddressed as the description of the building is of 619 NE 3rd Street. It is identified by its Special Assessment Program number, B872(a Secondary Contributing Resource), in the City’s HRI. The HRI notes that the building was constructed between 1912 and 1928, and the Historic District nomination notes that moderate alterations occurred in 1976. The building was originally an automotive garage, and it is currently occupied by the News-Register offices. Per the HRI:

“This is a square brick two story structure situated middle block between Ford and Galloway facing south on Third Street. The façade is five bayed, the second story windows being one over one double hung sash, paired, each pair articulated by rows of stretchers. A prominent bracketed and modillioned cornice line stretches the length of the façade above these windows. A parapet wall with a central gable rises three feet above the cornice line. The façade is faced with common bond buff brick above the first floor. Extensively altered, the first story of the façade is faced with scored stucco and has been cutaway to expose two pillars. A stairwell opens onto the street at the extreme east end. The building has been joined to another at its rear which faces Fourth Street on the north. In 1928, the building housed a garage.”

FINDING: SATISFIED. THE HISTORIC SIGNIFICANCE OF THE PROPERTY IS QUESTIONABLE DUE TO THE AMOUNT OF MODIFICATIONS THAT HAVE OCCURRED. The City concurs that the attributed historic significance identified in the McMinnville Downtown Historic District National Register of Historic Places nomination for 611 NE Third Street as a Primary Significant Contributing resource in the district is misrepresented due to the amount of modifications that have occurred on the property.

17.65.050(B)(4). *The physical condition of the historic resource;*

APPLICANT’S RESPONSE: As described in the structural evaluation included as Appendix C, existing buildings are in adequate physical condition for their existing uses as offices. However, a change of occupancy of these buildings from office to commercial and/or lodging uses would likely require costly seismic updates to each of these buildings.

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED ABOUT THE PHYSICAL CONDITION OF THE PROPERTY. The applicant provided a structural analysis of the property, but no other physical conditions report. The structural analysis is very cursory and did not include any load testing sites. Without load testing on the unreinforced masonry walls, the structural analysis does not indicate any structural issues that were significant or imminent public safety hazards, the condition of the building is not a significant determining factor requiring demolition of the property.

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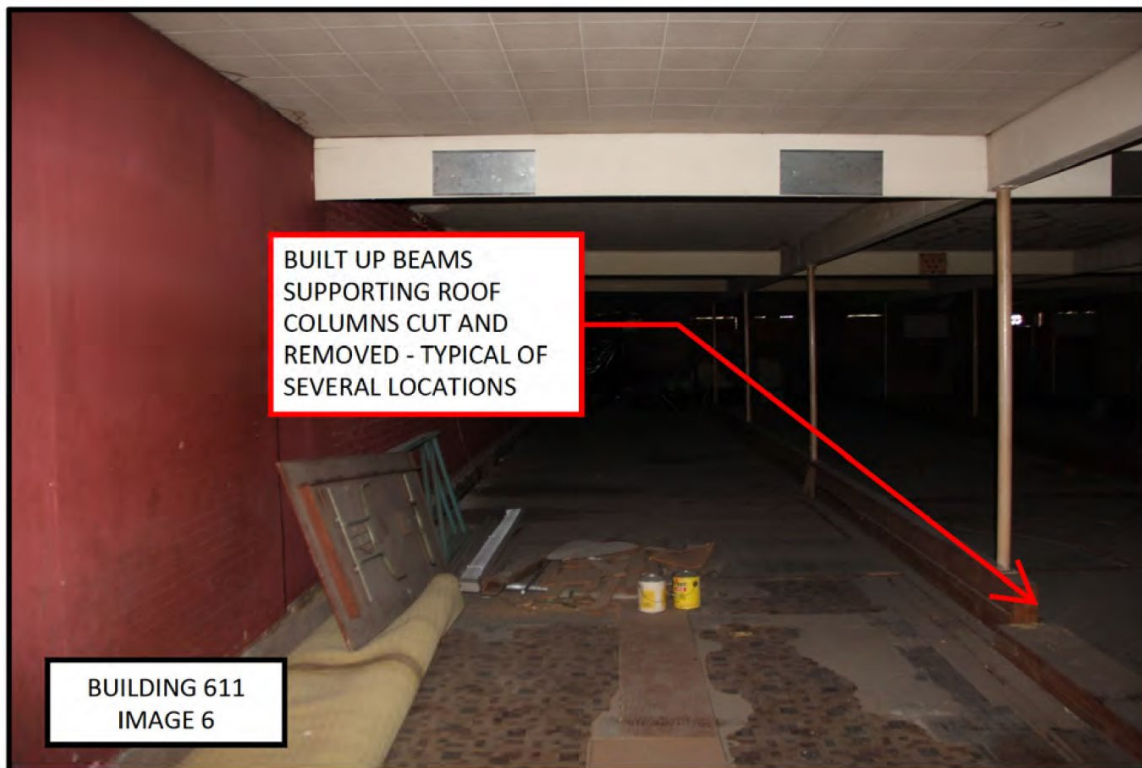
The Structural Report, provided by Harper Houf Peterson Righellis Inc. (HHPR) dated July 29, 2022, provides an existing conditions report of 611, 611, and 619 Third Street. It points observed structural issues and concludes with emergent concerns.

Emergent Concerns

- Building 609 – previously noted truss node that is out of plane over 6 inches
- Building 611 – previously noted missing beams intended to spread load across floor below
- Building 619 – previously noted rotten bearing condition at truss
- All Buildings – previously noted overall condition of brick and mortar in locations in each building

Below is the detail on the missing beams intended to spread load across floor below.

- Built up beams spanning in the north south direction supported by round pipe columns bearing on built up laminate beams to spread the load across the floor below
- At north and south walls the roof beams are supported by the perimeter brick walls
- In some cases, the built-up laminated beams across the floor have been cut and removed. This condition compromises the structure's ability to spread the concentrated roof load across the floor below (see Image 6)
- The built-up beams across the floor do not appear to align with the beam lines in the floor below, which would complicate any future work



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The report also examines three options for preserving the historic resources: 1) retain existing buildings and construct a new hotel over the top of the existing buildings; 2) retain and maintain the existing buildings and relocate the existing buildings.

The report concludes that the first option to construct a new hotel over the top of the existing buildings would require a complete seismic and structural upgrade to the buildings and would be problematic relative to the placement of needed structural supports in the existing buildings.

The second option to retain and maintain the existing buildings would require investment in general maintenance, repair and remediation of the spaces as well as repair of the emergent concerns described above.

And the third option to relocate the three buildings is impractical due to the unreinforced masonry structure of the buildings.

17.65.050(B)(5). *Whether the historic resource constitutes a hazard to the safety of the public or its occupants;*

APPLICANT’S RESPONSE: Each of the buildings is currently occupied and is assumed to not constitute a hazard to the safety of the public or its occupants.

FINDING: THE HISTORIC RESOURCE IS NOT A HAZARD TO THE SAFETY OF THE PUBLIC.

17.65.050(B)(6). *Whether the historic resource is a deterrent to an improvement program of substantial benefit to the City which overrides the public interest in its preservation;*

APPLICANT’S RESPONSE: The current structures are 1- and 2-stories in height and are occupied by office uses. The Gwendolyn Hotel development addresses many of the City’s identified economic development needs. The applicant proposes a development program that includes numerous benefits to the City:

- 90-95 luxury hotel rooms designed to accommodate visitors to nearby wineries and tasting rooms
- A ground-floor restaurant
- Ground-floor commercial/retail spaces
- 68 vehicular parking spaces
- A ground-floor meeting room for use by guests and local groups
- A reservable rooftop bar and patio
- A luxury soaking pool on the level 6 roof terrace

On March 12, 2019, the Common Council of the City of McMinnville voted unanimously to adopt the MAC-Town 2032 Economic Development Strategic Plan. The plan established eight important goals. Goal 6 is “Be a leader in hospitality and place-based tourism,” and includes a number of goals which are addressed below.

Goal 6.1: Make Downtown the best it can be.

- *Evaluate current zoning, historical districts and designations, and existing land use patterns, including*

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underutilized parcels, to ensure that key downtown parcels offer the highest and best use for their location.

As noted in Section 5 below, the MAC-Town 2032 plan further implements the Comprehensive Plan policies related to the economy. Following adoption of this plan, City staff presented zoning amendments to remove minimum parking requirements from downtown properties to allow new development to maximize the use of downtown parcels. Though not explicitly stated in the plan, allowing redevelopment of the subject site would also allow a key downtown parcel to offer the highest and best use for its location. The permitted height is 80 ft. and a broad range of commercial and residential uses are allowed, which indicates that the subject site was anticipated to be used more intensively in the future.

Goal 6.2: Become the preferred destination for wine related tourism.

- *Connect hoteliers and other hospitality professionals in Oregon and elsewhere to local opportunities for high quality additions to McMinnville’s current hospitality offerings.*

The applicant intends to develop a luxury hotel on this site, which expands McMinnville’s current hospitality offerings and addresses this goal.

Goal 6.4: Market and promote McMinnville.

- *Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville’s offerings for small and large conferences.*

Though the hotel is not intended to be a conference hotel, it will provide a meeting room on the ground floor for hotel guests and members of the community. This addresses a gap in the existing offerings in downtown McMinnville.

In addition to moving the MAC-Town 2032 goals forward, the proposed development will significantly expand the assessed value of the site, which will result in additional tax income for the community and additional funding for the urban renewal area.

The hotel and supportive commercial spaces are anticipated to employ 60 community members, and visitors to the hotel will eat in nearby restaurants and shop in nearby stores. Wine enthusiasts are expected to use the Gwendolyn Hotel as a home base for weekend wine tasting trips in the surrounding areas and for visiting local tasting rooms. Though not required, the proposed development includes below-grade vehicular parking spaces for use by hotel guests.

The corner of NE 3rd and Ford streets is a key corner of downtown McMinnville. The Gwendolyn will provide additional downtown lodging opportunities for people seeking an urban wine country experience.

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED TO SUPPORT THAT THE PRESERVATION OF THE HISTORIC RESOURCE IS A DETERRENT TO AN IMPROVEMENT PROGRAM. The applicant should provide an analysis describing how the preservation and rehabilitation of the existing buildings would not advance the tourism goals of the MAC TOWN 2032 Economic Development Strategic Plan.

17.65.050(B)(7). *Whether retention of the historic resource would cause financial hardship to the owner not outweighed by the public interest in the resource’s preservation; and*

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APPLICANT’S RESPONSE: As noted in the response to 17.65.050.B.2 above, the cost to retain and renovate the existing buildings to current building code, including seismic upgrades, is significant and unlikely to be undertaken by any purchaser of the property. Retention of the buildings as-is will be unsustainable given the asking sale price, and the cost of renovation of the properties for new or different uses will take 40 years to recoup.

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED TO DETERMINE IF THE PRESERVATION OF THE HISTORIC RESOURCES CREATE A FINANCIAL HARDSHIP FOR THE PROPERTY OWNER: The applicant has not provided enough information to demonstrate that preserving the property is a financial hardship for the property owner. The basis for the calculations in the renovation/change of use discussion was not provided. Local lease market rates were not provided. Property purchase price versus a determination of property value was not provided. The applicant could have provided the purchase price of the property, the property tax statement showing the assessed value, real market value and property taxes for the past two years, a current fair market value as determined by an appraisal in the past twelve months, a profit and loss statement for the property as is, rehabilitated and fully leased and new construction as proposed, any expenditures associated with the property’s structural maintenance in the past ten years, an estimate of the cost of rehabilitation of the property from a third-party licensed contractor, a report from a real estate professional exploring the viability of alternative uses of the property if rehabilitated, and a report of available economic incentives, including any federal tax credits available for rehabilitation of the property.

CONDITION OF APPROVAL #11: The demolition of the historic resource will be delayed for one hundred twenty (120) days in the interest of exploring reasonable alternatives that include preservation of the buildings and a fair market sale for the property owner. The property will be posted with the pending demolition during the delay period to seek community engagement about reasonable alternatives.

17.65.050(B)(8). *Whether retention of the historic resource would be in the best interests of a majority of the citizens of the City, as determined by the Historic Landmarks Committee, and, if not, whether the historic resource may be preserved by an alternative means such as through photography, item removal, written description, measured drawings, sound retention or other means of limited or special preservation.*

APPLICANT’S RESPONSE: Given the economic and physical benefits of the proposed development, as described elsewhere in this narrative, the HLC can find that the retention of the existing buildings is not in the best interests of a majority of community residents and that redevelopment of the site advances the goals of the community related to the economy, tourism, and energy efficiency. On balance, the proposed development meets or exceeds all relevant policies and regulations.

The architectural and structural team have examined the three buildings extensively, and have listed their deficiencies. See the structural report included as Appendix C. All the alternative means of preservation listed here are possible and acceptable, if directed by the HLC.

As noted previously in this narrative, retaining the buildings in their current state is likely to result in continuing decline in their condition, and renovation of the buildings is cost-prohibitive and will result in a substantial loss for the development team. As noted in the structural report, relocating one or more of these buildings, which technically possible, is extremely complicated and costly and has a high potential for failure due to their construction of unreinforced brick.

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FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED TO DETERMINE THAT THE ECONOMIC AND PHYSICAL CONDITIONS OF THE PROPERTY MADE A PRESERVATION PROJECT UNFEASIBLE.

17.65.070 Public Notice.

- A. *After the adoption of the initial inventory, all new additions, deletions, or changes to the inventory shall comply with subsection (c) of this section.*
- B. *Any Historic Landmark Committee review of a Certificate of Approval application for a historic resource or landmark shall comply with subsection (c) of this section.*
- C. *Prior to the meeting, owners of property located within 300 feet of the historic resource under consideration shall be notified of the time and place of the Historic Landmarks Committee meeting and the purpose of the meeting. If reasonable effort has been made to notify an owner, failure of the owner to receive notice shall not impair the validity of the proceedings*

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. Notice of the Historic Landmarks Committee’s consideration of the Certificate of Approval application was mailed to property owners located within 300 feet of the historic resource. A copy of the written notice provided to property owners is on file with the Planning Department.

17.72.020 Application Submittal Requirements.

Applications shall be filed on forms provided by the Planning Department and shall be accompanied by the following;

- A. *A scalable site plan of the property for which action is requested. The site plan shall show existing and proposed features, such as access, lot and street lines with dimensions in feet, distances from property lines, existing and proposed buildings and significant features (slope, vegetation, adjacent development, drainage etc.)*
- B. *An explanation of intent, nature and proposed use of the development, and any pertinent background information.*
- C. *Property description and assessor map parcel numbers(s).*
- D. *A legal description of the property when necessary.*
- E. *Signed statement indicating that the property affected by the application is in the exclusive ownership or control of the applicant, or that the applicant has the consent of all partners in ownership of the affected property.*
- F. *Materials required by other sections of the McMinnville Zoning Ordinance specific to the land use application.*
- G. *Other materials deemed necessary by the Planning Director to illustrate compliance with applicable review criteria, or to explain the details of the requested land use action.*

APPLICANT’S RESPONSE: This submittal includes the required materials.

FINDING: SATISFIED.

17.72.095 Neighborhood Meetings.

- A. *A neighborhood meeting shall be required for:*

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1. All applications that require a public hearing as described in Section 17.72.120, except that neighborhood meetings are not required for the following applications:
 - a. Comprehensive plan text amendment; or
 - b. Zoning ordinance text amendment; or
 - c. Appeal of a Planning Director's decision; or
 - d. Application with Director's decision for which a public hearing is requested.
 2. Tentative Subdivisions (up to 10 lots)
 3. Short Term Rental
- B. Schedule of Meeting.**
1. The applicant is required to hold one neighborhood meeting prior to submitting a land use application for a specific site. Additional meetings may be held at the applicant's discretion.
 2. Land use applications shall be submitted to the City within 180 calendar days of the neighborhood meeting. If an application is not submitted in this time frame, the applicant shall be required to hold a new neighborhood meeting.
- C. Meeting Location and Time.**
1. Neighborhood meetings shall be held at a location within the city limits of the City of McMinnville.
 2. The meeting shall be held at a location that is open to the public and must be ADA accessible.
 3. An 8 ½ x 11" sign shall be posted at the entry of the building before the meeting. The sign will announce the meeting, state that the meeting is open to the public and that interested persons are invited to attend.
 4. The starting time for the meeting shall be limited to weekday evenings between the hours of 6 pm and 8 pm or Saturdays between the hours of 10 am and 4 pm. Neighborhood meetings shall not be held on national holidays. If no one arrives within 30 minutes after the scheduled starting time for the neighborhood meeting, the applicant may leave.
- D. Mailed Notice.**
1. The applicant shall mail written notice of the neighborhood meeting to surrounding property owners. The notices shall be mailed to property owners within certain distances of the exterior boundary of the subject property. The notification distances shall be the same as the distances used for the property owner notices for the specific land use application that will eventually be applied for, as described in Section 17.72.110 and Section 17.72.120.
 2. Notice shall be mailed not fewer than 20 calendar days nor more than 30 calendar days prior to the date of the neighborhood meeting.
 3. An official list for the mailed notice may be obtained from the City of McMinnville for an applicable fee and within 5 business days. A mailing list may also be obtained from other sources such as a title company, provided that the list shall be based on the most recent tax assessment rolls of the Yamhill County Department of Assessment and Taxation. A mailing list is valid for use up to 45 calendar days from the date the mailing list was generated.
 4. The mailed notice shall:
 - a. State the date, time and location of the neighborhood meeting and invite people for a conversation on the proposal.
 - b. Briefly describe the nature of the proposal (i.e., approximate number of lots or units, housing types, approximate building dimensions and heights, and proposed land use request).
 - c. Include a copy of the tax map or a GIS map that clearly identifies the location of the proposed development.
 - d. Include a conceptual site plan.

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5. *The City of McMinnville Planning Department shall be included as a recipient of the mailed notice of the neighborhood meeting.*
 6. *Failure of a property owner to receive mailed notice shall not invalidate the neighborhood meeting proceedings.*
- E. Posted Notice.**
1. *The applicant shall also provide notice of the meeting by posting one 18 x 24" waterproof sign on each frontage of the subject property not fewer than 20 calendar days nor more than 30 calendar days prior to the date of the neighborhood meeting.*
 2. *The sign(s) shall be posted within 20 feet of the adjacent right-of-way and must be easily viewable and readable from the right-of-way.*
 3. *It is the applicant's responsibility to post the sign, to ensure that the sign remains posted until the meeting, and to remove it following the meeting.*
 4. *If the posted sign is inadvertently removed (i.e., by weather, vandals, etc.), that shall not invalidate the neighborhood meeting proceedings.*
- F. Meeting Agenda.**
1. *The overall format of the neighborhood meeting shall be at the discretion of the applicant.*
 2. *At a minimum, the applicant shall include the following components in the neighborhood meeting agenda:*
 - a. *An opportunity for attendees to view the conceptual site plan;*
 - b. *A description of the major elements of the proposal. Depending on the type and scale of the particular application, the applicant should be prepared to discuss proposed land uses and densities, proposed building size and height, proposed access and parking, and proposed landscaping, buffering, and/or protection of natural resources;*
 - c. *An opportunity for attendees to speak at the meeting and ask questions of the applicant. The applicant shall allow attendees to identify any issues that they believe should be addressed.*
- G. Evidence of Compliance.** *In order for a land use application that requires a neighborhood meeting to be deemed complete, the following evidence shall be submitted with the land use application:*
1. *A copy of the meeting notice mailed to surrounding property owners;*
 2. *A copy of the mailing list used to send the meeting notices;*
 3. *One photograph for each waterproof sign posted on the subject site, taken from the adjacent right-of-way;*
 4. *One 8 ½ x 11" copy of the materials presented by the applicant at the neighborhood meeting; and*
 5. *Notes of the meeting, which shall include:*
 - a. *Meeting date;*
 - b. *Meeting time and location;*
 - c. *The names and addresses of those attending;*
 - d. *A summary of oral and written comments received; and*
 - e. *A summary of any revisions made to the proposal based on comments received at the meeting. (Ord. 5047, §2, 2018, Ord. 5045 §2, 2017).*

APPLICANT'S RESPONSE: A virtual neighborhood meeting was held on April 25, 2022. The appropriate procedures were followed and the materials detailed in G above are included as Appendix A.

FINDING: SATISFIED.

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DECISION, CONDITIONS, FINDINGS OF FACT AND CONCLUSIONARY FINDINGS OF THE MCMINNVILLE HISTORIC LANDMARKS COMMITTEE FOR THE APPROVAL OF A DEMOLITION OF THE HISTORIC LANDMARK LOCATED AT 619 NE THIRD STREET

DOCKET: HL 8-22 (Certificate of Approval for Demolition)

REQUEST: Approval of the demolition of an existing historic landmark and building that is listed on the McMinnville Historic Resources Inventory as a “Environmental” historic resource (resource number D876). This building is also listed on the National Register of Historic Places as a Secondary Significant Contributing building in the McMinnville Downtown Historic District.

LOCATION: 619 NE Third Street. The resource is located at the property that is identified as Tax Lot 4201, Section 21BC, T. 4 S., R. 4 W., W.M.

ZONING: C-3 General Commercial (Downtown Overlay District)

APPLICANT: Mark Vuong, HD McMinnville LLC

PROPERTY OWNER: Phillip Frischmuth, Wild Haven, LLC.

STAFF: Heather Richards, Community Development Director

DATE DEEMED COMPLETE: September 7, 2022

HEARINGS BODY & ACTION: McMinnville Historic Landmarks Committee

HEARING DATE & LOCATION: September 29, 2022, 3:00 PM. In person at Kent Taylor Civic Hall 200 NE 2nd St and online via Zoom. Zoom Online Meeting ID: 859 9565 0539, Meeting Password: 661305

PROCEDURE: An application for a Certificate of Approval for Demolition is processed in accordance with the procedures in Section 17.65.040 - 17.65.050 of the McMinnville Municipal Code and Oregon Administrative Rule 660-203-0200 (8)(a).

CRITERIA: The applicable criteria for a Certificate of Approval for Demolition are specified in Section 17.65.040 and 17.65.050 of the McMinnville Municipal Code. In addition, since this is a

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structure listed as part of a historic district on the National Register of Historic Places, Oregon Administrative Rule 660-203-0200(8)(a) is applicable. In addition, the goals, policies, and proposals in Volume II of the Comprehensive Plan are to be applied to all land use decisions as criteria for approval, denial, or modification of the proposed request. Goals and policies are mandated; all land use decisions must conform to the applicable goals and policies of Volume II. "Proposals" specified in Volume II are not mandated, but are to be undertaken in relation to all applicable land use requests.

APPEAL: As specified in Section 17.65.080 of the McMinnville Municipal Code, the Historic Landmarks Committee’s decision may be appealed to the Planning Commission within fifteen (15) days of the date written notice of decision is mailed. The City’s final decision is subject to a 120-day processing timeline, including resolution of any local appeal. The 120-day deadline is January 5, 2023.

COMMENTS: This matter was referred to the following public agencies for comment: McMinnville Fire Department, Police Department, Engineering Department, Building Department, Parks Department, City Manager, and City Attorney; McMinnville Water and Light; McMinnville School District No. 40; Yamhill County Public Works; Yamhill County Planning Department; Frontier Communications; Comcast; Northwest Natural Gas; Oregon Department of Transportation; and State Historic Preservation Office. Their comments are provided in this document.

Based on the findings and conclusionary findings, the Historic Landmarks Committee finds the applicable criteria are **SATISFIED / NOT SATISFIED** and **APPROVES / APPROVES WITH CONDITIONS / DENIES** the Downtown Design Review for the Gwendolyn Hotel (HL 8-22).

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DECISION: **APPROVAL** **APPROVAL WITH CONDITIONS** **DENIAL**
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Historic Landmarks Committee: _____
John Mead, Chair

Date: _____

Planning Department: _____
Heather Richards, Community Development Director

Date: _____

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I. APPLICATION SUMMARY:

The applicant has provided information in their application narrative and findings (attached as Attachment 1) regarding the history of the subject site(s) and the request(s) under consideration. Staff has found the information provided to accurately reflect the current land use request, and excerpted portions are provided below to give context to the request, in addition to the City's findings.

Proposed Project

Below is an excerpt from the application describing the proposed improvement program. The applicant would like to demolish the structures at 609, 611 and 619 NE Third Street and redevelop the property with a mixed-use hotel project that includes ground floor commercial amenities and dedicated underground parking for the project.

Within the last year, the properties at 609, 611, and 619 NE 3rd Street were listed for sale by the Bladine family and Wild Haven LLC. After analyzing the opportunity and studying both the history and potential of downtown McMinnville, the applicant saw an opportunity to greatly enhance both the economic and experiential vitality of 3rd Street.

McMinnville is in an early stage of responding to its goal of being the Willamette Valley's leader in hospitality and place-based tourism. The most recent renovation and redevelopment on the south side of 3rd Street, with new lodging, dining, and wine tasting, has been encouraging. However, the same opportunity for renovation for hospitality, commercial, and retail uses is not available to the subject buildings. As noted in the structural analysis included as Appendix C, changing the occupancy of these buildings from office to commercial, retail, or hospitality is likely to trigger significant seismic upgrades.

The applicant has indicated that this cost to fully renovate the buildings would be approximately \$12,025,000 inclusive of land cost, soft costs, and hard costs. Tenant improvements would cost an additional \$35 per sq. ft. for a total project cost of \$12,806,200. The achievable rents would be \$25 per sq. ft., with approximately 22,320 sq. ft. of rentable area, or \$558,000 effective gross income per year. Operating expenses are assumed at 38 percent of gross income, along with mortgage loan interest. The net operating income (NOI) including debt service would be (\$111,861) a year, or a loss of \$111,861 each year.

In this scenario, it would take the project approximately 40 years to recoup the initial rehabilitation cost and start making a profit. This would be unable to receive funding from a bank or investor and therefore is highly unlikely, if not impossible.

The proposal is to replace the three underutilized buildings at 609, 611, and 619 NE 3rd Street with a 90-95 room boutique hotel. The ground floor will include the hotel lobby, a signature restaurant at the corner of 3rd and Ford streets, with seasonal sidewalk dining, and small retail shop(s). The entire rooftop will be a mix of public uses, anchored by a small restaurant/bar opening onto a large terrace of seating and raised-bed landscaping. Though parking is not required in this location, a below-grade parking garage accommodating 68 parking stalls is proposed. The garage ramp will be at the north end of the property, mid-block on Ford Street, to avoid interrupting the 3rd Street pedestrian experience.

(Application Narrative, page 3)

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Subject Property & Request

The subject property is located at 619 NE Third Street. The property is identified as Tax Lot 4500, Section 21BC, T. 4 S., R. 4 W., W.M. **See Vicinity Map (Figure 1) below, which identifies the approximate location of the building in question.**

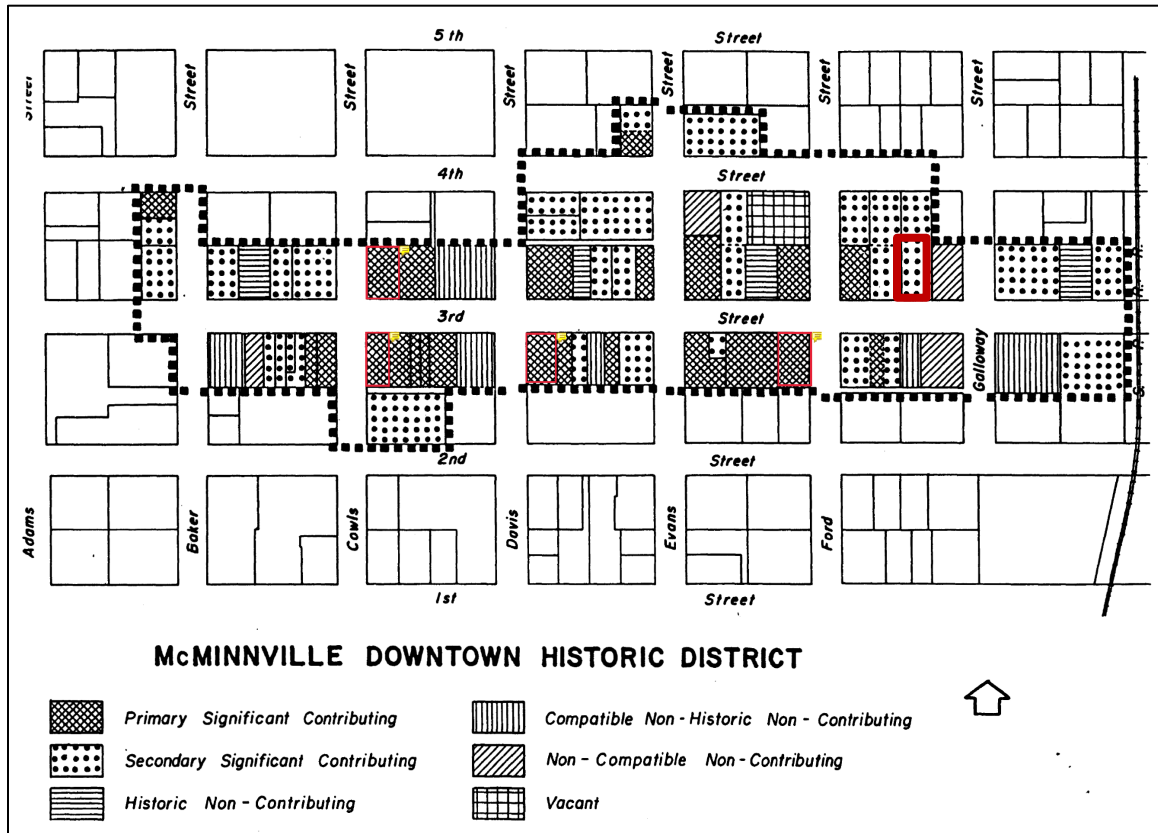
Figure 1. Vicinity Map (Building Outline Approximate)



The existing building on the subject property is listed as a Secondary Significant Contributing property in the McMinnville Downtown Historic District on the National Register of Historic Places. **See McMinnville Downtown Historic District Map (Figure 2) and Description of 619 NE Third Street in the McMinnville Downtown Historic District National Register of Historic Places Nomination (Figure 3) below.**

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Figure 2. McMinnville Downtown Historic District Map



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Figure 3. Description of 619 (misabeled as 641) East Third Street in the McMinnville Downtown Historic District National Register of Historic Places Nomination (Section 7, Page 22-23) (1987)

29 ADDRESS: 641 East Third Street
 CLASSIFICATION: Secondary Significant Contributing
 OWNER: Joyce and Robert Morton
 ASSESSOR MAP: 4421 BC TAX LOT: 4200
 PLAT: Rowland's Addition LOT: 2, 7 BLOCK: 7
 YEAR BUILT: ca. 1923 STYLE: Modernistic
 ALTERATIONS: 1975 (moderate) USE: Commercial

DESCRIPTION: This rectangular one-story painted brick structure has a flat parapet with a corbelled cornice and six bays articulated by seven pilasters. Five pilasters extend to the ground and two end at the transom level. The storefront is divided into four bays with the western bay containing a large garage door. The next bay to the east has a wood frame plate glass window with plywood covered transom and bulkhead. The next bay contains a wood frame glass door with sidelights and a transom which has been painted out. The bay to the east has a wood frame plate glass window with painted out transom. The sill and bulkhead are brick.

The Bennette family had an auto agency in this building from 1936-1977. The building does not show on the Sanborn Fire Insurance Company maps until 1928. Yamhill County Tax Assessor records show 1923 for the date of construction.

The existing building on the subject property is listed on the McMinnville Historic Resources Inventory as a "Environmental" resource (resource number D876). **Please see "Statement of Historical Significance and Description of the Property", Figure 4 below.**

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Figure 4. Statement of Historical Significance and Description of the Property, Historic Resources Survey, City of McMinnville, Yamhill County, Oregon (1983)

This building is a one story brick structure facing south on Third Street and extending north the entire depth of the block with a similar elevation on Fourth. A flat roof is concealed by parapet walls on either end and the facades each have seven stepped forward piers and corbelled cornice lines. The south facade has a large window and three doors. Two of them are large enough to accommodate automobiles. Three low gabled projections creating a partial second story, protrude from the roof toward the rear. The building has always accommodated garages.

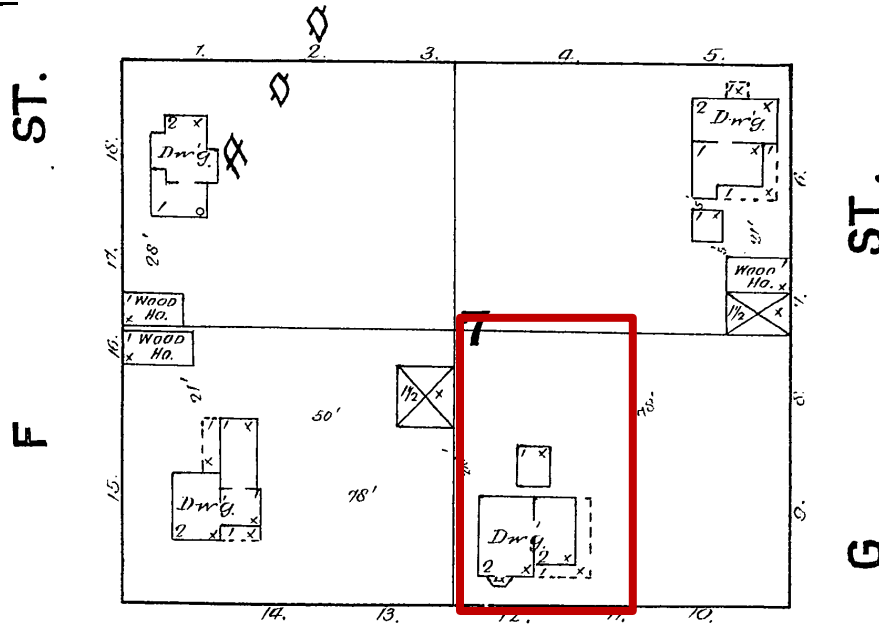
Bennette family (John, then Richard) operated auto agency from 1936-1977

The property originally started off as an dwelling structure, prior to 1889, and between 1912 and 1928 it was redeveloped into an automobile garage. **Please see Figure 5, Series of Sanborn Maps below.**

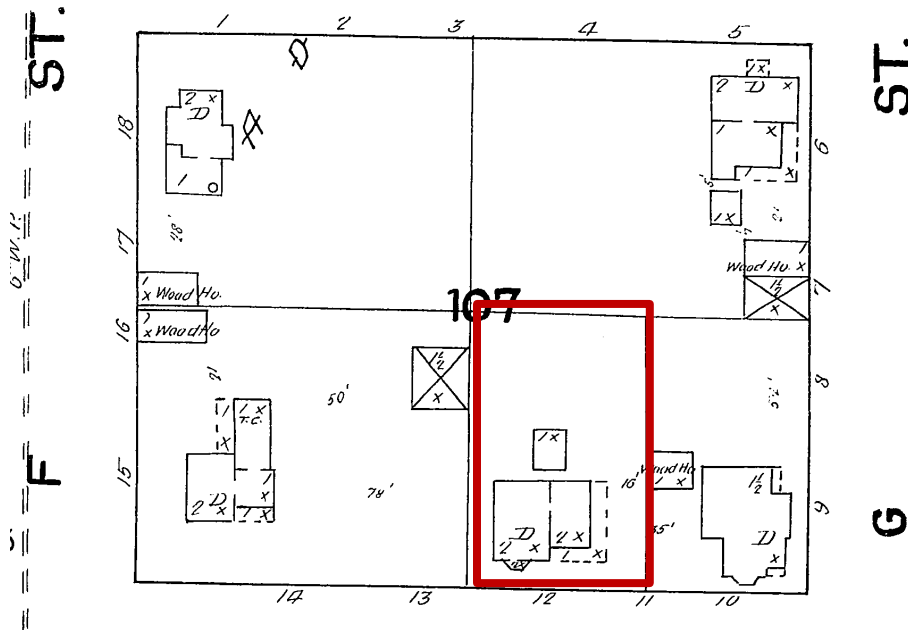
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Figure 5. Series of Sanborn Maps

Sanborn Map, 1889

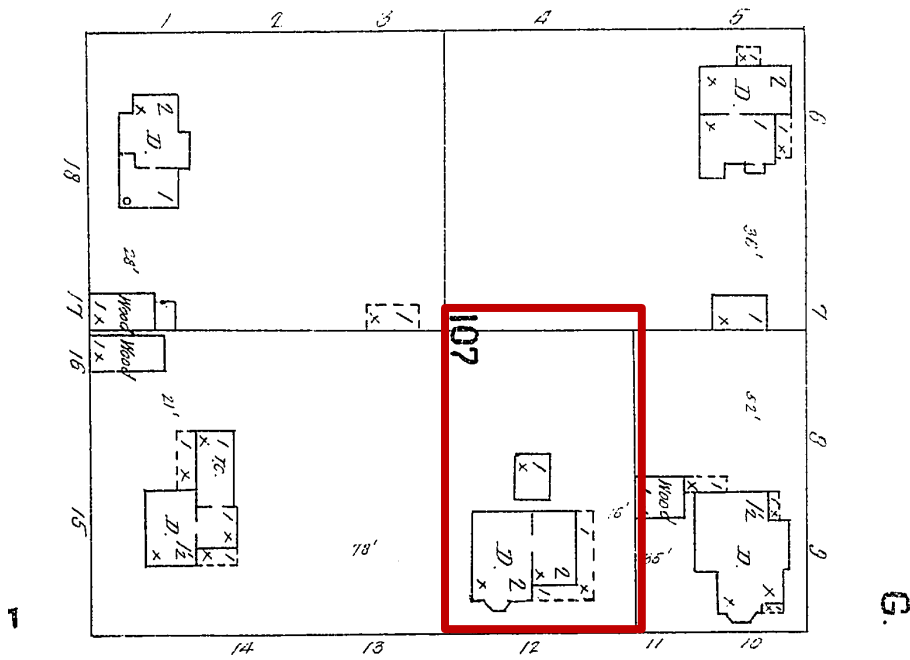


Sanborn Map, 1892

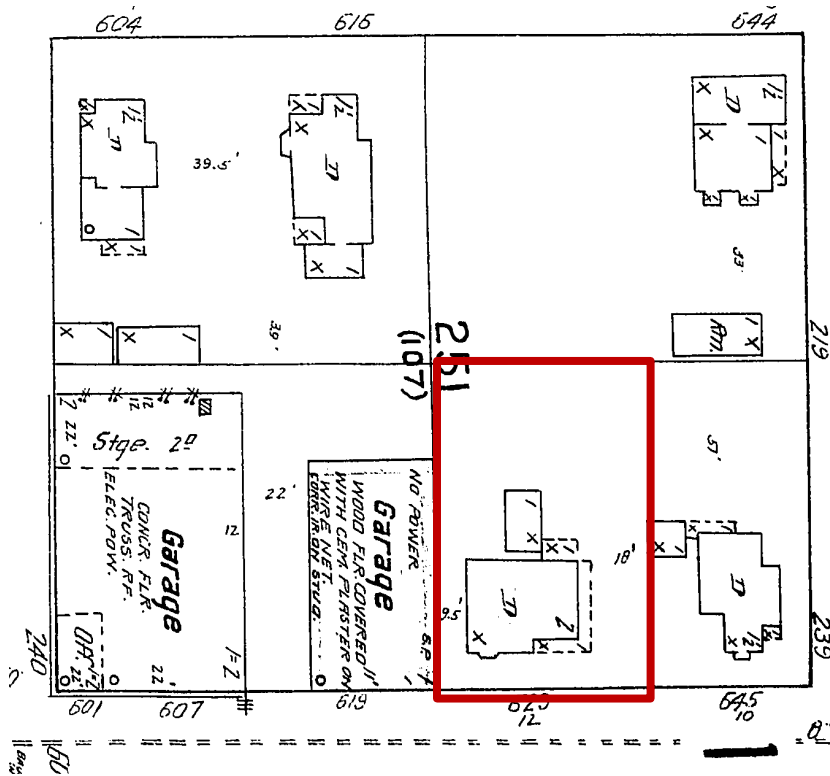


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Sanborn Map, 1902

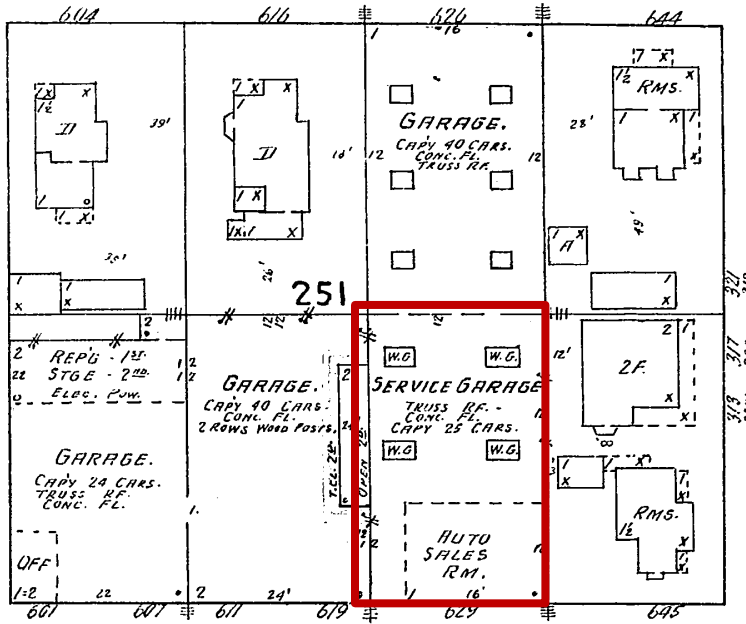


Sanborn Map, 1912

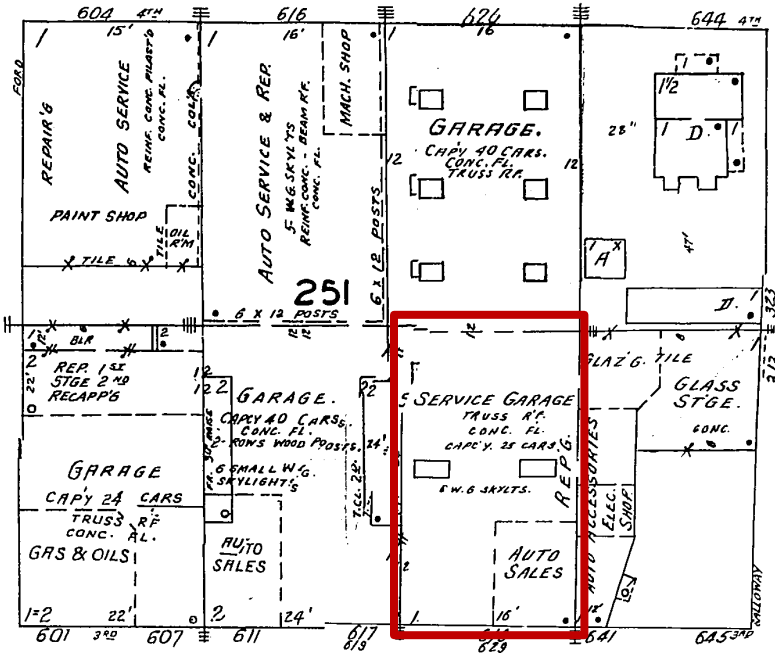


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Sanborn Map, 1928



Sanborn Map, 1948



Architecturally the subject property has changed overtime to accommodate the new uses on the property. **Please see Series of Photos, Figure 6 below.**

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Figure 6, Series of Photos Over Time

1969 Photo of 619 NE Third Street depicting the automobile bays.
(Yamhill County News Register)



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**1983 photo of the property shows the modified automobile bays and decorative brick work.
(Historic Resources Survey, City of McMinnville, Yamhill County, Oregon)**



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2018, Photo of 619 NE Third Street, the automobile bays have been modified into storefronts, and the brick is painted but the subtle brick decoration is still visible.



Background

The property was originally surveyed in 1983 and 1984, which are the dates that the “Statement of Historical Significance and Property Description” were drafted and included on the Historic Resources Inventory sheet (resource number (D876) for the subject property. This survey work led to the inclusion of the property on the Historic Resources Inventory, and the Historic Resources Inventory was adopted by the McMinnville City Council on April 14, 1987 by Ordinance 4401. The Historic Resources Inventory has since been incorporated into the McMinnville Municipal Code (MMC) through its adoption and reference in MMC Section 17.65.030(A).

The McMinnville Downtown Historic District was entered in the National Register of Historic Places on September 14, 1987.

Summary of Criteria & Issues

The application (HL 8-22) is subject to Certificate of Approval for Demolition review criteria in Section 17.65.050 of the Zoning Ordinance and Oregon Administrative Rule 660-203-0200 (Section 8(a)). The goals and policies in Volume II of the Comprehensive Plan are also independent approval criteria for all land use decisions.

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Oregon Administrative Rule 660-203-0200 (Section 8(a)) states that:

- (8) *National Register Resources are significant historic resources. For these resources, local governments are not required to follow the process described in OAR 660-023-0030 through 660-023-0050 or sections (4) through (6). Instead, a local government:*
- (a) *Must protect National Register Resources, regardless of whether the resources are designated in the local plan or land use regulations, by review of demolition or relocation that includes, at minimum, a public hearing process that results in approval, approval with conditions, or denial and considers the following factors: condition, historic integrity, age, historic significance, value to the community, economic consequences, design or construction rarity, and consistency with and consideration of other policy objectives in the acknowledged comprehensive plan. Local jurisdictions may exclude accessory structures and non-contributing resources within a National Register nomination;*

Section 17.65.050 of the McMinnville Zoning Ordinance state that:

17.65.050 Demolition, Moving, or New Construction. *The property owner shall submit an application for a Certificate of Approval for the demolition or moving of a historic resource, or any resource that is listed on the National Register for Historic Places, or for new construction on historical sites on which no structure exists. Applications shall be submitted to the Planning Department for initial review for completeness as stated in Section 17.72.040 of the McMinnville Zoning Ordinance. The Historic Landmarks Committee shall meet within thirty (30) days of the date the application was deemed complete by the Planning Department to review the request. A failure to review within thirty (30) days shall be considered as an approval of the application.*

- A. *The Historic Landmarks Committee may approve, approve with conditions, or deny the application.*
- B. *The Historic Landmarks Committee shall base its decision on the following criteria:*
1. *The City's historic policies set forth in the comprehensive plan and the purpose of this ordinance;*
 2. *The economic use of the historic resource and the reasonableness of the proposed action and their relationship to the historic resource preservation or renovation;*
 3. *The value and significance of the historic resource;*
 4. *The physical condition of the historic resource;*
 5. *Whether the historic resource constitutes a hazard to the safety of the public or its occupants;*
 6. *Whether the historic resource is a deterrent to an improvement program of substantial benefit to the City which overrides the public interest in its preservation;*
 7. *Whether retention of the historic resource would cause financial hardship to the owner not outweighed by the public interest in the resource's preservation; and*
 8. *Whether retention of the historic resource would be in the best interests of a majority of the citizens of the City, as determined by the Historic Landmarks Committee, and, if not, whether the historic resource may be preserved by an alternative means such as through photography, item removal, written description, measured drawings, sound retention or other means of limited or special preservation.*
- C. *If the structure for which a demolition permit request has been filed has been damaged in excess of seventy percent (70%) of its assessed value due to fire, flood, wind, or other natural disaster, the Planning Director may approve the application without processing the request through the Historic Landmarks Committee.*
- D. *The Historic Landmarks Committee shall hold a public hearing to consider applications for the demolition or moving of any resource listed on National Register consistent with the procedures in Section 17.72.120 of the McMinnville Zoning Ordinance.*
- E. *Any approval may be conditioned by the Planning Director or the Historic Landmarks Committee to secure interior and/or exterior documentation of the resource prior to the proposed action. Required documentation*

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shall consist of no less than twenty (20) black and white photographs with negatives or twenty (20) color slide photographs. The Historic Landmarks Committee may require documentation in another format or medium that is more suitable for the historic resource in question and the technology available at the time. Any approval may also be conditioned to preserve site landscaping such as individual plants or trees or to preserve selected architectural features such as doors, windows, brackets, mouldings or other details.

- F. If any proposed new construction is located in the downtown core as defined by Section 17.59.020 (A) of the McMinnville Zoning Ordinance, the new construction shall also comply with the requirements of Chapter 17.59 (Downtown Design Standards and Guidelines).

The applicant has provided findings to support the request for a Certificate of Approval for Demolition. These will be discussed in detail in Section VII (Conclusionary Findings) below.

II. CONDITIONS:

1. The Certificate of Approval for Demolition of 619 NE Third Street is contingent upon a project that meets all of the city's local regulations, state regulations and federal regulations. A demolition permit will not be issued until that has been established. The penalty for demolition without a permit will be equal to the real market value of the most recent assessor's statement for both the structure and the land paid to the City's Historic Preservation Fund. (OAR 660-023-0200(8)(a))
2. 619 NE Third Street, McMinnville Historic Resource Inventory D876 will be automatically removed from the McMinnville Historic Resource Inventory when the extant structure on the subject property is demolished. (OAR 660-023-0200(9))
3. The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rainwater into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance. (Comprehensive Plan Policy #25.00)
4. The applicant shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be borne by the developer. (Comprehensive Plan Policy #25.00)
5. The applicant provided a Transportation Impact Analysis with their application for the replacement project. Several items need to be updated in the Transportation Impact Analysis prior to the issuance of building permits which may then require transportation improvements. They are as follows: (Comprehensive Plan Policy #25.00)
 - a. Provide a TIA of the intersections of NE Ford Street and NE Third Street, and NE Galloway Street and NE Third Street.
 - b. The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85-room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.

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6. The Transportation Impact Analysis shows that queue lengths exceed storage length at the eastbound thru and westbound all on Second Street at Baker Street. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson Street/Lafayette St. and Third Street. Prior to the issuance of building permits, the applicant will need to provide a mitigation plan for these intersections. (Comprehensive Plan Policy #25.00)
7. Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance. (Comprehensive Plan Policy #33.00)
8. Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance. (Comprehensive Plan Policy #33.00)
9. Prior to the approval of a demolition permit, the applicant will commission a study on what needs to happen in McMinnville relative to market costs to achieve the community value of historic property rehabilitation/restoration with low lease rates to support local businesses. (McMinnville Municipal Code, 17.65.010(B)).
10. The replacement plan project must not only meet the minimum standards of Section 17.59, Downtown Design Guidelines, McMinnville Municipal Code, but it must enhance the overall historic sense of place of downtown McMinnville by replicating the form and design of the building stock on Third Street. (McMinnville Municipal Code 17.65.010(D))
11. The demolition of the historic resource will be delayed for one hundred twenty (120) days in the interest of exploring reasonable alternatives that include preservation of the buildings and a fair market sale for the property owner. The property will be posted with the pending demolition during the delay period to seek community engagement about reasonable alternatives. (McMinnville Municipal Code 17.65.050(B)(7))

III. ATTACHMENTS:

- ❖ HL 8-22 Application and Attachments
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IV. COMMENTS:**Agency Comments**

This matter was referred to the following public agencies for comment: McMinnville Fire Department, Police Department, Parks and Recreation Department, Engineering and Building Departments, City Manager, and City Attorney, McMinnville School District No. 40, McMinnville Water and Light, Yamhill County Public Works, Yamhill County Planning Department, Recology Western Oregon, Frontier Communications, Comcast, Northwest Natural Gas, Oregon Department of Transportation and Oregon State Historic Preservation Office. The following comments were received:

McMinnville Engineering Department**TRANSPORTATION**

Comments and/or conditions of approval related to transportation include:

1. Based on the Transportation Impact Analysis (TIA) provided the intersections of NE Ford St & NE 3rd St and NE Galloway St & NE 3rd St should be a part of the scope as they are in the immediate vicinity of the project, and they are not included. Provide a TIA of the intersections of NE Ford St & NE 3rd St and NE Galloway St & NE 3rd St.
2. The City will have a 30% design for the 3rd Street Streetscape Plan, this should be mentioned in section 3 of the TIA under planned transportation improvements.
3. ADA Sidewalk and Driveway Standards are now being applied to all new construction and remodels. These standards are intended to meet the current ADA Standards as shown in the "PROWAG" Design Guidelines. The standards can be found at the following webpage: <https://www.access-board.gov/files/prowag/PROW-SUP-SNPRM-2013.pdf> prior to final occupancy, the applicant shall construct new driveways and sidewalks in the right-of way that conform to these standards.
4. Study shows that queue lengths exceed storage length at the eastbound thru and westbound all of 2nd St at Baker St. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson St/Lafayette St & 3rd St.

SANITARY SEWER

Comments and/or conditions of approval related to sanitary sewer service include:

1. The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rain water into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance.
2. Sewer Capacity may be an issue with the change of use of the property, the developer shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be born by the developer.

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MISCELLANEOUS

Additional comments and/or suggested conditions of approval:

1. In the narrative, Part 4. B. Chapter 17.54.050 Yards part F. Response (Page 23) – 3rd St is listed as a Local Street. It is a Major Collector, please change to reflect the correct street classification.
2. Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance.
3. Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance.
4. The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85-room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.
5. The engineering department will need to review building permit submittals that show in detail items that could be missing in the applications provided. These reviews will be prior to any issuance of building permits.
6. The Contaminated Media Management Plan dated July 20, 2022, is not included in this application. This is a key point of discussion and should be included in the application.
7. CPP (Comprehensive Plan Policy): 2.00 “The City of McMinnville shall continue to enforce appropriate development controls on lands with identified building constraints, including, but not limited to, excessive slope, limiting soil characteristics, and natural hazards.”
 - a. The Applicant must demonstrate how construction activities regarding known pollutants residing under the structures onsite will not negatively affect development onsite, and not negatively affect the adjoining properties, including the city’s right of ways.
8. CPP 8.00 “The City of McMinnville shall continue to seek the retention of high water quality standards as defined by federal, state, and local water quality codes, for all the water resources within the planning area.”
 - a. The Applicant must demonstrate that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City’s Right of Way and downstream users and properties.
9. CPP 132.40.05 Conditions of Approval–In accordance with the City’s TSP and capital improvements plan (CIP), and based on the level of impact generated by a proposed development, conditions of approval applicable to a development application should include:
 - a. Improvement of on-site transportation facilities,
 - b. Improvement of off-site transportation facilities (as conditions of development approval), including those that create safety concerns, or those that increase a facility’s operations beyond the City’s mobility standards.

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10. The Applicant shall demonstrate its demolition, excavation and onsite construction activities do not create safety concerns related to the DEQ LUST matter and its site and known polluted soil and water. Additionally, the Applicant shall demonstrate how its demolition and construction activities will improve the use of the city's off-site transportation facility, including but not limited to underground facility uses.
11. CPP 132.46.00 Low impact street design, construction, and maintenance methods should be used first to avoid, and second to minimize, negative impacts related to water quality, air quality, and noise in neighborhoods. (Ord. 4922, February 23, 2010).
 - a. The Applicant shall demonstrate its design and construction methods will avoid, and then minimize negative impacts related to water and air quality given the onsite and off-site hazards caused by the known hazardous spills associated with the site.
12. CPP 142.00 The City of McMinnville shall insure that adequate storm water drainage is provided in urban developments through review and approval of storm drainage systems, and through requirements for connection to the municipal storm drainage system, or to natural drainage ways, where required.
 - a. The Applicant shall demonstrate that storm water collection, detention, and drainage is constructed and maintained to restrict negative consequences and minimize adverse effects from the known underground pollution onsite and off-site areas caused by the owner of the site.
13. CPP 151.00 The City of McMinnville shall evaluate major land use decisions, including but not limited to urban growth boundary, comprehensive plan amendment, zone changes, and subdivisions using the criteria outlined below:
 - a. Federal, state, and local water and waste water quality standards can be adhered to.
 - b. The Applicant shall demonstrate how it will comply with all federal, state and local water and wastewater quality standards, given the DEQ LUST case regarding a hazardous gasoline spill on the site and the deficiencies noted in the Record.

McMinnville Building Department

No building code concerns. Analysis of IEBC appears to be accurate and based on Oregon adopted code.

McMinnville Water and Light

Water: Please contact MW&L to turn off water meters and disconnect customer side of the meter – A16972894, C47575190 & A16972900 prior to demolition of property.

Power: Please contact MW&L to coordinate the removal of existing electric services prior to demolition. The Bindery Event space does not appear to have a dedicated electric service. There will need to be a provision for re-serving the Bindery Event Space with electricity during demolition.

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Public Comments

Notice of this request was mailed to property owners located within 300 feet of the subject site on September 8, 2022 and notice of the public hearing was published in the News Register on Tuesday, September 20, 2022 and Friday, September 23, 2022. The following testimony has been received by the Planning Department.

- Email from Kira Barsotti, 09.16.22
- Email from Shanna Dixon, 09.16.22
- Email from Marianne Mills, 09.18.22
- Email from Megan McCrossin, 09.18.22
- Email from Courtney Cunningham, 09.20.22
- Email from Jordan Robinson, 09.20.22
- Email from Phyllice Bradner, 09.20.22
- Email from Victoria Anderson, 09.20.22
- Letter from Marilyn Kosel, 09.20.22
- Letter from Patti Webb, 09.20.22

V. FINDINGS OF FACT - PROCEDURAL FINDINGS

1. The applicant, Mark Vuong, on behalf of HD McMinnville LLC submitted the Certificate of Approval application (HL 8-22) on August 9, 2022.
2. The application was deemed complete on September 7, 2022. Based on that date, the 120 day land use decision time limit expires on January 5, 2023.
3. Notice of the application was referred to the following public agencies for comment in accordance with Section 17.72.120 of the Zoning Ordinance: McMinnville Fire Department, Police Department, Parks and Recreation Department, Engineering and Building Departments, City Manager, and City Attorney, McMinnville School District No. 40, McMinnville Water and Light, Yamhill County Public Works, Yamhill County Planning Department, Recology Western Oregon, Frontier Communications, Comcast, Northwest Natural Gas, Oregon Department of Transportation and the Oregon State Historic Preservation Office on September 7, 2022.

Comments received from agencies are addressed in the Decision Document.

4. Notice of the application and the September 29, 2022, Historic Landmarks Committee public hearing was mailed to property owners within 300 feet of the subject property in accordance with Section 17.65.070(C) of the Zoning Ordinance on Thursday, September 8, 2021.
5. A public hearing notice was published in the News Register on Tuesday, September 20, 2022 and Friday, September 23, 2022.
6. On September 29, 2022, the Historic Landmarks Committee held a duly noticed public hearing to consider the request.

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VI. FINDINGS OF FACT – GENERAL FINDINGS

1. **Location:** 619 NE Third Street. The resource is located at the property that is identified as Tax Lot 4201, Section 21BC, T. 4 S., R. 4 W., W.M.
2. **Size:** The subject site and property is approximately 6,000 square feet.
3. **Comprehensive Plan Map Designation:** Commercial
4. **Zoning:** C-3, General Commercial
5. **Overlay Zones/Special Districts:** Downtown Overlay District, Section 17.59 of the McMinnville Municipal Code.
6. **Current Use:** Office
7. **Inventoried Significant Resources:**
 - a. **Historic Resources:** Historic Resources Inventory – Resource Number D876.
 - b. **Other:** Secondary Significant Contributing resource, McMinnville National Register of Historic Places Downtown Historic District
8. **Other Features:** The building is property tight with no setbacks, one story, unreinforced brick.
9. **Utilities:**
 - a. **Water:** Water service is available to the subject site.
 - b. **Electric:** Power service is available to the subject site.
 - c. **Sewer:** Sanitary sewer service is available to the subject site.
10. **Transportation:** The site is located on the northern side of Third Street in the middle of the block between Ford and Galloway Streets. Third Street is a major collector in the McMinnville Transportation System Plan.

VII. CONCLUSIONARY FINDINGS:

The Conclusionary Findings are the findings regarding consistency with the applicable criteria for the application. The applicable criteria for a Certificate of Approval for Demolition are specified in Section 17.65.050 of the McMinnville Municipal Code and Oregon Administrative Rule, Chapter 660 Division 23: Procedures and Requirements for Complying with Goal 5.

In addition, the goals, policies, and proposals in Volume II of the Comprehensive Plan are to be applied to all land use decisions as criteria for approval, denial, or modification of the proposed request. Goals and policies are mandated; all land use decisions must conform to the applicable goals and policies of Volume II. “Proposals” specified in Volume II are not mandated but are to be undertaken in relation to all applicable land use requests.

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Compliance with Oregon State Land Use Goals:**OAR Chapter 660, Division 23, Procedures and Requirements for Complying with Goal 5:**

(1) For purposes of this rule, the following definitions apply:

- (a) “Demolition” means any act that destroys, removes, or relocates, in whole or part, a significant historic resource such that its historic, cultural, or architectural character and significance is lost. This definition applies directly to local land use decisions regarding a National Register Resource. This definition applies directly to other local land use decisions regarding a historic resource unless the local comprehensive plan or land use regulations contain a different definition.
- (b) “Designation” is a decision by a local government to include a significant resource on the resource list.
- (c) “Historic context statement” is an element of a comprehensive plan that describes the important broad patterns of historical development in a community and its region during a specified time period. It also identifies historic resources that are representative of the important broad patterns of historical development.
- (d) “Historic preservation plan” is an element of a comprehensive plan that contains the local government’s goals and policies for historic resource preservation and the processes for creating and amending the program to achieve the goal.
- (e) “Historic resources” are those buildings, structures, objects, sites, or districts that potentially have a significant relationship to events or conditions of the human past.
- (f) “Locally significant historic resource” means a building, structure, object, site, or district deemed by a local government to be a significant resource according to the requirements of this division and criteria in the comprehensive plan.
- (g) “National Register Resource” means buildings, structures, objects, sites, or districts listed in the National Register of Historic Places pursuant to the National Historic Preservation Act of 1966 (PL 89-665; 16 U.S.C. 470).
- (h) “Owner”:
 - (A) Means the owner of fee title to the property as shown in the deed records of the county where the property is located; or
 - (B) Means the purchaser under a land sale contract, if there is a recorded land sale contract in force for the property; or
 - (C) Means, if the property is owned by the trustee of a revocable trust, the settlor of a revocable trust, except that when the trust becomes irrevocable only the trustee is the owner; and
 - (D) Does not include individuals, partnerships, corporations or public agencies holding easements or less than fee interests (including leaseholds) of any nature; or
 - (E) Means, for a locally significant historic resource with multiple owners, including a district, a simple majority of owners as defined in (A)-(D).
 - (F) Means, for National Register Resources, the same as defined in 36 CFR 60.3(k).
- (i) “Protect” means to require local government review of applications for demolition, relocation, or major exterior alteration of a historic resource, or to delay approval of, or deny, permits for these actions in order to provide opportunities for continued preservation.
- (j) “Significant historic resource” means a locally significant historic resource or a National Register Resource.

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- (2) *Relationship of Historic Resource Protection to the Standard Goal 5 Process.*
- (a) *Local governments are not required to amend acknowledged plans or land use regulations in order to provide new or amended inventories, resource lists or programs regarding historic resources, except as specified in section (8). Local governments are encouraged to inventory and designate historic resources and must adopt historic preservation regulations to protect significant historic resources.*
- (b) *The requirements of the standard Goal 5 process in [OAR 660-023-0030 \(Inventory Process\)](#) through [660-023-0050 \(Programs to Achieve Goal 5\)](#), in conjunction with the requirements of this rule, apply when local governments choose to amend acknowledged historic preservation plans and regulations.*
- (c) *Local governments are not required to apply the ESEE process pursuant to [OAR 660-023-0040 \(ESEE Decision Process\)](#) in order to determine a program to protect historic resources.*

APPLICANT'S RESPONSE: None.

FINDING: NOT APPLICABLE.

- (3) *Comprehensive Plan Contents. Local comprehensive plans should foster and encourage the preservation, management, and enhancement of significant historic resources within the jurisdiction in a manner conforming with, but not limited by, the provisions of [ORS 358.605 \(Legislative findings\)](#). In developing local historic preservation programs, local governments should follow the recommendations in the Secretary of the Interior's Standards and Guidelines for Archeology and Historic Preservation, produced by the National Park Service. Local governments should develop a local historic context statement and adopt a historic preservation plan and a historic preservation ordinance in conjunction with inventorying historic resources.*
- (4) *Inventorying Historic Resources. When a local government chooses to inventory historic resources, it must do so pursuant to [OAR 660-023-0030 \(Inventory Process\)](#), this section, and sections*
- (5) *through (7). Local governments are encouraged to provide opportunities for community-wide participation as part of the inventory process. Local governments are encouraged to complete the inventory in a manner that satisfies the requirements for such studies published by the Oregon State Historic Preservation Office and provide the inventory to that office in a format compatible with the Oregon Historic Sites Database.*
- (5) *Evaluating and Determining Significance. After a local government completes an inventory of historic resources, it should evaluate which resources on the inventory are significant pursuant to [OAR 660-023-0030 \(Inventory Process\)](#)(4) and this section.*
- (a) *The evaluation of significance should be based on the National Register Criteria for Evaluation, historic context statement and historic preservation plan. Criteria may include, but are not limited to, consideration of whether the resource has:*
- (A) *Significant association with events that have made a significant contribution to the broad patterns of local, regional, state, or national history;*
- (B) *Significant association with the lives of persons significant to local, regional, state, or national history;*
- (C) *Distinctive characteristics of a type, period, or method of construction, or represents the work of a master, or possesses high artistic values, or represents a significant and distinguishable entity whose components may lack individual distinction;*
- (D) *A high likelihood that, if preserved, would yield information important in prehistory or history; or*
- (E) *Relevance within the local historic context and priorities described in the historic preservation plan.*

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- (b) *Local governments may delegate the determination of locally significant historic resources to a local planning commission or historic resources commission.*
- (6) *Designating Locally Significant Historic Resources. After inventorying and evaluating the significance of historic resources, if a local government chooses to protect a historic resource, it must adopt or amend a resource list (i.e., “designate” such resources) pursuant to [OAR 660-023-0030 \(Inventory Process\)](#)(5) and this section.*
- (a) *The resource list must be adopted or amended as a land use decision.*
- (b) *Local governments must allow owners of inventoried historic resources to refuse historic resource designation at any time during the designation process in subsection (a) and must not include a site on a resource list if the owner of the property objects to its designation on the public record. A local government is not required to remove a historic resource from an inventory because an owner refuses to consent to designation.*
- (7) *Historic Resource Protection Ordinances. Local governments must adopt land use regulations to protect locally significant historic resources designated under section (6). This section replaces [OAR 660-023-0050 \(Programs to Achieve Goal 5\)](#). Historic protection ordinances should be consistent with standards and guidelines recommended in the Standards and Guidelines for Archeology and Historic Preservation published by the U.S. Secretary of the Interior, produced by the National Park Service.*

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The City of McMinnville has an acknowledged Historic Preservation program, including an adopted Historic Preservation Plan as a supplemental document to the McMinnville Comprehensive Plan, Comprehensive Plan policies, an adopted Historic Resources Inventory that is actively maintained, historic resource protection ordinances, and an appointed Historic Landmarks Committee that administers and manages the historic preservation program, and makes quasi-judicial decisions on historic landmarks land-use decisions.

- (8) *National Register Resources are significant historic resources. For these resources, local governments are not required to follow the process described in [OAR 660-023-0030 \(Inventory Process\)](#) through [660-023-0050 \(Programs to Achieve Goal 5\)](#) or sections (4) through (6). Instead, a local government:*
- (a) *Must protect National Register Resources, regardless of whether the resources are designated in the local plan or land use regulations, by review of demolition or relocation that includes, at minimum, a public hearing process that results in approval, approval with conditions, or denial and considers the following factors: condition, historic integrity, age, historic significance, value to the community, economic consequences, design or construction rarity, and consistency with and consideration of other policy objectives in the acknowledged comprehensive plan. Local jurisdictions may exclude accessory structures and non-contributing resources within a National Register nomination;*

APPLICANT’S RESPONSE: The City can find that these criteria do not apply directly to the proposed development. The structures are located within a National Historic District, and as such meet the definition of National Register Resources per (1)(g) above. The buildings are identified as primary and contributing structures within the historic district but were not identified individually as National Register properties. The buildings have not been designated as “Distinctive” resources in the local HRI and have been substantially altered since their construction.

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If the City determines that this provision applies, the City can find that the criteria are met as noted below.

CITY RESPONSE: Oregon Administrative Rule (OAR) 660-023-0200(1)(g) defines districts listed in the National Register of Historic Places as a National Register Resource, therefore this state rule applies to all properties within the McMinnville Downtown Historic District unless the local jurisdiction has excluded non-contributing resources. Per Section 17.65.040(A)(1) of the McMinnville Municipal Code, accessory structures and non-contributing resources within a National Register of Historic Places nomination are excluded from the Certificate of Approval process. Per Figure 2 of this decision document, 619 NE Third Street is considered a Secondary Significant Contributing resource in the McMinnville Downtown Historic District.

FINDING: This provision of OAR 660-023-0200, Section 8(a) does apply.

OAR 660-023-0200(8)(a) Factors to Consider – Condition of the Property

APPLICANT RESPONSE: All three of the buildings are constructed of unreinforced brick. The buildings at 611 and 619 NE 3rd Street have more significant challenges, including interior water damage, a shared wall between the two, and deterioration of the exterior wall.

As noted in the structural report included as Appendix C, the building at 619 NE 3rd Street has rotting bearing points at the roof trusses.

CITY RESPONSE: MORE INFORMATION NEEDED TO DETERMINE IF CONDITION OF THE PROPERTY IS A FACTOR TO SUPPORT DEMOLITION.. The structural analysis is very cursory and did not include any load testing sites. Without load testing on the unreinforced masonry walls, the structural analysis does not indicate any structural issues that were significant or imminent public safety hazards, the condition of the building is not a significant determining factor requiring demolition of the property.

The Structural Report, provided by Harper Houf Peterson Righellis Inc. (HHPR) dated July 29, 2022, provides an existing conditions report of 609, 611, and 619 Third Street. It points observed structural issues and concludes with emergent concerns.

Emergent Concerns

- Building 609 – previously noted truss node that is out of plane over 6 inches
- Building 611 – previously noted missing beams intended to spread load across floor below
- Building 619 – previously noted rotten bearing condition at truss
- All Buildings – previously noted overall condition of brick and mortar in locations in each building

Below is the detail on the rotten bearing condition at truss.

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- The bearing points of the trusses are deteriorated along the west wall and supplemental support has been framed under the trusses (see Image 8 and 9)
- This condition exists at the connection to the 611 Building and is the result of water penetration along the north south valley between the building



The report also examines three options for preserving the historic resources: 1) retain existing buildings and construct a new hotel over the top of the existing buildings; 2) retain and maintain the existing buildings, and relocate the existing buildings.

The report concludes that the first option to construct a new hotel over the top of the existing buildings would require a complete seismic and structural upgrade to the buildings, and would be problematic relative to the placement of needed structural supports in the existing buildings.

The second option to retain and maintain the existing buildings would require investment in general maintenance, repair and remediation of the spaces as well as repair of the emergent concerns described above.

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And the third option to relocate the three buildings is impractical due to the unreinforced masonry structure of the buildings.

OAR 660-023-0200(8)(a) Factors to Consider – Historic Integrity of the Property

APPLICANT RESPONSE According to the HRI, the building at 619 NE 3rd Street (referred to as 641 East Third Street in the HRI and the National Register nomination) was constructed between 1912 and 1928, and was therefore classified as a Secondary Significant Contributing structure. The Oregon Historic Sites Database notes the date of construction as 1923 with a secondary construction date of 1975.

The HRI statement indicated that the building was constructed to house hardware and farm implements, but also notes that it has always accommodated garages. The HRI image shows a large garage entrance on the left side of the building and an enclosed storefront on the east side of the building.

619 NE 3rd Street in 1983



Source: City of McMinnville Historic Resources Survey, 1983.

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Since 1983, the left side garage entrance has been enclosed to create another storefront. An awning has been added to the entrance, and the façade has been painted. According to the 1987 National Register nomination, the transom windows have been painted.

619 NE 3rd Street in 2014



Given the significant alterations since the time of its construction, the Committee can find that the building no longer retains historic integrity.

CITY RESPONSE: HISTORIC INTEGRITY OF ORIGINAL AUTOMOBILE BAYS ARE COMPROMISED, BRICK CONSTRUCTION AND PARAPET INTEGRITY ARE STILL INTACT. MORE INFORMATION IS NEEDED TO MAKE A DETERMINATION. The City agrees that the identification of primary and secondary contributing resources in the 1987 McMinnville Downtown National Register of Historic Places Historic District was based primarily on the estimated age of the structure and not the historic integrity of the extant structure. The City also agrees that the structure underwent significant modifications when the automobile bays were modified into storefronts (**See Figure 5, Series of Sanborn Maps and Figure 6, Series of Photos in this decision document**), however the parapet is still, for the most part, intact per the original building.

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The applicant should provide more information about the individual elements of the structure, such as the windows and storefronts to identify whether those elements have been modified as well.

OAR 660-023-0200(8)(a) Factors to Consider – Age of the Property

APPLICANT RESPONSE: As noted, the building at 609 NE 3rd Street was constructed in 1904 and is 118 years old. The building at 619 NE 3rd Street was constructed in 1920 and is 102 years old. The building at 619 NE 3rd Street was constructed in 1923 and is 99 years old.

As noted in the structural report included as Appendix C, all three buildings are showing signs of their age.

CITY RESPONSE: NEED MORE INFORMATION TO UNDERSTAND HOW MUCH OF THE ORIGINAL BUILDING STILL EXISTS.

MORE INFORMATION NEEDED TO DETERMINE IF IT IS A FACTOR: To determine if age is a factor to consider of whether the property can be demolished or not, the applicant should provide a historic inventory of original external façade elements of the building.

OAR 660-023-0200(8)(a) Factors to Consider – Historic Significance of the Property

APPLICANT RESPONSE: As described in the McMinnville Historic Preservation Plan (Ord. 5068), the HRI defined the historic resource classes in the following way:

- *Distinctive: Resources outstanding for architectural or historic reasons and potentially worthy of nomination to the National Register of Historic Places.*
- *Significant: Resources of recognized importance to the City due to historical association or architectural integrity, uniqueness, or quality.*
- *Contributory: Resources not in and of themselves of major significance, but which enhance the overall historic character of the neighborhood or City. Removal or alteration would have a deleterious effect on the quality of historic continuity experienced in the community.*
- *Environmental: This category includes all resources surveyed that were not classified as distinctive, significant, or contributory. The resources comprise an historic context within the community.*

As noted in the 1987 National Register nomination, buildings on the McMinnville HRI were classified based on the building date, building style, type and number of alterations, building setback, and roof shape. At the time, there were 52 contributing (Primary and Secondary) and 14 non-contributing buildings in the district.

The National Register nomination describes the categories as such:

1. *Primary Significant Contributing: Structures are classified as Primary Significant if they were built on or before 1912, or reflect the building styles, traditions, or patterns of structures typically constructed before this date. These buildings represent the primary period of construction and development in downtown McMinnville from initial settlement in 1881 to 1912, when city improvements and use of the Oregon Electric and Southern Pacific Railroad*

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- service prompted new construction in the downtown area.*
2. *Secondary Significant Contributing: Structures are classified as Secondary Significant if they were built in or between 1913 and 1937. These buildings represent the secondary period of construction and development from the increase of city improvements and auto traffic.*
 3. *Historic Non-Contributing: Structures are classified as Historic Non-Contributing if they were built either during the primary or secondary periods of construction but have been so altered over time that their contributing elements (siding, windows, massing, entrances, and roof) have been lost or concealed. If their contributing elements were restored, these buildings could be reclassified as Primary of [sic] Secondary Significant.*
 4. *Compatible Non-Historic and Non-Contributing: Structures are classified as Compatible Non-Contributing if they were built after 1937 (When the nomination was being prepared in 1987, buildings constructed in 1937 were then 50 years old and met the threshold for National Register eligibility). but are compatible architecturally (i.e. scale, materials, use) with the significant structures and the historic character of the district.*
 5. *Non-Compatible Non-Contributing: Structures are classified as Non-Compatible Non-Contributing if they were built after 1937 and are incompatible architecturally (i.e. scale, materials, and use) with the significant structures and the historic character of the District.*
 6. *Vacant: Properties are classified as Vacant if there are no buildings sited on them (i.e., vacant lots, alleys, parking lots).*

The HRI statements of historical significance do not provide any detail about why the buildings were classified as Primary or Secondary resources, aside from the date of construction, so it is difficult to determine what features of the buildings warranted their classification. Arguably, as described below, each of these buildings could have met the criteria for designation as Historic Non-Contributing buildings, as they met the age threshold but had been substantially altered prior to their HRI designations.

The building at 619 NE 3rd Street has been substantially altered since its HRI designation. The applicant was unable to locate earlier photos of the building, perhaps because this end of 3rd Street consists of more modest and utilitarian structures than the more detailed Italianate buildings north of Ford Street. The 1940 News-Register photo appears to show an open garage entrance on the left side of the building and a storefront with transom windows on the east side of the building, with the entrance in the center. At some point after 1983, the garage bay was enclosed and converted to storefront/office area and faux transom windows were installed. While the renovation has resulted in an attractive and functional building, it has fully altered the façade.

CITY RESPONSE: PER THE NATIONAL REGISTER OF HISTORIC PLACES HISTORIC DISTRICT NOMINATION AND THE MCMINNVILLE HISTORIC RESOURCES INVENTORY THE SUBJECT PROPERTY IS HISTORICALLY SIGNIFICANT. The McMinnville Downtown Historic District National Register of Historic Places nomination provides the following as the overall summary of the statement of significance for the historic district for a time period of 1880 – 1937.

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The McMinnville Historic District is an area of approximately 15 acres in which the unifying theme represented by the 51 contributing buildings is the parallel development of commerce and railroad and highway transportation in the bustling Willamette Valley farming community and county seat between 1880 and 1937. The district meets National Register Criteria A and C in the context of local history as the place where the community's largest, best preserved and most noteworthy historic commercial buildings are concentrated. The district extends 6½ blocks along Third Street, historically the main, east-west stem of the business district. Buildings along Third Street represent several phases of development but have a marked cohesion by virtue of their density, common scale, materials and overall design elements. While ground story storefronts have been altered over the years, distinguishing features of the upper stories are intact and provide visual continuity. Descendants of many of the community's early settlers are owners of property or businesses within the district today.

(McMinnville Downtown Historic District, Section Number 8, Page 1)

The McMinnville Historic Preservation Plan discusses has the following language for the historic context of McMinnville's historic resources for the time period that most influenced the building at 619 NE Third Street:

Motor Age, Boom and Bust (1903—1940)

This period marked the arrival of the automobile. Most of the garages added to the houses surveyed were built during this period. The city was amid a massive population growth extending from 1900 through 1910 and increased prosperity with industrial growth provided jobs and steady wages. By 1914 a spur from the main interurban railroad corridor along the Willamette Valley linked the city with Portland and cities to the south. Building construction grew considerably from 1900 to 1909 relative to pre-1900 construction, and then nearly doubled during the 1910s.⁵

Population growth continued between 1910 and 1940, increasing from 2,767 in 1920 to 3,706 in 1940.⁶ New industries established in the city and surrounding area included including a small foundry, a machine shop, a planning mill, a creamery, and an incandescent and arc light factory. The launch of Prohibition in 1919 devastated the hops industry, the area's second-most profitable crop, motivating farmers to diversify their products to include legumes, clover, and animal products.

(McMinnville Historic Preservation Plan, page 16)

619 NE Third Street is not listed as a building as exemplary of this time period.

Commercial buildings from this period of construction (1913-1937) include:

- 226 E 3rd Street (ca. 1913), Commercial style
- 225 E 3rd Street (1918), Commercial style
- Spence Building, 425 E 3rd Street (1925), Commercial style
- 236 E 3rd Street (ca. 1930), Commercial style

(McMinnville Historic Preservation Plan, page 18)

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However, based on the methodology at the time (which appears to be relative to primarily the date the building was originally constructed and not the historic integrity of the building or how much the building actually reflects its original architecture), the subject property is listed as a “Secondary Significant Contributing” property in the McMinnville Downtown Historic District National Register of Historic Places nomination and is identified as an “Environmental” resource on the McMinnville Historic Resources Inventory, the lowest level of historic significance.

As discussed above, the historic integrity of the building has been significantly modified since its original construction.

The City recommends that both the survey for the National Register of Historic Places Historic District nomination and the McMinnville Historic Resources Inventory should be updated relative to historic significance based on contemporary methodology that takes into account age of structure, significance of the time period that the structure represents (local, state and national) and historic integrity of the structure.

OAR 660-023-0200(8)(a) Factors to Consider – Value to the Community

APPLICANT RESPONSE: The value the buildings current(ly) provide to the community include providing a consistent edge along historic 3rd Street corridor, jobs for office-based employees, and a reminder of the community’s past. The buildings provide minimal street-level activation due to their uses as offices, and deferred maintenance of the buildings has resulted in interior and exterior damage as noted in the structural report included as Appendix C.

The proposed development provides the same value to the community, and additional values. The building retains the 0 ft. setback along 3rd and Ford streets to provide a continuous street wall in accordance with historic downtown development patterns. The ground floor will be activated by retail and restaurant uses, and outdoor seating is anticipated to create a lively atmosphere during the warmer months. The new building will be energy- efficient and modern while nodding to the historic structures surrounding it. It will also provide employment for approximately 60 people, more than three times as many people currently employed on the site.

CITY RESPONSE: BALANCING THE ASSUMPTIONS THAT THE SUBJECT STRUCTURE DOES NOT RETAIN MUCH HISTORIC INTEGRITY, AND IS FINANCIALLY INFEASIBLE TO REHABILITATE, THE REPLACEMENT PLAN HAS MORE VALUE TO THE COMMUNITY THAN THE PRESERVATION OF THE BUILDING. 619 NE Third Street does not appear to have the historic integrity or historic significance that many believe that it has due to the amount of modifications that have occurred. The City has received several letters from the public asking to save the historic properties. 619 NE Third Street is part of the historic building fabric of Third Street in McMinnville, a built environment which collectively has a lot of value to the community. Any replacement project would need to be able to become an asset to that built environment and not a disrupter. Presumably the downtown overlay district design standards was developed to ensure that infill on Third Street would compliment the existing built environment. And any replacement project would need to comply with those design standards (Section 17.59 of the McMinnville Municipal Code).

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The applicant provided a cost analysis in their application that indicates that the cost of rehabilitating the structure and the return yield on the square footage of the rehabilitated space would not be financed as the project would not yield a positive return for 40 years.

The applicant has indicated that this cost to fully renovate the buildings would be approximately

\$12,025,000 inclusive of land cost, soft costs, and hard costs. Tenant improvements would cost an additional \$35 per sq. ft., for a total project cost of \$12,806,200. The achievable rents would be \$25 per sq. ft., with approximately 22,320 sq. ft. of rentable area, or \$558,000 effective gross income per year. Operating expenses are assumed at 38 percent of gross income, along with mortgage loan interest. The net operating income (NOI) including debt service would be (\$111,861) a year, or a loss of \$111,861 each year.

In this scenario, it would take the project approximately 40 years to recoup the initial rehabilitation cost and start making a profit. This would be unable to receive funding from a bank or investor and therefore is highly unlikely, if not impossible.

(Application Narrative, page 3)

The costs to rehabilitate the building will require higher lease rates than are currently in the McMinnville downtown market, which will either significantly impact the local lease market downtown negatively impacting existing businesses downtown or prevent a rehabilitation project from moving forward leading to further deterioration of the building. A hotel with revitalized ground floor commercial space will generate a downtown consumer market for downtown businesses and create more vitality on the street. The project will need to meet the Downtown Design Overlay District code criteria for new construction, including mimicking the character and scale of the existing structures downtown.

OAR 660-023-0200(8)(a) Factors to Consider – Economic Consequences

APPLICANT RESPONSE: The economic consequences of retaining the structures include cost, activity, and employment. The current use of all three buildings is office, which is a low activity use on McMinnville’s main commercial street.

Theoretically one or more of the buildings could be renovated to house a more active use that made a greater contribution to the streetscape. However, most alternative uses would require seismic upgrades to meet current building code at a significant out-of-pocket cost. It is reasonable to assume that if the current property owners had the means or desire to make those upgrades, they would have done so. The office uses occupying these buildings are low-intensity and do not attract foot traffic. Typically, people visit offices to work or by appointment to meet with those working within. Though office employees will eat at nearby restaurants and coffee shops, many downtowns prefer to have office uses located on upper floors to allow more active uses at the street level.

The economic consequences of removing the structures are largely positive. Approximately 20 people are employed in the existing buildings. The Gwendolyn Hotel is expected to employ approximately 60 people, in addition to employees of the ground floor restaurant and retail uses.

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These employees will also eat at nearby restaurants and shop at nearby stores, while the street level will be activated.

In addition, the new hotel will pay the City's lodging tax and the value of the development will be much greater than the existing development, which will result in increased property tax revenue to support urban renewal area activities. There will be new lodging options in downtown McMinnville that are expected to draw visitors from the Portland metro region and beyond. These visitors will contribute to the economic vitality of downtown McMinnville and nearby areas.

CITY RESPONSE: THE REPLACEMENT PLAN FOR A MULTI-STORY HOTEL AND GROUND FLOOR RETAIL WOULD BENEFIT MCMINNVILLE ECONOMICALLY. McMinnville needs more Class A office space, especially in its city center. However, due to long-term disinvestment in the second story of this building the costs of stabilizing the building and providing Class A office space is more than the market will bear which would lead to continued disinvestment in the second story and no office vitality outside of the ground floor. A hotel and ground floor commercial space would not be detrimental to McMinnville economically, as the downtown economy is emerging as a tourism destination, with tourists and local residents combining to support local food and beverage establishments and retail boutiques. In recent years, several lodging enterprises in downtown McMinnville have flourished and contributed positively to the overall economy of McMinnville.

OAR 660-023-0200(8)(a) Factors to Consider – Design or Construction Rarity

APPLICANT RESPONSE: Each of the buildings is fairly utilitarian in design and are not identified as examples of rare design or construction in the HRI or the National Register nomination. They are modest, functional structures that have been significantly altered over the years.

According to the McMinnville Historic Preservation Plan (Ord. 5068), as of May 2018 there were 558 properties listed on the HRI at the top three levels (Distinctive, Significant, and Contributing). Sixty-nine (or 12 percent) were classified as Distinctive; 200³ (or 36 percent) were listed as Significant and 289 (or 52 percent) were listed as Contributory. Therefore, as none of the buildings proposed for demolition are listed as Distinctive, they are not rare structures within the City.

CITY RESPONSE: 619 NE THIRD STREET IS NOT OF A RARE DESIGN AND CONSTRUCTION.

OAR 660-023-0200(8)(a) Factors to Consider – Consistency and Consideration of other Policy Objectives in the Comprehensive Plan.U

APPLICANT RESPONSE: Other relevant policy objectives of the McMinnville Comprehensive Plan include cultural, historical, and educational resources; economic development policies; and energy policies. Each of these policies is addressed in more detail in Section 5 of this narrative.

The relevant cultural and historical resource policies of Comprehensive Plan Chapter II include:

Goal III 2: *To preserve and protect sites, structures, areas, and Objects of historical, cultural, architectural, or Archaeological significance to the city of McMinnville.*

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The relevant economic development policies of Comprehensive Plan Chapter IV include:

Goal IV 1: *To encourage the continued growth and diversification of McMinnville’s economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.*

Goal IV 2: *To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.*

Goal IV 3: *To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood-serving and other commercial lands, and discouraging strip development.*

Goal IV 4: *To promote the downtown as a cultural, administrative, service, and retail center of McMinnville.*

The relevant energy policies of Comprehensive Plan Chapter VIII include:

Goal VIII 2: *To conserve all forms of energy through utilization of Land use planning tools.*

178.00 The City of McMinnville shall encourage a compact urban development pattern to provide for conservation of all forms of energy.

179.00 The City of McMinnville shall amend pertinent ordinances to allow for design techniques which increase the efficient utilization of land and energy. Areas to examine shall include, but not be limited to:

- 1. The zoning ordinance requirements, including density, lot areas, and setbacks to increase utilizable space in lots, while maintaining health and safety standards.*
- 2. The geographic placement of various uses (commercial, industrial, residential) on the Comprehensive Plan Map to encourage energy-efficient locations.*

[...]

180.50 The City of McMinnville supports local sustainability and endorses the utilization of proven and innovative energy efficient design and construction technologies to reduce building heat-gain, lower energy consumption, and lessen pollutant output. (Ord. 4903, December 9, 2008)

Collectively, these policies call for balancing the protection of important historic and cultural resources with the efficient use of limited land within existing commercial centers, including downtown, and further establishing downtown as the cultural, employment, and retail center of McMinnville.

The subject site is currently occupied by three heavily altered low-rise buildings that are underutilized in terms of floor area, employment, and services. New construction on this site would

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advance all the City’s Comprehensive Plan goals while avoiding negative impacts to “Distinctive” buildings elsewhere in the downtown.

CITY RESPONSE: Please see below for a discussion of compliance with the City of McMinnville’s Comprehensive Plan policies. In summary, the proposed demolition of 619 NE Third Street does not meet the City’s Comprehensive Plan goals for preservation of historic resources, however the demolition of the subject structure coupled with the redevelopment of the site does meet many of the City’s economic development comprehensive plan policies.

OAR 660-023-0200, Section 8(a):

OVERALL FINDING, SATISFIED WITH CONDITION OF APPROVAL: OAR 660-023-0200, Section 8(a) does apply to this land-use application. OAR 660-023-0200, Section 8(a) states that the following factors must be considered when making a decision to approve, approve with conditions or deny an application for a historic resource on the National Register of Historic Places: condition, historic integrity, age, historic significance, value to the community, economic consequences, design or construction rarity, and consistency with and consideration of other policy objectives in the acknowledged comprehensive plan. But OAR 660-023-0200, Section 8(a) does not provide clear and objective criteria as to how to consider the factors and how many factors need to support an approval, approval with conditions or denial. Per the analysis above, 619 NE Third Street does not appear to be in bad structural condition and has lost all of its historic integrity on the ground floor, however the second floor and roofline appear to be historically original to the building. The value to the community could be described in two ways – historic value and overall value.

However, some of the factors are dependent upon a redevelopment plan that fits within the existing Third Street built environment as a complimentary attraction and asset and not a disrupter. The City of McMinnville has adopted Design Guidelines and Standards for New Construction in the Downtown Overlay District (Section 17.59 of the McMinnville Municipal Code), as a means to ensure that new development will build upon the overall sense of place on Third Street. A condition of approval needs to be established that the demolition of 619 NE Third Street will not be approved without the successful approval of a replacement plan for the site that meets all of the city’s local regulations, state regulations and federal regulations.

CONDITION OF APPROVAL #1: The Certificate of Approval for Demolition of 619 NE Third Street is contingent upon a project that meets all of the city’s local regulations, state regulations and federal regulations. A demolition permit will not be issued until that has been established. The penalty for demolition without a permit will be equal to the real market value of the most recent assessor’s statement for both the structure and the land paid to the City’s Historic Preservation Fund.

OAR 660-023-0200, Section 8

(b) May apply additional protection measures. for a National Register Resource listed in the National Register of Historic Places after the effective date of this rule, additional protection measures may be applied only upon considering, at a public hearing, the historic characteristics identified in the National Register nomination; the historic significance of the resource; the relationship to the historic context statement and historic preservation plan contained in the comprehensive plan, if they exist; the goals and policies in the comprehensive plan; and the effects of the additional protection measures on the ability of

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property owners to maintain and modify features of their property. Protection measures applied by a local government to a National Register resource listed before the effective date of this rule continue to apply until the local government amends or removes them; and

APPLICANT’S RESPONSE: None.

FINDING: NOT APPLICABLE. The analysis above demonstrates that the structure at 619 NE Third Street does not have significant historic integrity except for in the bulkhead, and the structure does not have a relationship to the historic context statement of the National Register of Historic Places nomination outside of the year in which it was originally built, that would merit a need for additional protection measures outside of the City of McMinnville’s Historic Preservation Code, Chapter 17.65 of the McMinnville Municipal Code.

OAR 660-023-0200, Section 8

(c) Must amend its land use regulations to protect National Register Resources in conformity with subsections (a) and (b). Until such regulations are adopted, subsections (a) and (b) shall apply directly to National Register Resources.

APPLICANT’S RESPONSE: The City of McMinnville is in the process of amending its zoning code to comply with these provisions. Until those amendments are effective (anticipated in Summer/Fall 2022) the provisions of this section are applicable.

FINDING: SATISFIED. The City concurs with the applicant’s response.

(9) Removal of a historic resource from a resource list by a local government is a land use decision and is subject to this section.

(a) A local government must remove a property from the resource list if the designation was imposed on the property by the local government and the owner at the time of designation:

(A) Has retained ownership since the time of the designation, and

(B) Can demonstrate that the owner objected to the designation on the public record, or

(C) Was not provided an opportunity to object to the designation, and

(D) Requests that the local government remove the property from the resource list.

(b) Except as provided in subsection (a), a local government may only remove a resource from the resource list if the circumstances in paragraphs (A), (B), or (C) exist.

(A) The resource has lost the qualities for which it was originally recognized;

(B) Additional information shows that the resource no longer satisfies the criteria for recognition as a historic resource or did not satisfy the criteria for recognition as a historic resource at time of listing;

(C) The local building official declares that the resource poses a clear and immediate hazard to public safety and must be demolished to abate the unsafe condition.

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED WITH CONDTION OF APPROVAL #2. If the structure at 619 NE Third Street is demolished it will automatically be removed from the McMinnville Historic Resources Inventory.

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CONDITION OF APPROVAL #2: 619 NE Third Street, McMinnville Historic Resource Inventory D876 will be automatically removed from the McMinnville Historic Resource Inventory when the extant structure on the subject property is demolished.

(10) A local government shall not issue a permit for demolition or modification of a locally significant historic resource during the 120-day period following:

- (a) The date of the property owner’s refusal to consent to the historic resource designation, or
- (b) The date of an application to demolish or modify the resource if the local government has not designated the locally significant resource under section (6).

APPLICANT’S RESPONSE: None.

FINDING: NOT APPLICABLE. The structure at 619 NE Third Street has already been designated a McMinnville Historic Resource.

Comprehensive Plan Volume II:

The following Goals, Policies, and Proposals from Volume II of the Comprehensive Plan provide criteria applicable to this request:

The implementation of most goals, policies, and proposals as they apply to this application are accomplished through the provisions, procedures, and standards in the city codes and master plans, which are sufficient to adequately address applicable goals, polices, and proposals as they apply to this application.

The following additional findings are made relating to specific Goals and Policies:

GOAL II 1: TO PRESERVE THE QUALITY OF THE AIR, WATER, AND LAND RESOURCES WITHIN THE PLANNING AREA.

GOAL III 2: TO PRESERVE AND PROTECT SITES, STRUCTURES, AREAS, AND OBJECTS OF HISTORICAL, CULTURAL, ARCHITECTURAL, OR ARCHAEOLOGICAL SIGNIFICANCE TO THE CITY OF McMINNVILLE.

APPLICANT RESPONSE: The proposed development will provide short-term lodging and retail services for the downtown McMinnville community. These services will both meet an identified demand and provide employment to local residents. The current businesses on the site employ approximately 20 people; the proposed development is expected to employ approximately 60 people. These employment opportunities will include hospitality, service industry, and management positions.

The subject site is currently occupied by three heavily altered low-rise buildings that are underutilized in terms of floor area, employment, and services. New construction on this site would advance all the City’s Comprehensive Plan goals while avoiding negative impacts to “Distinctive” buildings elsewhere in the downtown.

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FINDING: NOT SATISFIED. The focus of this comprehensive plan goal is to preserve and protect structures that have special historical or architectural significance. A demolition clearly does not meet that intent. The Historic Landmarks Committee, after reviewing the application materials and receiving testimony, decided that other applicable criteria for the consideration of the demolition were met and therefore the demolition was approved. Findings for those other applicable review criteria are provided below.

16.00 *The City of McMinnville shall support special assessment programs as well as federal grants-in-aid programs and other similar legislation in an effort to preserve structures, sites, objects, or areas of significance to the City.*

FINDING: SATISFIED. The City is supportive of all of these programs to aid historic preservation.

17.00 *The City of McMinnville shall enact interim measures for protection of historic sites and structures. Those measures are identified in the McMinnville Comprehensive Plan, Volume I, Chapter III.*

FINDING: SATISFIED. Chapter III of Volume 1 of the McMinnville Comprehensive Plan states the following:

A viable preservation program for the city will involve four steps: (1) the adoption of goals and policies in the Comprehensive Plan supporting the preservation of historic resources and establishing a process to achieve stated objectives; (2) the formation of a historic preservation/landmarks committee; (3) the completion of a comprehensive inventory of the historic resources in the planning area; and (4) the implementation of preservation techniques, possibly through an historic preservation ordinance, to protect and conserve the identified resources.

Based on the information contained herein, and the work of the Citizens' Advisory Committee Community Needs Subcommittee, the City finds that:

1. There are sites, structures, objects, and areas that are of importance to McMinnville because of their historical, cultural, architectural archeological significance at the local, state, or national level. Some of the sites and structures are (or are in the process of being) designated to state and national historical lists.
2. There may be pressure to destroy or alter historically significant sites and structures in the future. There is no active historical, or preservation program in McMinnville at this time to resolve conflicts between historical resources and developmental proposals.

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3. Completion of Phase I of the inventory of the historic resources in McMinnville has been completed. Approximately 0.9 of a square mile of the McMinnville core (the area bounded by Fifteenth Street on the north, Fellows Street on the south, Elmwood Avenue on the west, and Kirby Street on the east) has been surveyed and some 500 potential historic resources have been identified. The survey, under the direction of Janice Rutherford, involved the efforts of some 30 volunteers, who, after attending training sessions by professional preservationists, conducted the field work and research necessary to identify the resources. Completion of this survey for the remainder of the city should be a priority concern in the historic preservation program established by the City.
4. Historical structures should be recognized as underutilized resources that could potentially be restored and/or adapted for beneficial urban uses. Preservation techniques applicable to the historical structures identified in the core area of the city could assist in the continued redevelopment of the central business district.
5. The historical designation of sites and structures within the core business area could involve large economic ramifications for the city and property owners. A variety of incentives for rehabilitation of historically designated properties does exist. A feasibility analysis of the economic advantages and disadvantages of establishing historical sites and/or districts downtown needs to be made.
6. Preservation of historical sites and structures will necessarily involve procedures that regulate the alteration, and/or demolition of historically designated properties. The cooperation of owners of potential historical sites and structures will, therefore, be necessary for a viable preservation program.
7. A number of local groups and citizens, including the Chamber of Commerce, Committee on Redevelopment, various civic and social groups, and local historical groups, have expressed interest in an historical preservation program. Enlistment of volunteers for the completion of the comprehensive inventory of historical resources and other preservation projects should be explored.

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8. There are a number of state and federal antiquity codes that may assist in the preservation of the historical resources in our city, and provide some financial incentives for preserving our heritage. Those codes are noted in the background information for the comprehensive plan.
9. The involvement of the private sector of the city is of paramount importance to the development of a preservation program. The primary initiative for setting up such a program will come from the governmental sector. However, it is only through the cooperation of property owners, volunteer workers, knowledgeable citizens, and governmental leaders that such a program will be made workable.
10. A program involving creation of an Historical Landmark Committee, a local Historical Landmarks Register, and an Historical Ordinance is being proposed by the City to establish a historical presentation program. Implementation of the program is expected to take a considerable amount of study, discussion, and therefore, time. Interim preservation measures shall be enforced until formal adoption and implementation of a preservation program.

The City of McMinnville has implemented most of the programs outlined above.

GOAL IV 1: TO ENCOURAGE THE CONTINUED GROWTH AND DIVERSIFICATION OF McMINNVILLE'S ECONOMY IN ORDER TO ENHANCE THE GENERAL WELL-BEING OF THE COMMUNITY AND PROVIDE EMPLOYMENT OPPORTUNITIES FOR ITS CITIZENS.

APPLICANT RESPONSE: The proposed development will provide short-term lodging and retail services for the downtown McMinnville community. These services will both meet an identified demand and provide employment to local residents. The current businesses on the site employ approximately 20 people; the proposed development is expected to employ approximately 60 people. These employment opportunities will include hospitality, service industry, and management positions

COMMERCIAL DEVELOPMENT

GOAL IV 2: TO ENCOURAGE THE CONTINUED GROWTH OF McMINNVILLE AS THE COMMERCIAL CENTER OF YAMHILL COUNTY IN ORDER TO PROVIDE EMPLOYMENT OPPORTUNITIES, GOODS, AND SERVICES FOR THE CITY AND COUNTY RESIDENTS.

APPLICANT RESPONSE: This Comprehensive Plan policy is supplemented by several documents including the 2013 Urban Renewal Area Plan (Area Plan), the 2013 Economic Opportunities Analysis (EOA), the 2019 MAC-Town 2032 Economic Development Strategic Plan⁷ (MAC-Town 2032), and the 2020 McMinnville Growth Management and Urbanization Plan (MGMUP). The site is within the McMinnville Urban Renewal Area and downtown McMinnville is the focus of MAC-Town 2032.

Infrastructure Improvements

The Area Plan includes reconstruction of the 3rd Street Streetscape, which is currently in the conceptual design phase. Depending on the timing of the development, the project may be able to participate in construction of the streetscape improvements.

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Economic Opportunities

The EOA identifies limited durations of tourism visitation as a factor affecting community economic development. The analysis found that visitors tend not to stay overnight, but rather are often day visitors, and do not appear to be making substantial expenditures while in the area. A key challenge for the future, as identified in this analysis, is to provide more and better value-added opportunities for visitors to spend more time and money while visiting the McMinnville area.

Hospitality and Tourism

As noted above, the application is consistent with the 2019 MAC-Town 2032 Economic Development Strategic Plan. Goal 6 of MAC-Town 2032 particularly encourages downtown McMinnville to “Be a leader in Hospitality and Place-Based Tourism” and identifies hotel stays and retail sales as performance measures. Action items within that goal identify additional high-quality hospitality offerings and additional conference space. Focus groups participating in MAC Town

GOAL IV 3: TO ENSURE COMMERCIAL DEVELOPMENT THAT MAXIMIZES EFFICIENCY OF LAND USE THROUGH UTILIZATION OF EXISTING COMMERCIALY DESIGNATED LANDS, THROUGH APPROPRIATELY LOCATING FUTURE NEIGHBORHOOD-SERVING AND OTHER COMMERCIAL LANDS, AND DISCOURAGING STRIP DEVELOPMENT.

22.00 *The maximum and most efficient use of existing commercially designated lands will be encouraged as will the revitalization and reuse of existing commercial properties.*

APPLICANT RESPONSE: The proposed development is a commercial development on properties zoned C-3 and designated for commercial uses and development. The building meets the applicable development standards for the zone and site will intensify the uses on the site and maximize the efficiency of a key site within downtown McMinnville.

The site is located within the McMinnville Urban Renewal Area (Area). The City’s Urban Renewal Plan notes that the programs and infrastructure improvements proposed within the Area will “maximize the efficient use of land by encouraging more intense uses on lands already developed or designated for urban development, will help keep the urban pattern compact, and will prevent sprawl and strip development.”⁸ The Gwendolyn Hotel, along with its associated retail and restaurant spaces, will redevelop three, one- to two-story buildings, while enhancing the adjacent pedestrian environment. This aids in achieving Goal III of the Area which is to encourage a unique district identity through enhancing the physical appearance of the district and providing active use opportunities within the Area. The redevelopment of the site will intensify the use of a key site within the downtown McMinnville commercial area and enhance its status as the retail center of McMinnville.

In addition to urban renewal policies, Principle #5 of the Growth Management and Urbanization Plan calls for “Density. Adopt policies that allow the market to increase densities, and push it to do so in some instances.” The plan notes that “activity centers” are the appropriate locations for these increases in density, and the Framework Plan identifies downtown McMinnville as one of four “activity centers,” and the largest. Though this Framework Plan is not an adopted Comprehensive Plan map, it does illustrate the City’s plans to meet its housing and employment needs during the planning horizon.

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FINDING: SATISFIED. The proposed project maximizes the existing commercially designated lands by building a higher density commercial program on the site, which will also serve to revitalize the east side of Third Street that was identified as a redevelopment area in the adopted 2000 Downtown Improvement Plan.

25.00 *Commercial uses will be located in areas where conflicts with adjacent land uses can be minimized and where city services commensurate with the scale of development are or can be made available prior to development.*

FINDING: SATISFIED WITH CONDITIONS OF APPROVAL #3, #4, #5 and #6. Higher density commercial development in the city center utilizes existing infrastructure efficiencies. The following conditions of approval will need to be met to ensure that the existing infrastructure will support the development.

CONDITION OF APPROVAL #3: The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rain water into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance.

CONDITION OF APPROVAL #4: The applicant shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be borne by the developer.

CONDITION OF APPROVAL #5: The applicant provided a Transportation Impact Analysis with their application for the replacement project. Several items need to be updated in the Transportation Impact Analysis prior to the issuance of building permits which may then require transportation improvements. They are as follows:

- Provide a TIA of the intersections of NE Ford Street and NE Third Street, and NE Galloway Street and NE Third Street.
- The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85-room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.

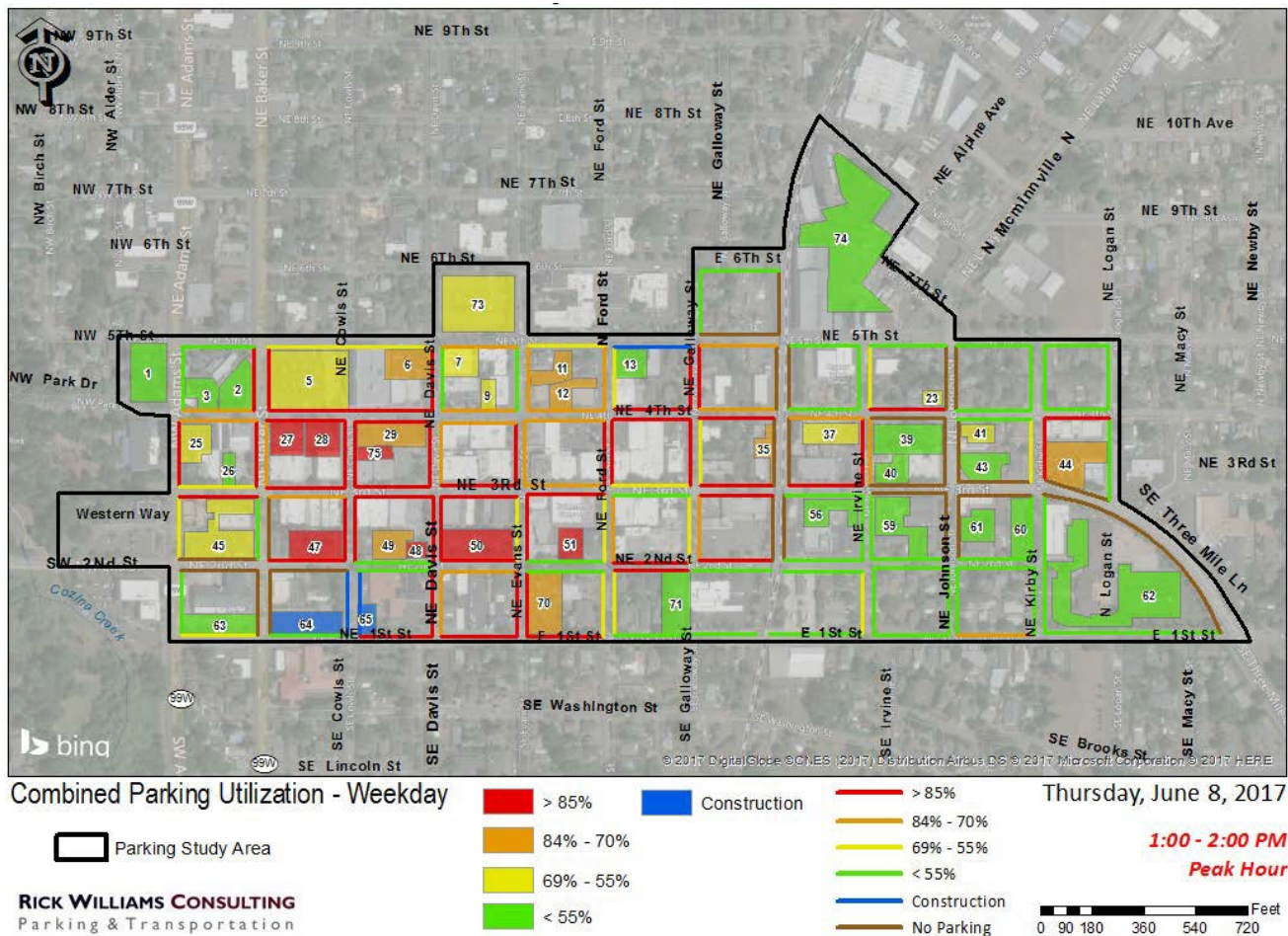
CONDITION OF APPROVAL #6: The Transportation Impact Analysis shows that queue lengths exceed storage length at the eastbound thru and westbound all on Second Street at Baker Street. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson Street/Lafayette St. and Third Street. Prior to the issuance of building permits, the applicant will need to provide a mitigation plan for these intersections.

26.00 *The size of, scale of, and market for commercial uses shall guide their locations. Large-scale, regional shopping facilities, and heavy traffic-generating uses shall be located on arterials or in the central business district, and shall be located where sufficient land for internal traffic circulation systems is available (if warranted) and where adequate parking and service areas can be constructed.*

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FINDING: SATISFIED. The replacement plan project will be located in the Central Business District. The Transportation Impact Analysis provided as part of the application indicates that all intersections studied perform within mobility standards with the project as developed. No mitigation measures were identified.

Parking in the core downtown area is limited. However, a utilization study conducted in 2017 identified that parking on Ford Street between 3rd and 4th Streets was maximized at the peak hour of a weekday. Although the McMinnville Municipal Code does not require the provision of off-street parking for new developments on this site, the replacement project is providing 68 off-street parking stalls in an underground parking structure.



(City of McMinnville, Oregon, Downtown Strategic Parking Management Plan, March 27, 2018, page 17)

33.00 *Encourage efficient use of land for parking; small parking lots and/or parking lots that are broken up with landscaping and pervious surfaces for water quality filtration areas. Large parking lots shall be minimized where possible. All parking lots shall be interspersed with landscaping islands to provide a*

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visual break and to provide energy savings by lowering the air temperature outside commercial structures on hot days, thereby lessening the need for inside cooling. (Ord.4796, October 14, 2003)

FINDING: SATISFIED WITH CONDITION OF APPROVAL #7 AND #8. Although the McMinnville Municipal Code does not require the provision of off-street parking for new developments on this site, the replacement project is providing 68 off-street parking stalls in an underground parking structure.

CONDITION OF APPROVAL #7: Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance.

CONDITION OF APPROVAL #8: Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance.

GOAL IV 4: TO PROMOTE THE DOWNTOWN AS A CULTURAL, ADMINISTRATIVE, SERVICE, AND RETAIL CENTER OF McMINNVILLE.

Downtown Development Policies:

36.00 *The City of McMinnville shall encourage a land use pattern that:*

1. *Integrates residential, commercial, and governmental activities in and around the core of the city;*
2. *Provides expansion room for commercial establishments and allows dense residential development;*
3. *Provides efficient use of land for adequate parking areas;*
4. *Encourages vertical mixed commercial and residential uses; and,*
5. *Provides for a safe and convenient auto-pedestrian traffic circulation pattern. (Ord.4796, October 14, 2003)*

FINDING: SATISFIED.

37.00 *The City of McMinnville shall strongly support, through technical and financial assistance, the efforts of the McMinnville Downtown Steering Committee to implement those elements of Phase II of the “Downtown Improvement Plan” that are found proper, necessary, and feasible by the City. (Ord.4796, October 14, 2003)*

FINDING: NOT APPLICABLE. Phase II of the Downtown Improvement Plan is a list of public improvement projects that are not associated with this application.

38.00 *The City of McMinnville shall encourage the renovation and rehabilitation of buildings in the downtown area, especially those of historical significance or unique design.*

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FINDING: SATISFIED. The City provides grants and loans to encourage the renovation and rehabilitation of buildings in the downtown area.

The extant structure at 619 NE Third Street is not of historical significance or unique design.

44.00 *The City of McMinnville shall encourage, but not require, private businesses downtown to provide off-street parking and on-site traffic circulation for their employees and customers.*

FINDING: SATISFIED. The replacement plan project is providing an off-street underground parking structure with 68 parking stalls.

GOAL VI 1: TO ENCOURAGE DEVELOPMENT OF A TRANSPORTATION SYSTEM THAT PROVIDES FOR THE COORDINATED MOVEMENT OF PEOPLE AND FREIGHT IN A SAFE AND EFFICIENT MANNER.

127.00 *The City of McMinnville shall encourage the provision of off-street parking where possible, to better utilize existing and future roadways and rights-of-way as transportation routes.*

FINDING: SATISFIED. The replacement plan project is providing an off-street underground parking structure with 68 parking stalls.

132.40.05 *Conditions of Approval—In accordance with the City’s TSP and capital improvements plan (CIP), and based on the level of impact generated by a proposed development, conditions of approval applicable to a development application should include:*

1. *Improvement of on-site transportation facilities,*
2. *Improvement of off-site transportation facilities (as conditions of development approval), including those that create safety concerns, or those that increase a facility’s operations beyond the City’s mobility standards; and*
3. *Transportation Demand Management strategies. (Ord. 4922, February 23, 2010)*

FINDING: SATISFIED. Due to the size of the replacement plan project, the City required the applicant to provide a Transportation Impact Analysis that identified no need for mitigating measures with the development of the project.

GOAL X 1: TO PROVIDE OPPORTUNITIES FOR CITIZEN INVOLVEMENT IN THE LAND USE DECISION MAKING PROCESS ESTABLISHED BY THE CITY OF McMINNVILLE.

GOAL X 2: TO MAKE EVERY EFFORT TO ENGAGE AND INCLUDE A BROAD CROSS SECTION OF THE COMMUNITY BY MAINTAINING AN ACTIVE AND OPEN CITIZEN INVOLVEMENT PROGRAM THAT IS ACCESSIBLE TO ALL MEMBERS OF THE COMMUNITY AND ENGAGES THE COMMUNITY DURING DEVELOPMENT AND IMPLEMENTATION OF LAND USE POLICIES AND CODES.

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Policy 188.00 The City of McMinnville shall continue to provide opportunities for citizen involvement in all phases of the planning process. The opportunities will allow for review and comment by community residents and will be supplemented by the availability of information on planning requests and the provision of feedback mechanisms to evaluate decisions and keep citizens informed.

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The process for a Certificate of Approval for Demolition provides an opportunity for citizen involvement throughout the process through the public notice and the public hearing process. Throughout the process, there are opportunities for the public to review and obtain copies of the application materials and the completed staff report prior to the advertised public meeting(s). All members of the public have access to provide testimony and ask questions during the public review and meeting process.

McMinnville Municipal Code

The following Sections of the McMinnville Municipal Code (MMC) provide criteria applicable to the request:

Chapter 17.03. General Provisions

17.03.020 Purpose. *The purpose of this ordinance is to encourage appropriate and orderly physical development in the City through standards designed to protect residential, commercial, industrial, and civic areas from the intrusions of incompatible uses; to provide opportunities for establishments to concentrate for efficient operation in mutually beneficial relationship to each other and to shared services; to provide adequate open space, desired levels of population densities, workable relationships between land uses and the transportation system, and adequate community facilities; to provide assurance of opportunities for effective utilization of the land resource; and to promote in other ways public health, safety, convenience, and general welfare.*

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The purpose of the Zoning Ordinance is met by the proposal as described in the Conclusionary Findings contained in this Decision Document.

17.65.010 Purpose. *Districts, buildings, objects, structures, and sites in the City having special historical, architectural, or cultural significance should be preserved as a part of the City’s heritage. To this end, regulatory controls and administrative procedures are necessary for the following reasons:*

- A. *Stabilize and improve property values through restoration efforts;*

APPLICANT RESPONSE: The applicant proposes to make a substantial investment in downtown McMinnville through the development of a new luxury lodging option. See Table 2 for current assessed value and market value of the buildings. Note that Assessed Value is lower than Real Market Value due to Measures 5 and 50, which limit the increase in assessed value to 3 percent per year. As a result, there is a difference of almost \$500,000 between the assessed value and the real market value of these buildings. See Table 2.

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Table 2 2021 Assessed and Market Value of Buildings

| Site | 2021 Assessed Value | 2021 Real Market Value |
|-----------------------------------|---------------------|------------------------|
| 609 NE 3 rd Street | \$515,480 | \$664,643 |
| 611 NE 3 rd Street | \$742,760 | \$1,010,601 |
| 611 NE 3 rd Street BPP | \$41,333 | \$41,333 |
| 619 NE 3 rd Street | \$482,993 | \$556,964 |
| Total | \$1,782,566 | \$2,273,541 |

Source: Yamhill County Assessor

The assessed value “resets” at the time of redevelopment. The applicant estimates that the new development will have a real market value of approximately \$60,000,000, which would result in a significant increase in taxes paid to the City and funding for urban renewal area projects. In addition, the hotel would increase the lodging taxes collected by the City.

The proposed development will increase the value of the subject properties; it is reasonable to assume that nearby properties will also see an increase in value.

FINDING: NOT SATISFIED. This application is for a demolition permit and not a restoration project.

B. Promote the education of local citizens on the benefits associated with an active historic preservation program;

APPLICANT RESPONSE: The proposed development will attempt to incorporate significant components of the existing building at 619 NE 3rd Street. The applicant team intends to promote the history of the site and its importance to the development of McMinnville. The specific approach is to be determined and will be defined in coordination with community members and groups.

FINDING: SATISFIED WITH CONDITION OF APPROVAL #9. One of the challenges of restoring historic properties in downtown McMinnville is the differential between the market value of the land/property and the costs of rehabilitating a historic structure that has experienced minimal code upgrades over its lifetime with the community value of maintaining low lease rates to support local businesses. In many cases, the proforma is not yielding the necessary returns for a successful project.

CONDITION OF APPROVAL #9: Prior to the approval of a demolition permit, the applicant will commission a study on what needs to happen in McMinnville relative to market costs to achieve the community value of historic property rehabilitation/restoration with low lease rates to support local businesses.

C. Foster civic pride in the beauty and noble accomplishments of the past;

APPLICANT RESPONSE: The existing buildings are utilitarian and were originally developed as functional structures. The applicant intends to incorporate components of the original buildings into the new building as appropriate and as determined through coordination with community members and groups. Examples of information that could be incorporated into the new development include plaques or other historic markers with information about the builders of the structures.

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FINDING: SATISFIED.

D. Protect and enhance the City’s attractions for tourists and visitors; and

APPLICANT RESPONSE: As noted elsewhere in this narrative, The Gwendolyn is intended to advance the City’s economic development goals by expanding the lodging options in downtown McMinnville. A signature restaurant is planned for the ground floor, which may be an additional draw for visitors who are not spending the night. The proposed building will establish a gateway effect at NE 3rd and Ford streets and complement the three-story buildings on each corner.

FINDING: SATISFIED WITH CONDITION OF APPROVAL #10.

CONDITION OF APPROVAL #10: The replacement plan project must not only meet the minimum standards of Section 17.59, Downtown Design Guidelines, McMinnville Municipal Code, but it must enhance the overall historic sense of place of downtown McMinnville by replicating the form and design of the building stock on Third Street.

E. Strengthen the economy of the City.

APPLICANT RESPONSE: The proposed development is intended to enhance the City’s attractions for tourists and visitors by providing space for new specialty retail and commercial services, creating a destination for visitors to nearby wineries, and providing employment opportunities for up to 60 employees. The proposed hotel will provide a luxury boutique lodging option along with a meeting/conference room that will serve guests and community members.

FINDING: SATISFIED

17.65.040 Certificate of Approval Process. *A property owner shall obtain a Certificate of Approval from the Historic Landmarks Committee, subject to the procedures listed in Section 17.65.050 and Section 17.65.060 of this chapter, prior to any of the following activities:*

- A. The alteration, demolition, or moving of any historic landmark, or any resource that is listed on the National Register for Historic Places;*
 - 1. Accessory structures and non-contributing resources within a National Register for Historic Places nomination are excluded from the Certificate of Approval process.*
- B. New construction on historical sites on which no structure exists;*
- C. The demolition or moving of any historic resource.*

APPLICANT RESPONSE: The proposal includes the demolition of a historic landmark (619 NE 3rd Street) and two contributing buildings within the McMinnville Downtown Historic District, and replacement of all three structures with a new building. As such, the provisions of this section are applicable.

FINDING: SATISFIED. The proposal includes the demolition of a resource on the National Register of Historic Places that is considered a Primary Significant Contributing Resource. Per 17.65.040(A), section 17.65.050 of the McMinnville Municipal Code applies. The applicant has applied for a Certificate of Demolition.

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17.65.050 Demolition, Moving, or New Construction. *The property owner shall submit an application for a Certificate of Approval for the demolition or moving of a historic resource, or any resource that is listed on the National Register for Historic Places, or for new construction on historical sites on which no structure exists. Applications shall be submitted to the Planning Department for initial review for completeness as stated in Section 17.72.040 of the McMinnville Zoning Ordinance. The Historic Landmarks Committee shall meet within thirty (30) days of the date the application was deemed complete by the Planning Department to review the request. A failure to review within thirty (30) days shall be considered as an approval of the application.*

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The applicant filed an application and request to demolish 619 NE Third Street that is designated as a Significant resource on the Historic Resources Inventory. The application was reviewed by the Historic Landmarks Committee within 30 days of the application being deemed complete.

17.65.050 Demolition, Moving, or New Construction.

A. *The Historic Landmarks Committee may approve, approve with conditions, or deny the application.*

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The Historic Landmarks Committee issued a decision that approved, approved with conditions or denied the application.

B. *The Historic Landmarks Committee shall base its decision on the following criteria:*

17.65.050(B)(1). *The City’s historic policies set forth in the comprehensive plan and the purpose of this ordinance;*

APPLICANT’S RESPONSE: The purpose of this ordinance is addressed in the responses to subsection 17.65.010 (in the narrative). The relevant Comprehensive Plan policies are addressed in Section 5 of the narrative. The applicant has demonstrated that the proposed development meets this criterion.

FINDING: NOT SATISFIED. Most of the City’s historic policies in the comprehensive plan focus on the establishment of the Historic Landmarks Committee, public awareness of historic preservation, and other activities for the City to pursue to increase documentation of historic resources. However, the goal most specifically related to historic preservation is as follows:

Goal III 2: To preserve and protect sites, structures, areas, and objects of historical, cultural, architectural, or archaeological significance to the City of McMinnville.

Per the analysis above, this application achieves some of the purpose statements but not all due to the fact that it is a demolition project and not a preservation/rehabilitation/restoration project.

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The focus of the comprehensive plan goal and the purpose of the Historic Preservation chapter are to preserve structures that have special historical or architectural significance through restoration efforts. A demolition clearly does not meet that intent. The Historic Landmarks Committee, after reviewing the evidence and hearing the public testimony, decided that other criteria for the consideration of the demolition were satisfied and therefore the demolition was approved with conditions.

17.65.050(B)(2). *The economic use of the historic resource and the reasonableness of the proposed action and their relationship to the historic resource preservation or renovation;*

APPLICANT’S RESPONSE: There are three potential approaches to using or repurposing the site:

- Do nothing: continue to operate the buildings as currently operated
- Renovation/Change of use: upgrade the buildings to accommodate a change of use to commercial or retail uses
- Redevelop: Replace the existing buildings with a new development.

Each approach is described in more detail below.

Do Nothing

The current amount of income from the tenants is unknown, but it is assumed that the owners’ land costs are lower than the eventual purchase price, as they have owned the properties for many years.

If a buyer were to purchase the properties and retain the current tenants at the current rents, it is likely that the new owner would face challenges keeping up with the maintenance needs of these buildings. As noted in the structural report included as Appendix C, there are areas of damage that have not been repaired to date, presumably due to cost and availability of financial resources.

Renovation/Change of Use

The applicant has indicated that this cost to fully renovate the buildings would be approximately \$12,025,000 inclusive of land cost, soft costs, and hard costs. Tenant improvements would cost an additional \$35 per sq. ft. for a total project cost of \$12,806,200. The achievable rents would be \$25 per sq. ft., with approximately 22,320 sq. ft. of rentable area, or \$558,000 effective gross income per year. Operating expenses are assumed at 38 percent of gross income, along with mortgage loan interest. The net operating income (NOI) including debt service would be (\$111,861) a year, or a loss of \$111,861 each year.

In this scenario, it would take the project approximately 40 years to recoup the initial rehabilitation cost and start making a profit. This would be unable to receive funding from a bank or investor and therefore is highly unlikely, if not impossible.

Redevelopment

The applicant proposes redevelopment of the site with a mixed-use commercial building. This cost is estimated at approximately \$60,000,000 including land cost, soft costs, hard costs, finance fees, broker fees, pre-opening costs, marketing, etc. Lease rates are estimated at \$25 per sq. ft. triple-

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net/NNN, the same as in the renovation/change of use scenario, but most of the income would be generated by the hotel uses on upper floors

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED TO DETERMINE THAT THE ECONOMIC CONDITIONS OF THE PROPERTY ARE SIGNIFICANT. The applicant has not provided enough information to demonstrate that rehabilitating the property is not economically viable. There are many variables that determine whether a project is financially viable or not. The basis for the calculations in the renovation/change of use discussion was not provided. Local lease market rates were not provided. Property purchase price versus a determination of property value was not provided. The applicant could have provided the purchase price of the property, the property tax statement showing the assessed value, real market value and property taxes for the past two years, a current fair market value as determined by an appraisal in the past twelve months, a profit and loss statement for the property as is, rehabilitated and fully leased and new construction as proposed, any expenditures associated with the property's structural maintenance in the past ten years, an estimate of the cost of rehabilitation of the property from a third-party licensed contractor, a report from a real estate professional exploring the viability of alternative uses of the property if rehabilitated, and a report of available economic incentives, including any federal tax credits available for rehabilitation of the property.

17.65.050(B)(3). *The value and significance of the historic resource;*

APPLICANT'S RESPONSE: An evaluation of the significance of the buildings is provided in Section 3 of this narrative. This section provides additional information.

The McMinnville Downtown Historic District was evaluated in 1983/1984 and was listed on the National Register of Historic Places in 1987. The Historic District nomination included a description of each property including its date of construction, initial use, changes (alterations) over time, and mention of multiple owners up to the time of nomination. Each building was deemed to be distinctive, significant, contributing, or noncontributing to the historic significance of the District. The individual building descriptions describe the significance of the historic resource and the role of each building in the larger context of specific timeframes.

As described in the McMinnville HRI and the Historic District nomination, the greatest period of downtown development occurred from approximately 1884-1905. The buildings from this period are still easy to identify to this day. Their size, style (often Italianate), quality of materials, and intricate detailing set them apart from buildings that came later. The second period of downtown development occurred between 1904-1928. Many buildings constructed during this time were functional, pragmatic buildings that were intended to serve the automobile. Many of the buildings in the eastern part of downtown, including the three buildings proposed for demolition, were initially constructed as automobile garages or service shops.

The proposal requests demolition of 3 buildings within the McMinnville Downtown Historic District. The building at 619 NE 3rd Street is listed as a Primary Significant Contributing resource on the City's HRI, and is defined by that designation as a Historic Landmark. The applicant is requesting the demolition of these 3 buildings for a replacement building that will implement and advance the future vision for

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Downtown McMinnville.

Building Descriptions

619 NE Third Street

The building at 619 NE 3rd Street (641 East Third Street at the time of the HRI) was previously known as the AAMCO Building and is now known as the Bennette Building. It is identified as Secondary Resource #436 in the HRI. Its original use was as a garage and the architect is unknown. The HRI estimates its date of construction at between 1912 and 1928; the Historic District nomination identifies the date of construction as ca. 1923 and notes that moderate alterations occurred in 1975 and that the Bennette family had an auto agency in this building from 1936 to 1977. There is no information in either description about when the building was converted from garage to office uses.

According to the HRI:

“This building is a one-story brick structure facing south on Third Street and extending north the entire depth of the block with a similar elevation on Fourth. A flat roof is concealed by parapet walls on either end and the facades each have seven stepped forward piers and corbelled cornice lines. The south façade has a large window and three doors. Two of them are large enough to accommodate automobiles. Three low gabled projection [sic] creating a partial second story, protrude from the roof toward the rear. The building has always accommodated garages.”

FINDING: SATISFIED. THE HISTORIC SIGNIFICANCE OF THE PROPERTY IS QUESTIONABLE DUE TO THE AMOUNT OF MODIFICATIONS THAT HAVE OCCURRED. The City concurs that the attributed historic significance identified in the McMinnville Downtown Historic District National Register of Historic Places nomination for 619 NE Third Street as a Primary Significant Contributing resource in the district is misrepresented due to the amount of modifications that have occurred on the property.

17.65.050(B)(4). *The physical condition of the historic resource;*

APPLICANT’S RESPONSE: As described in the structural evaluation included as Appendix C, existing buildings are in adequate physical condition for their existing uses as offices. However, a change of occupancy of these buildings from office to commercial and/or lodging uses would likely require costly seismic updates to each of these buildings.

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED ABOUT THE PHYSICAL CONDITION OF THE PROPERTY. The applicant provided a structural analysis of the property, but no other physical conditions report. The structural analysis is very cursory and did not include any load testing sites. Without load testing on the unreinforced masonry walls, the structural analysis does not indicate any structural issues that were significant or imminent public safety hazards, the condition of the building is not a significant determining factor requiring demolition of the property.

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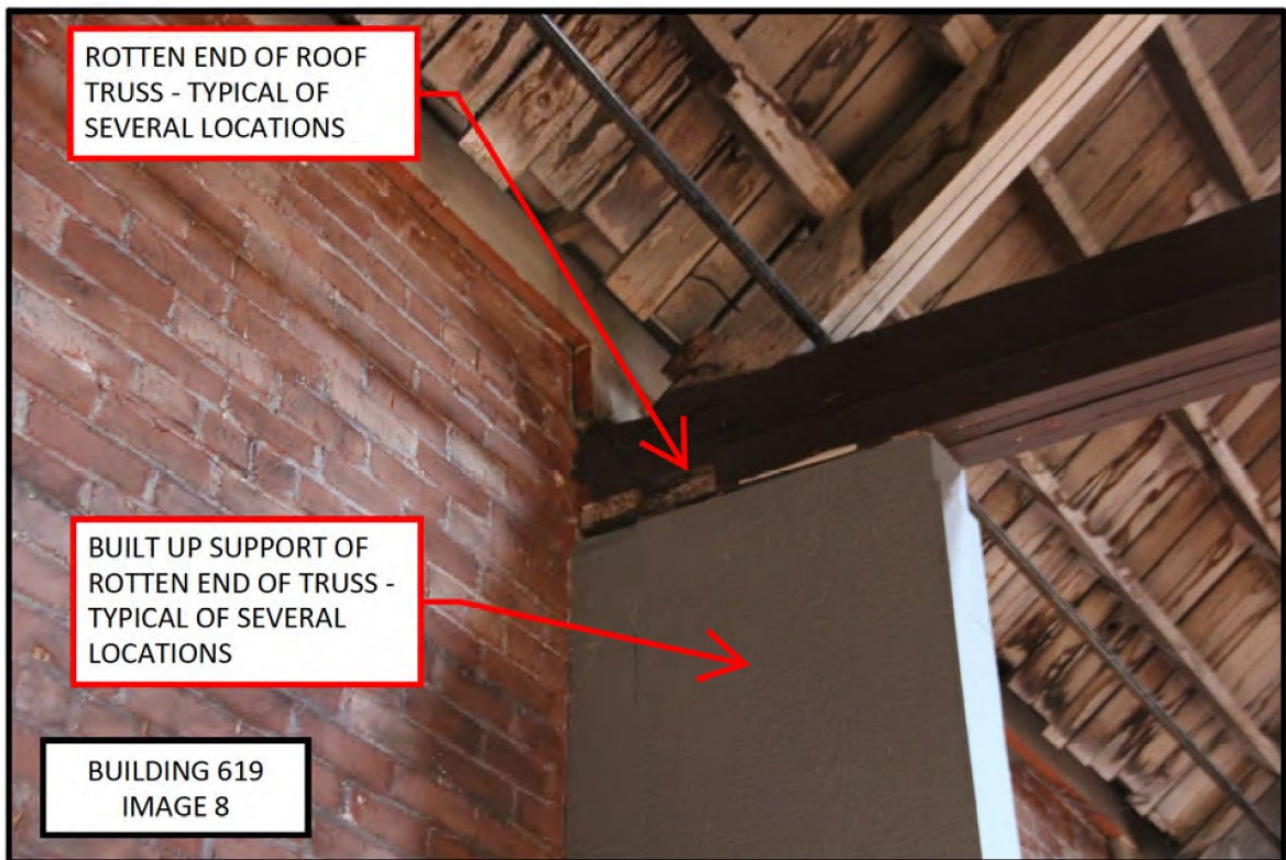
The Structural Report, provided by Harper Houf Peterson Righellis Inc. (HHPR) dated July 29, 2022, provides an existing conditions report of 609, 611, and 619 Third Street. It points observed structural issues and concludes with emergent concerns.

Emergent Concerns

- Building 609 – previously noted truss node that is out of plane over 6 inches
- Building 611 – previously noted missing beams intended to spread load across floor below
- Building 619 – previously noted rotten bearing condition at truss
- All Buildings – previously noted overall condition of brick and mortar in locations in each building

Below is the detail on the rotten bearing condition at truss.

- The bearing points of the trusses are deteriorated along the west wall and supplemental support has been framed under the trusses (see Image 8 and 9)
- This condition exists at the connection to the 611 Building and is the result of water penetration along the north south valley between the building



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The report also examines three options for preserving the historic resources: 1) retain existing buildings and construct a new hotel over the top of the existing buildings; 2) retain and maintain the existing buildings and relocate the existing buildings.

The report concludes that the first option to construct a new hotel over the top of the existing buildings would require a complete seismic and structural upgrade to the buildings and would be problematic relative to the placement of needed structural supports in the existing buildings.

The second option to retain and maintain the existing buildings would require investment in general maintenance, repair and remediation of the spaces as well as repair of the emergent concerns described above.

And the third option to relocate the three buildings is impractical due to the unreinforced masonry structure of the buildings.

17.65.050(B)(5). *Whether the historic resource constitutes a hazard to the safety of the public or its occupants;*

APPLICANT’S RESPONSE: Each of the buildings is currently occupied and is assumed to not constitute a hazard to the safety of the public or its occupants.

FINDING: THE HISTORIC RESOURCE IS NOT A HAZARD TO THE SAFETY OF THE PUBLIC.

17.65.050(B)(6). *Whether the historic resource is a deterrent to an improvement program of substantial benefit to the City which overrides the public interest in its preservation;*

APPLICANT’S RESPONSE: The current structures are 1- and 2-stories in height and are occupied by office uses. The Gwendolyn Hotel development addresses many of the City’s identified economic development needs. The applicant proposes a development program that includes numerous benefits to the City:

- 90-95 luxury hotel rooms designed to accommodate visitors to nearby wineries and tasting rooms
- A ground-floor restaurant
- Ground-floor commercial/retail spaces
- 68 vehicular parking spaces
- A ground-floor meeting room for use by guests and local groups
- A reservable rooftop bar and patio
- A luxury soaking pool on the level 6 roof terrace

On March 12, 2019, the Common Council of the City of McMinnville voted unanimously to adopt the MAC-Town 2032 Economic Development Strategic Plan. The plan established eight important goals. Goal 6 is “Be a leader in hospitality and place-based tourism,” and includes a number of goals which are addressed below.

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Goal 6.1: Make Downtown the best it can be.

- *Evaluate current zoning, historical districts and designations, and existing land use patterns, including underutilized parcels, to ensure that key downtown parcels offer the highest and best use for their location.*

As noted in Section 5 below, the MAC-Town 2032 plan further implements the Comprehensive Plan policies related to the economy. Following adoption of this plan, City staff presented zoning amendments to remove minimum parking requirements from downtown properties to allow new development to maximize the use of downtown parcels. Though not explicitly stated in the plan, allowing redevelopment of the subject site would also allow a key downtown parcel to offer the highest and best use for its location. The permitted height is 80 ft. and a broad range of commercial and residential uses are allowed, which indicates that the subject site was anticipated to be used more intensively in the future.

Goal 6.2: Become the preferred destination for wine related tourism.

- *Connect hoteliers and other hospitality professionals in Oregon and elsewhere to local opportunities for high quality additions to McMinnville's current hospitality offerings.*

The applicant intends to develop a luxury hotel on this site, which expands McMinnville's current hospitality offerings and addresses this goal.

Goal 6.4: Market and promote McMinnville.

- *Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences.*

Though the hotel is not intended to be a conference hotel, it will provide a meeting room on the ground floor for hotel guests and members of the community. This addresses a gap in the existing offerings in downtown McMinnville.

In addition to moving the MAC-Town 2032 goals forward, the proposed development will significantly expand the assessed value of the site, which will result in additional tax income for the community and additional funding for the urban renewal area.

The hotel and supportive commercial spaces are anticipated to employ 60 community members, and visitors to the hotel will eat in nearby restaurants and shop in nearby stores. Wine enthusiasts are expected to use the Gwendolyn Hotel as a home base for weekend wine tasting trips in the surrounding areas and for visiting local tasting rooms. Though not required, the proposed development includes below-grade vehicular parking spaces for use by hotel guests.

The corner of NE 3rd and Ford streets is a key corner of downtown McMinnville. The Gwendolyn will provide additional downtown lodging opportunities for people seeking an urban wine country experience.

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED TO SUPPORT THAT THE PRESERVATION OF THE HISTORIC RESOURCE IS A DETERRENT TO AN IMPROVEMENT PROGRAM. The applicant should provide an analysis describing how the preservation and rehabilitation of the existing buildings would not advance the tourism goals of the MAC TOWN 2032 Economic Development Strategic Plan.

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17.65.050(B)(7). *Whether retention of the historic resource would cause financial hardship to the owner not outweighed by the public interest in the resource’s preservation; and*

APPLICANT’S RESPONSE: As noted in the response to 17.65.050.B.2 above, the cost to retain and renovate the existing buildings to current building code, including seismic upgrades, is significant and unlikely to be undertaken by any purchaser of the property. Retention of the buildings as-is will be unsustainable given the asking sale price, and the cost of renovation of the properties for new or different uses will take 40 years to recoup.

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED TO DETERMINE IF THE PRESERVATION OF THE HISTORIC RESOURCES CREATES A FINANCIAL HARDSHIP FOR THE PROPERTY OWNER: The applicant has not provided enough information to demonstrate that preserving the property is a financial hardship for the property owner. The basis for the calculations in the renovation/change of use discussion was not provided. Local lease market rates were not provided. Property purchase price versus a determination of property value was not provided. The applicant could have provided the purchase price of the property, the property tax statement showing the assessed value, real market value and property taxes for the past two years, a current fair market value as determined by an appraisal in the past twelve months, a profit and loss statement for the property as is, rehabilitated and fully leased and new construction as proposed, any expenditures associated with the property’s structural maintenance in the past ten years, an estimate of the cost of rehabilitation of the property from a third-party licensed contractor, a report from a real estate professional exploring the viability of alternative uses of the property if rehabilitated, and a report of available economic incentives, including any federal tax credits available for rehabilitation of the property.

CONDITION OF APPROVAL #11: The demolition of the historic resource will be delayed for one hundred twenty (120) days in the interest of exploring reasonable alternatives that include preservation of the buildings and a fair market sale for the property owner. The property will be posted with the pending demolition during the delay period to seek community engagement about reasonable alternatives.

17.65.050(B)(8). *Whether retention of the historic resource would be in the best interests of a majority of the citizens of the City, as determined by the Historic Landmarks Committee, and, if not, whether the historic resource may be preserved by an alternative means such as through photography, item removal, written description, measured drawings, sound retention or other means of limited or special preservation.*

APPLICANT’S RESPONSE: Given the economic and physical benefits of the proposed development, as described elsewhere in this narrative, the HLC can find that the retention of the existing buildings is not in the best interests of a majority of community residents and that redevelopment of the site advances the goals of the community related to the economy, tourism, and energy efficiency. On balance, the proposed development meets or exceeds all relevant policies and regulations.

The architectural and structural team have examined the three buildings extensively and have listed their deficiencies. See the structural report included as Appendix C. All the alternative means of preservation listed here are possible and acceptable, if directed by the HLC.

As noted previously in this narrative, retaining the buildings in their current state is likely to result in continuing decline in their condition, and renovation of the buildings is cost-prohibitive and will result in a

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substantial loss for the development team. As noted in the structural report, relocating one or more of these buildings, which technically possible, is extremely complicated and costly and has a high potential for failure due to their construction of unreinforced brick.

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION WAS PROVIDED TO DETERMINE THAT THE ECONOMIC AND PHYSICAL CONDITIONS OF THE PROPERTY MADE A PRESERVATION PROJECT UNFEASIBLE.

17.65.070 Public Notice.

- A. *After the adoption of the initial inventory, all new additions, deletions, or changes to the inventory shall comply with subsection (c) of this section.*
- B. *Any Historic Landmark Committee review of a Certificate of Approval application for a historic resource or landmark shall comply with subsection (c) of this section.*
- C. *Prior to the meeting, owners of property located within 300 feet of the historic resource under consideration shall be notified of the time and place of the Historic Landmarks Committee meeting and the purpose of the meeting. If reasonable effort has been made to notify an owner, failure of the owner to receive notice shall not impair the validity of the proceedings*

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. Notice of the Historic Landmarks Committee’s consideration of the Certificate of Approval application was mailed to property owners located within 300 feet of the historic resource. A copy of the written notice provided to property owners is on file with the Planning Department.

17.72.020 Application Submittal Requirements.

Applications shall be filed on forms provided by the Planning Department and shall be accompanied by the following:

- A. *A scalable site plan of the property for which action is requested. The site plan shall show existing and proposed features, such as access, lot and street lines with dimensions in feet, distances from property lines, existing and proposed buildings and significant features (slope, vegetation, adjacent development, drainage etc.)*
- B. *An explanation of intent, nature and proposed use of the development, and any pertinent background information.*
- C. *Property description and assessor map parcel numbers(s).*
- D. *A legal description of the property when necessary.*
- E. *Signed statement indicating that the property affected by the application is in the exclusive ownership or control of the applicant, or that the applicant has the consent of all partners in ownership of the affected property.*
- F. *Materials required by other sections of the McMinnville Zoning Ordinance specific to the land use application.*
- G. *Other materials deemed necessary by the Planning Director to illustrate compliance with applicable review criteria, or to explain the details of the requested land use action.*

APPLICANT’S RESPONSE: This submittal includes the required materials.

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FINDING: SATISFIED.**17.72.095 Neighborhood Meetings.**

- A. *A neighborhood meeting shall be required for:*
1. *All applications that require a public hearing as described in Section 17.72.120, except that neighborhood meetings are not required for the following applications:*
 - a. *Comprehensive plan text amendment; or*
 - b. *Zoning ordinance text amendment; or*
 - c. *Appeal of a Planning Director's decision; or*
 - d. *Application with Director's decision for which a public hearing is requested.*
 2. *Tentative Subdivisions (up to 10 lots)*
 3. *Short Term Rental*
- B. *Schedule of Meeting.*
1. *The applicant is required to hold one neighborhood meeting prior to submitting a land use application for a specific site. Additional meetings may be held at the applicant's discretion.*
 2. *Land use applications shall be submitted to the City within 180 calendar days of the neighborhood meeting. If an application is not submitted in this time frame, the applicant shall be required to hold a new neighborhood meeting.*
- C. *Meeting Location and Time.*
1. *Neighborhood meetings shall be held at a location within the city limits of the City of McMinnville.*
 2. *The meeting shall be held at a location that is open to the public and must be ADA accessible.*
 3. *An 8 ½ x 11" sign shall be posted at the entry of the building before the meeting. The sign will announce the meeting, state that the meeting is open to the public and that interested persons are invited to attend.*
 4. *The starting time for the meeting shall be limited to weekday evenings between the hours of 6 pm and 8 pm or Saturdays between the hours of 10 am and 4 pm. Neighborhood meetings shall not be held on national holidays. If no one arrives within 30 minutes after the scheduled starting time for the neighborhood meeting, the applicant may leave.*
- D. *Mailed Notice.*
1. *The applicant shall mail written notice of the neighborhood meeting to surrounding property owners. The notices shall be mailed to property owners within certain distances of the exterior boundary of the subject property. The notification distances shall be the same as the distances used for the property owner notices for the specific land use application that will eventually be applied for, as described in Section 17.72.110 and Section 17.72.120.*
 2. *Notice shall be mailed not fewer than 20 calendar days nor more than 30 calendar days prior to the date of the neighborhood meeting.*
 3. *An official list for the mailed notice may be obtained from the City of McMinnville for an applicable fee and within 5 business days. A mailing list may also be obtained from other sources such as a title company, provided that the list shall be based on the most recent tax assessment rolls of the Yamhill County Department of Assessment and Taxation. A mailing list is valid for use up to 45 calendar days from the date the mailing list was generated.*
 4. *The mailed notice shall:*
 - a. *State the date, time and location of the neighborhood meeting and invite people for a conversation on the proposal.*
 - b. *Briefly describe the nature of the proposal (i.e., approximate number of lots or units, housing types, approximate building dimensions and heights, and proposed land use request).*

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- c. *Include a copy of the tax map or a GIS map that clearly identifies the location of the proposed development.*
 - d. *Include a conceptual site plan.*
- 5. *The City of McMinnville Planning Department shall be included as a recipient of the mailed notice of the neighborhood meeting.*
- 6. *Failure of a property owner to receive mailed notice shall not invalidate the neighborhood meeting proceedings.*
- E. *Posted Notice.*
 - 1. *The applicant shall also provide notice of the meeting by posting one 18 x 24" waterproof sign on each frontage of the subject property not fewer than 20 calendar days nor more than 30 calendar days prior to the date of the neighborhood meeting.*
 - 2. *The sign(s) shall be posted within 20 feet of the adjacent right-of-way and must be easily viewable and readable from the right-of-way.*
 - 3. *It is the applicant's responsibility to post the sign, to ensure that the sign remains posted until the meeting, and to remove it following the meeting.*
 - 4. *If the posted sign is inadvertently removed (i.e., by weather, vandals, etc.), that shall not invalidate the neighborhood meeting proceedings.*
- F. *Meeting Agenda.*
 - 1. *The overall format of the neighborhood meeting shall be at the discretion of the applicant.*
 - 2. *At a minimum, the applicant shall include the following components in the neighborhood meeting agenda:*
 - a. *An opportunity for attendees to view the conceptual site plan;*
 - b. *A description of the major elements of the proposal. Depending on the type and scale of the particular application, the applicant should be prepared to discuss proposed land uses and densities, proposed building size and height, proposed access and parking, and proposed landscaping, buffering, and/or protection of natural resources;*
 - c. *An opportunity for attendees to speak at the meeting and ask questions of the applicant. The applicant shall allow attendees to identify any issues that they believe should be addressed.*
- G. *Evidence of Compliance. In order for a land use application that requires a neighborhood meeting to be deemed complete, the following evidence shall be submitted with the land use application:*
 - 1. *A copy of the meeting notice mailed to surrounding property owners;*
 - 2. *A copy of the mailing list used to send the meeting notices;*
 - 3. *One photograph for each waterproof sign posted on the subject site, taken from the adjacent right-of-way;*
 - 4. *One 8 ½ x 11" copy of the materials presented by the applicant at the neighborhood meeting; and*
 - 5. *Notes of the meeting, which shall include:*
 - a. *Meeting date;*
 - b. *Meeting time and location;*
 - c. *The names and addresses of those attending;*
 - d. *A summary of oral and written comments received; and*
 - e. *A summary of any revisions made to the proposal based on comments received at the meeting. (Ord. 5047, §2, 2018, Ord. 5045 §2, 2017).*

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APPLICANT’S RESPONSE: A virtual neighborhood meeting was held on April 25, 2022. The appropriate procedures were followed and the materials detailed in G above are included as Appendix A.

FINDING: SATISFIED.

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DECISION, CONDITIONS, FINDINGS OF FACT AND CONCLUSIONARY FINDINGS OF THE MCMINNVILLE HISTORIC LANDMARKS COMMITTEE FOR THE APPROVAL OF A NEW BUILDING AT 609, 611 AND 619 NE THIRD STREET WITHIN THE DOWNTOWN DESIGN AREA

DOCKET: DDR 2-22 (Downtown Design Review)

REQUEST: Approval of the exterior design of a proposed new five-story hotel with ground floor commercial and an underground parking garage to be constructed on a property located within the Downtown Design Overlay District

LOCATION AND PROPERTY OWNER: 609 NE Third Street. Tax Lot R4421BC04500
Property Owner, Jon Bladine, Oregon Lithoprint, Inc.

611 NE Third Street, Tax Lot R4421BC04300
Property Owner, Jon Bladine, Bladine Family Limited Partnership

619 NE Third Street, Tax Lot R4421BC04201
Property Owner, Phillip Frischmuth, Wild Haven, LLC

ZONING: C-3 General Commercial (Downtown Overlay District)

APPLICANT: Mark Vuong, HD McMinnville LLC

STAFF: Heather Richards, Community Development Director

DATE DEEMED COMPLETE: September 7, 2022

HEARINGS BODY & ACTION: McMinnville Historic Landmarks Committee

HEARING DATE & LOCATION: September 29, 2022, 3:00 PM. In person at Kent Taylor Civic Hall 200 NE 2nd St and online via Zoom. Zoom Online Meeting ID: 859 9565 0539, Meeting Password: 661305

PROCEDURE: An application for a Downtown Design Review is processed in accordance with the procedures in Section 17.59.030(A) of the McMinnville Municipal Code.

CRITERIA: The applicable criteria for a Downtown Design Review are specified in Section 17.59.040 of the McMinnville Municipal Code. In addition, the goals, policies, and proposals in Volume II of the Comprehensive Plan are to be applied to all land use decisions as criteria

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for approval, denial, or modification of the proposed request. Goals and policies are mandated; all land use decisions must conform to the applicable goals and policies of Volume II. "Proposals" specified in Volume II are not mandated, but are to be undertaken in relation to all applicable land use requests.

APPEAL: As specified in Section 17.59.030(E) of the McMinnville Municipal Code, the Historic Landmarks Committee’s decision may be appealed to the Planning Commission within fifteen (15) days of the date written notice of decision is mailed. The City’s final decision is subject to a 120 day processing timeline, including resolution of any local appeal.

COMMENTS: This matter was referred to the following public agencies for comment: McMinnville Fire Department, Police Department, Engineering Department, Building Department, Parks Department, City Manager, and City Attorney; McMinnville Water and Light; McMinnville School District No. 40; Yamhill County Public Works; Yamhill County Planning Department; Frontier Communications; Comcast; Northwest Natural Gas; and Oregon Department of Transportation. Their comments are provided in this document.

Based on the findings and conclusionary findings, the Historic Landmarks Committee finds the applicable criteria are **SATISFIED / NOT SATISFIED** and **APPROVES / APPROVES WITH CONDITIONS / DENIES** the Downtown Design Review for the Gwendolyn Hotel (DDR 2-22).

////////////////////////////////////
DECISION: **APPROVAL** **APPROVAL WITH CONDITONS** **DENIAL**
////////////////////////////////////

Historic Landmarks Committee: _____
John Mead, Chair

Date: _____

Planning Department: _____
Heather Richards, Community Development Director

Date: _____

-
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I. APPLICATION SUMMARY:

The applicant has provided information in their application narrative and findings (attached as Attachment 1) regarding the history of the subject site(s) and the request(s) under consideration. Staff has found the information provided to accurately reflect the current land use request, and excerpted portions are provided below to give context to the request, in addition to the City's findings.

Proposed Project

Below is an excerpt from the application describing the proposed improvement program. The applicant would like to demolish the structures at 609, 611 and 619 NE Third Street and redevelop the property with a mixed-use hotel project that includes ground floor commercial amenities and dedicated underground parking for the project.

Within the last year, the properties at 609, 611, and 619 NE 3rd Street were listed for sale by the Bladine family and Wild Haven LLC. After analyzing the opportunity and studying both the history and potential of downtown McMinnville, the applicant saw an opportunity to greatly enhance both the economic and experiential vitality of 3rd Street.

McMinnville is in an early stage of responding to its goal of being the Willamette Valley's leader in hospitality and place-based tourism. The most recent renovation and redevelopment on the south side of 3rd Street, with new lodging, dining, and wine tasting, has been encouraging. However, the same opportunity for renovation for hospitality, commercial, and retail uses is not available to the subject buildings. As noted in the structural analysis included as Appendix C, changing the occupancy of these buildings from office to commercial, retail, or hospitality is likely to trigger significant seismic upgrades.

The applicant has indicated that this cost to fully renovate the buildings would be approximately \$12,025,000 inclusive of land cost, soft costs, and hard costs. Tenant improvements would cost an additional \$35 per sq. ft. for a total project cost of \$12,806,200. The achievable rents would be \$25 per sq. ft., with approximately 22,320 sq. ft. of rentable area, or \$558,000 effective gross income per year. Operating expenses are assumed at 38 percent of gross income, along with mortgage loan interest. The net operating income (NOI) including debt service would be (\$111,861) a year, or a loss of \$111,861 each year.

In this scenario, it would take the project approximately 40 years to recoup the initial rehabilitation cost and start making a profit. This would be unable to receive funding from a bank or investor and therefore is highly unlikely, if not impossible.

The proposal is to replace the three underutilized buildings at 609, 611, and 619 NE 3rd Street with a 90-95 room boutique hotel. The ground floor will include the hotel lobby, a signature restaurant at the corner of 3rd and Ford streets, with seasonal sidewalk dining, and small retail shop(s). The entire rooftop will be a mix of public uses, anchored by a small restaurant/bar opening onto a large terrace of seating and raised-bed landscaping. Though parking is not required in this location, a below-grade parking garage accommodating 68 parking stalls is proposed. The garage ramp will be at the north end of the property, mid-block on Ford Street, to avoid interrupting the 3rd Street pedestrian experience.

(Application Narrative, page 3)

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Subject Property & Request

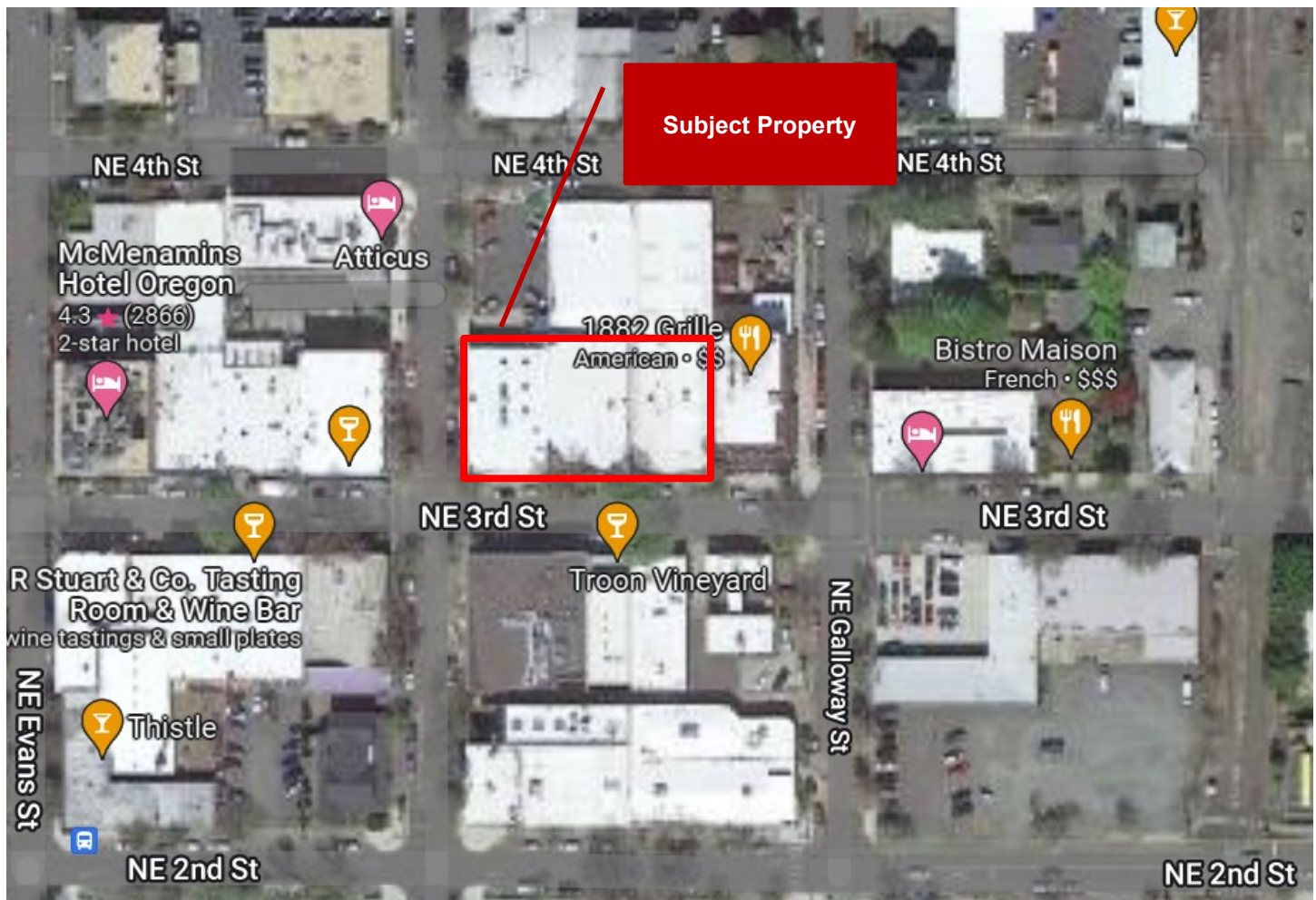
The subject property is located at 609, 611 and 619 NE Third Street. The property is identified as Tax Lots 4500, 4300, and 4201, Section 21BC, T. 4 S., R. 4 W., W.M.

The site is at the northeast corner of NE 3rd Street and NE Ford Street and consists of three buildings: two tax lots addressed as 609 NE 3rd Street and 619 NE 3rd Street, and the southern portion of the tax lot addressed as 611 NE 3rd Street. All three tax lots are currently developed with buildings.

The property to the east of the development site, the Kaos Building at 645 NE 3rd Street, is developed with restaurant and other commercial uses. The sites south of NE 3rd Street are developed with a variety of commercial uses. The Tributary Hotel is on the southeast corner of NE 3rd Street and NE Ford Street. The site to the northwest is in use as a surface parking lot; the site north of 611 NE 3rd Street is the location of The Bindery event space.

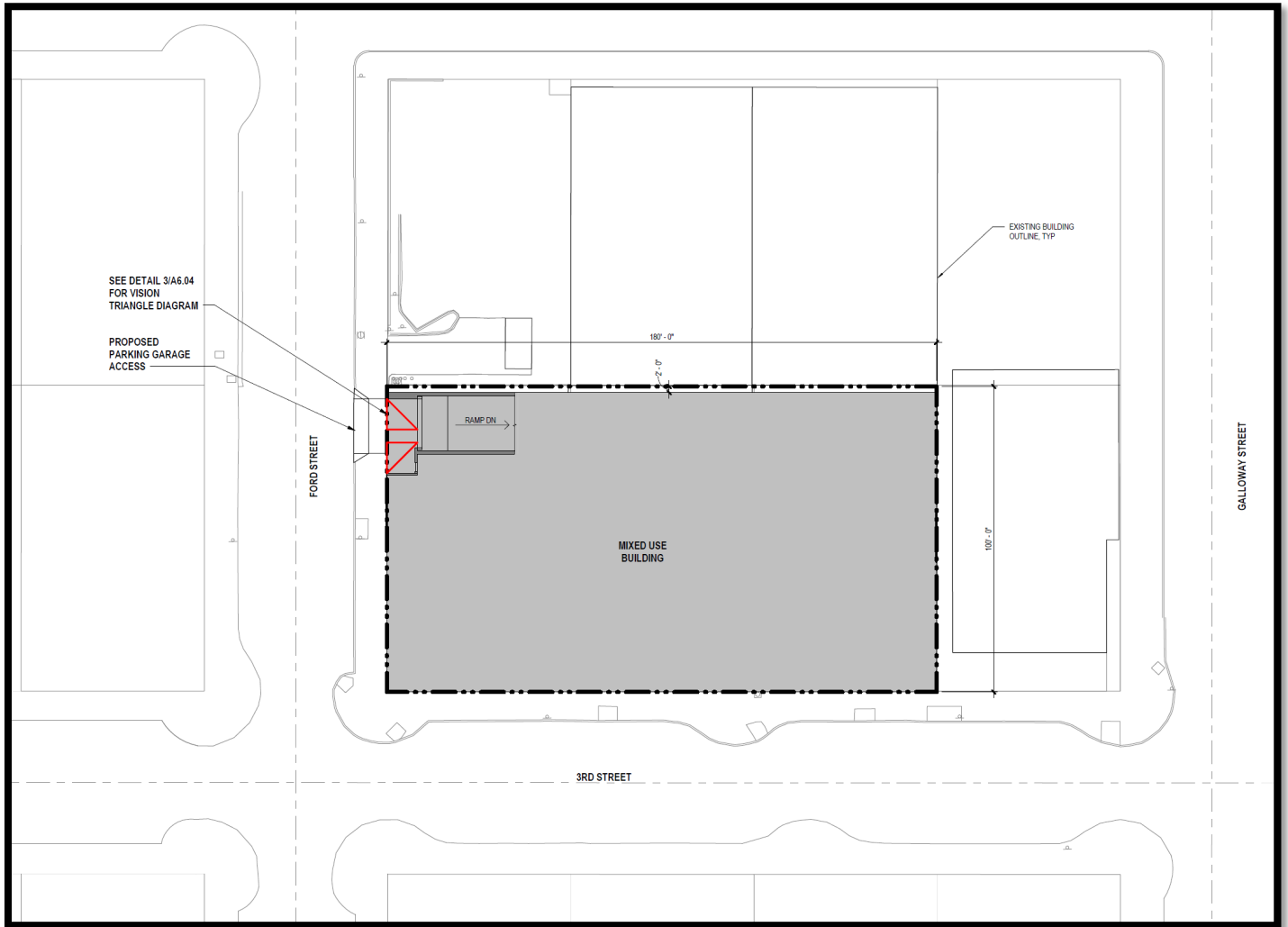
See Vicinity Map and Proposed Site Plan (Figure 1 and Figure 2) below, which identifies the approximate location of the development site in question.

Figure 1. Vicinity Map (Approximate Development Site)



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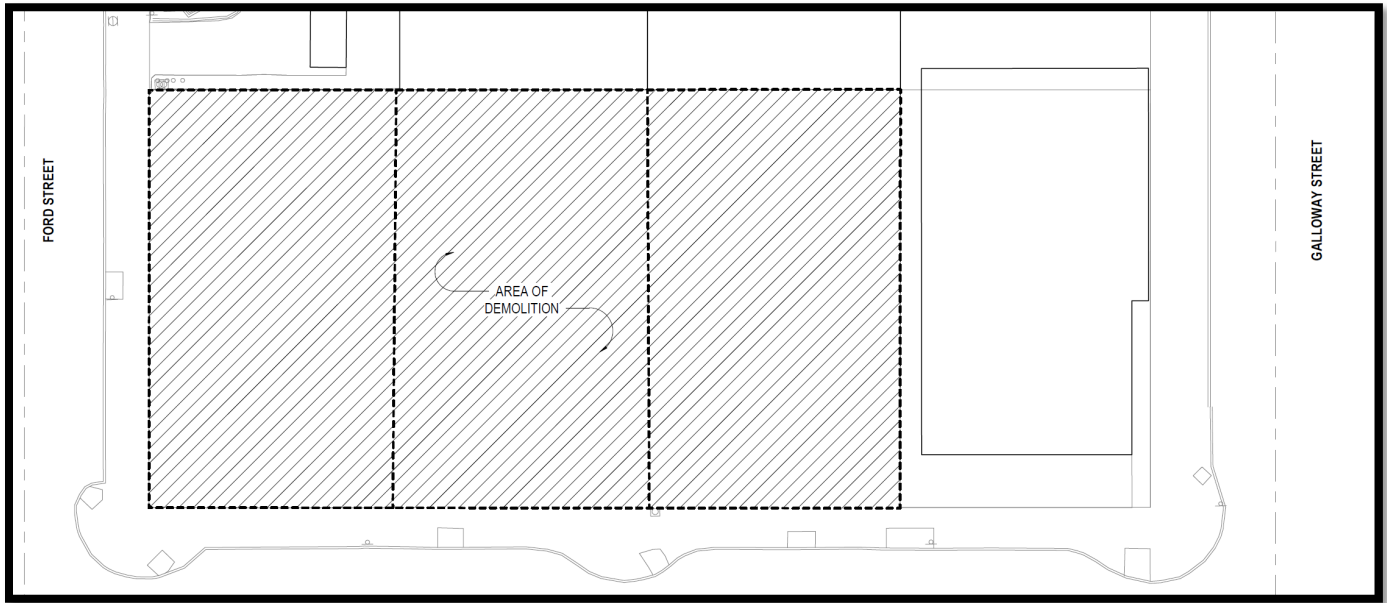
Figure 2. Proposed Site Plan



There are currently three structures on the properties. Each structure is listed on the McMinnville Historic Resources Inventory and is a contributing property to the Downtown McMinnville National Register of Historic Places District. The applicant has requested the consideration of three Certificates of Approval for the demolition of the structures at 609, 611 and 619 NE Third Street concurrently with this application. This application is contingent upon the successful approval of those applications, HL 6-22 (609 NE Third Street), HL 7-22 (611 NE Third Street) and HL 8-22 (619 NE Third Street). **Please see Figure 3 below.**

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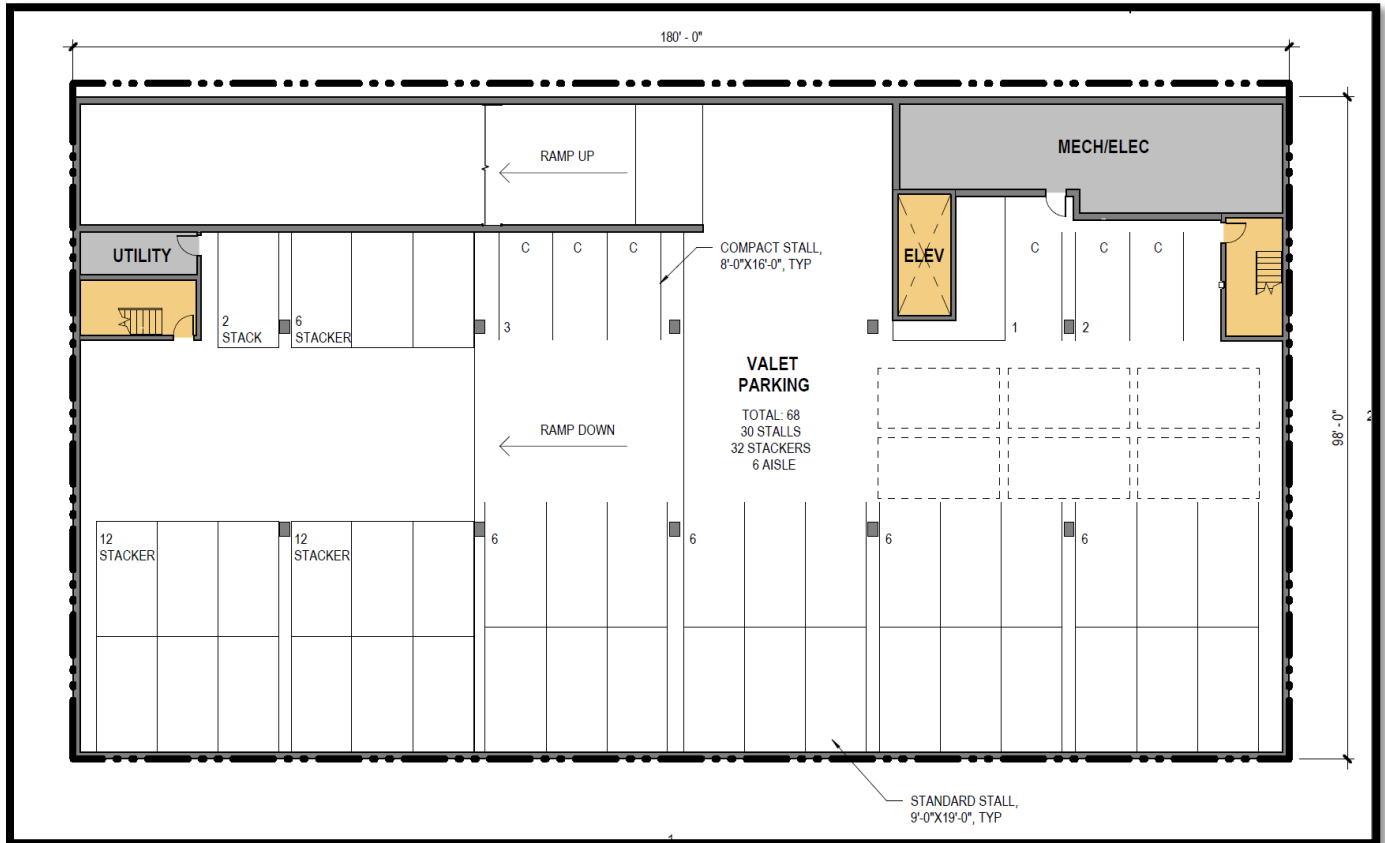
Figure 3, Demolition Site and Historic Resources to be Demolished



The proposed project is a five-story building with ground floor commercial and retail space, four floors of hotel rooms (90-95 rooms), a roof-top deck and an underground parking structure (68 parking stalls). The first three floors are on a horizontal plane that is property tight with an overall height of 39 feet. The fourth and fifth floors, and the roof deck are set back from the horizontal plane of the first three floors by 10 feet on Third Street, and 8 feet 6 inches on Ford Street. The fourth and fifth floors add an additional 22 feet 8 inches of height to the building, and the roof deck adds another 12 feet 4 inches of height to the building, for a total height of 73 feet 10 inches without the elevator and equipment tower and 79 feet of height with the tower located on the back side of the building. **Please see Figure 4, series of floor plans.**

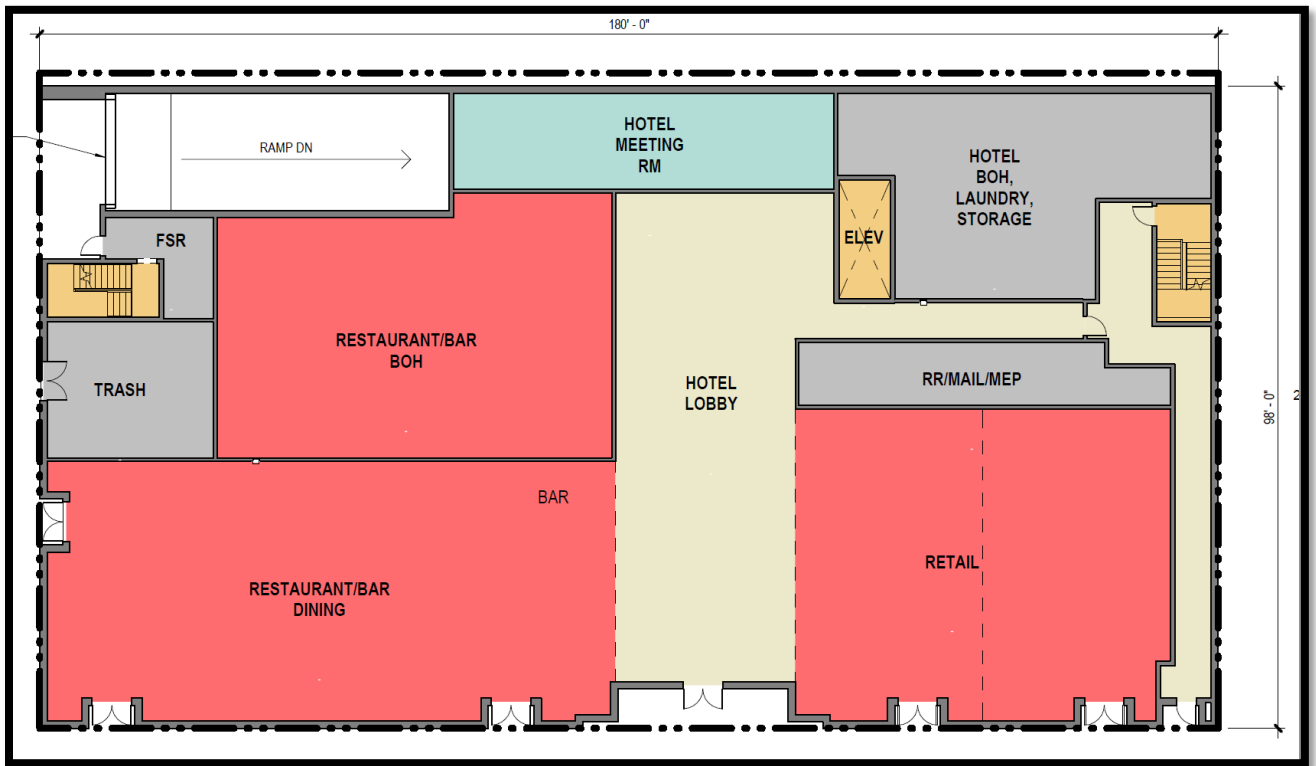
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Figure 4, Series of Floor Plans

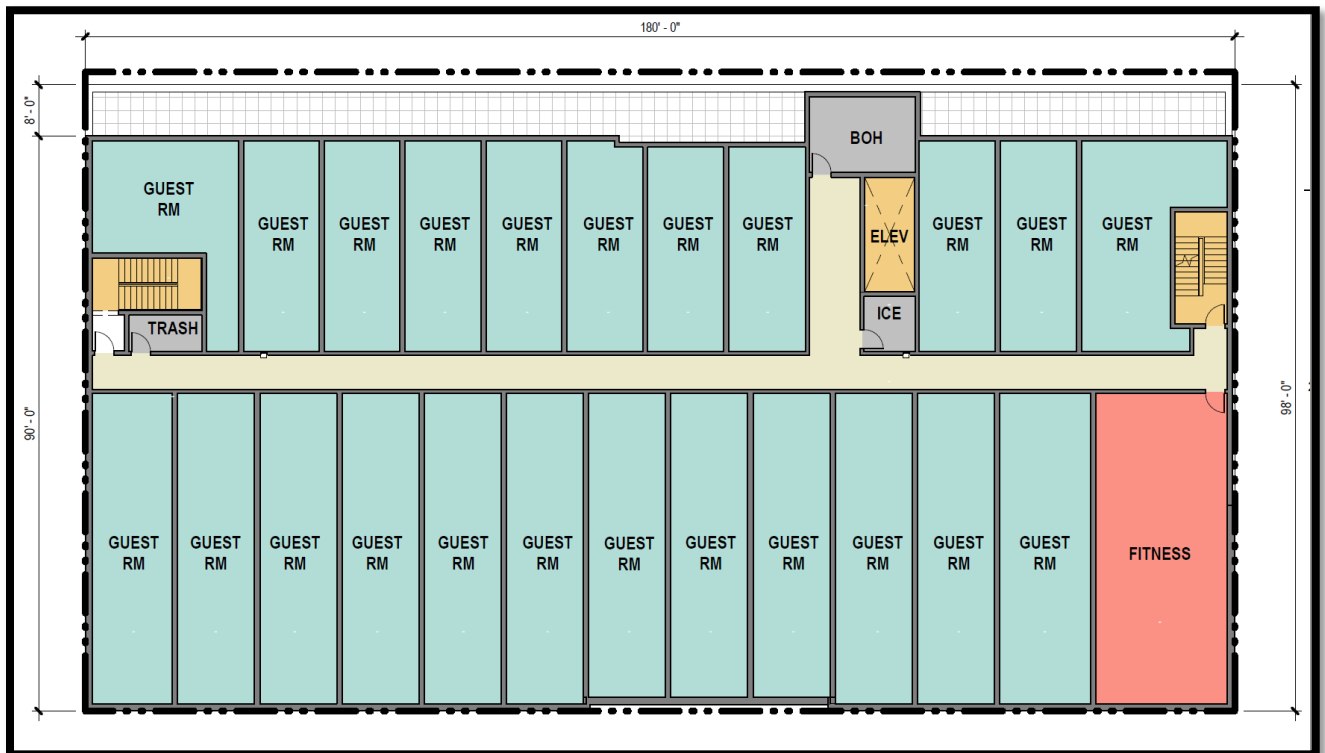


Basement – Underground Parking Structure

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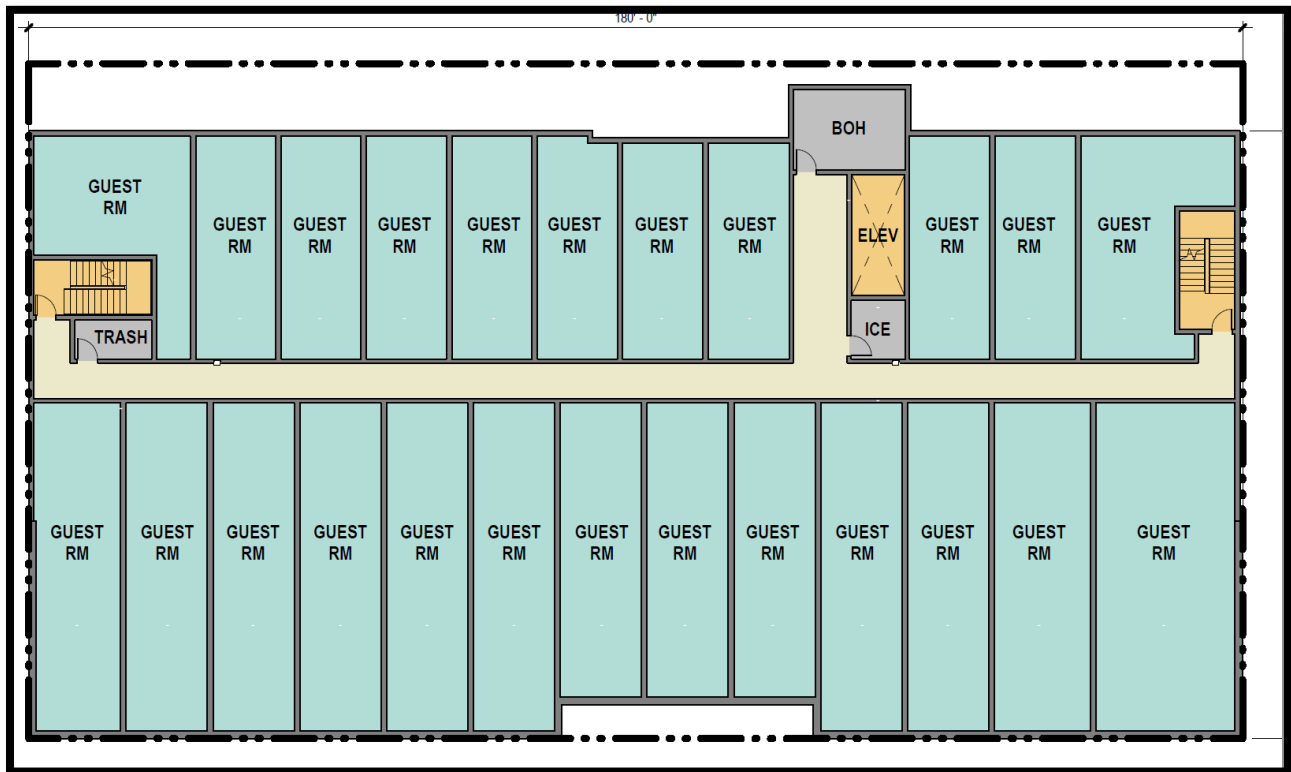


Ground Floor – Restaurant, Retail, Hotel Lobby

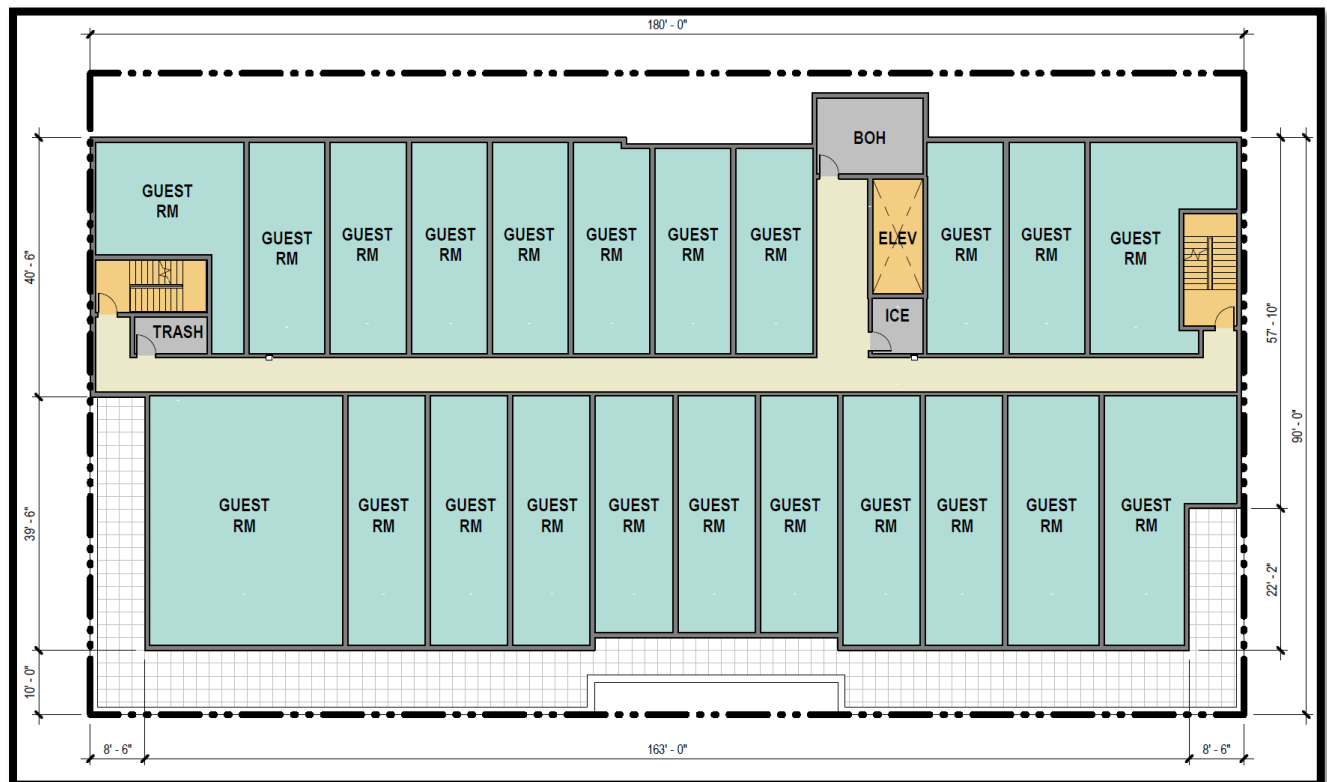


Second Floor – Hotel Rooms

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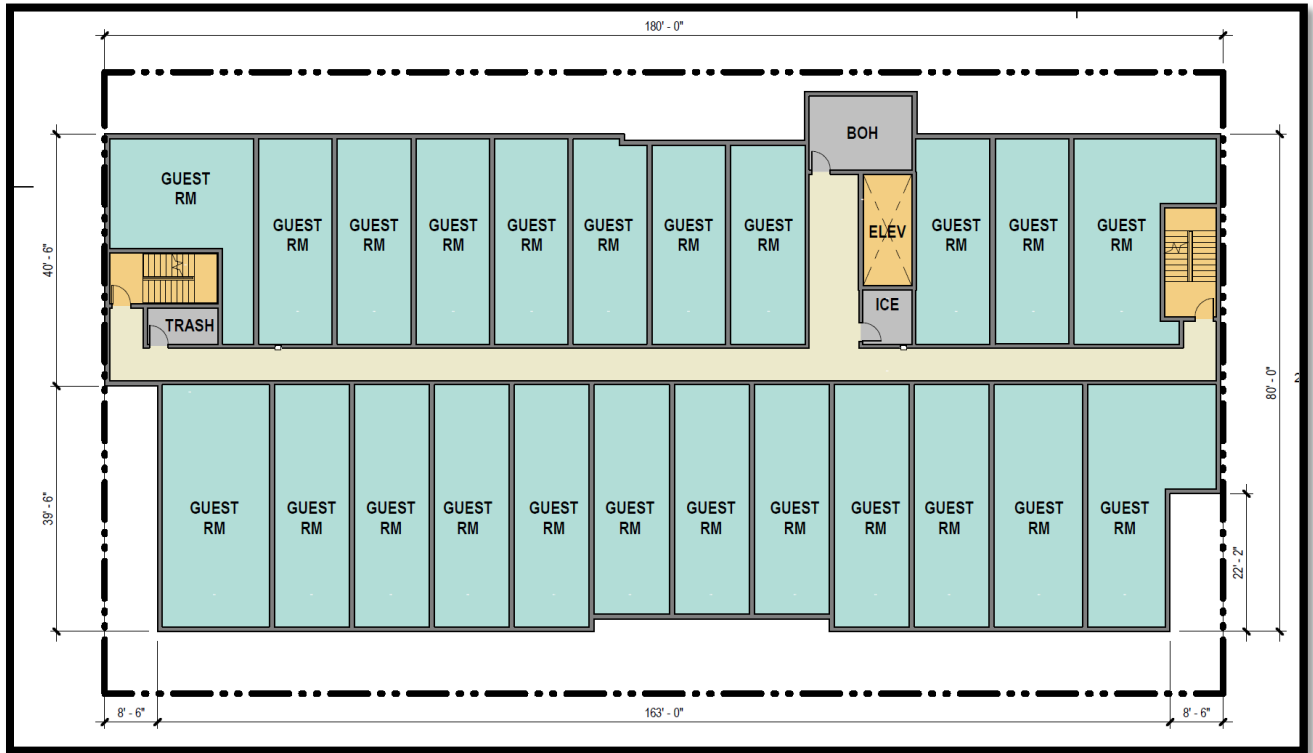


Third Floor – Hotel Rooms

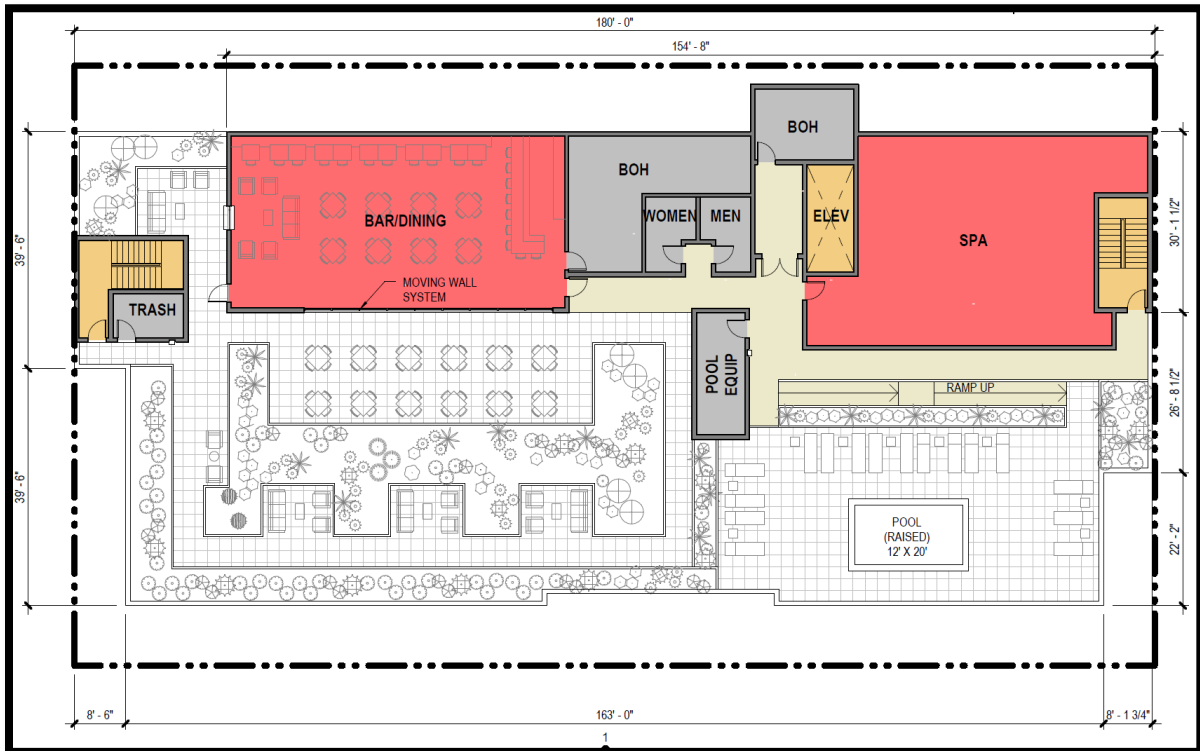


Fourth Floor – Hotel Rooms

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Fifth Floor – Hotel Rooms



Roof Deck with Pool, Spa and Dining

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The total width of the building is 180 feet on the ground floor and 98 feet in depth on the ground floor. **Please See Figure 5 below.**

Figure 5, Third Street Elevation



Summary of Criteria & Issues

This Downtown Design Review request was submitted for review concurrently with three other land use applications, as allowed by Section 17.72.070 of the MMC. The requested new construction is being reviewed concurrently with a Certificate of Approval for Demolition of a historic resource at 609, 611 and 619 NE Third Street. The Downtown Design Review request is being reviewed following the review and decision on the three Certificates of Approval for Demolition, and is contingent upon those applications being approved.

The application (DDR 2-22) is subject to review criteria in Section 17.33, 17.57, 17.59 and 17.60 of the McMinnville Municipal Code. The goals and policies in Volume II of the Comprehensive Plan are also independent approval criteria for all land use decisions.

The applicant has provided findings to support the request for a Downtown Design Review approval. These will be discussed in detail in Section VII (Conclusionary Findings) below.

II. CONDITIONS:

1. The applicant must demonstrate how construction activities regarding known pollutants residing under the structures onsite will not negatively affect development onsite, and not negatively affect the adjoining properties, including the city’s right of ways. (Comprehensive Plan Policy 2.00)
2. The Applicant must demonstrate that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City’s Right of Way and downstream users and properties. . (Comprehensive Plan Policy 8.00)
3. The Applicant must demonstrate compliance with the Department of Environmental Quality and other appropriate agencies that its onsite excavation and building demolition activities do not degrade water

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quality in the area of the site, adjoining properties, the LUST site, the City's Right of Way and downstream users and properties. (Comprehensive Plan Policy 10.00)

4. The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rainwater into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance. (Comprehensive Plan Policy #25.00)
5. The applicant shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be borne by the developer. (Comprehensive Plan Policy #25.00)
6. The applicant provided a Transportation Impact Analysis with their application for the replacement project. Several items need to be updated in the Transportation Impact Analysis prior to the issuance of building permits which may then require transportation improvements. They are as follows: (Comprehensive Plan Policy #25.00)
 - a. Provide a TIA of the intersections of NE Ford Street and NE Third Street, and NE Galloway Street and NE Third Street.
 - b. The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85-room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.
7. The Transportation Impact Analysis shows that queue lengths exceed storage length at the eastbound thru and westbound all on Second Street at Baker Street. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson Street/Lafayette St. and Third Street. Prior to the issuance of building permits, the applicant will need to provide a mitigation plan for these intersections. (Comprehensive Plan Policy #25.00)
8. Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance. (Comprehensive Plan Policy #33.00)
9. Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance. (Comprehensive Plan Policy #33.00)
10. The Applicant shall demonstrate its design and construction methods will avoid, and then minimize negative impacts related to water and air quality given the onsite and off-site hazards caused by the known hazardous spills associated with the site. (Comprehensive Plan Policy #132.46.00)
11. The Applicant shall demonstrate that storm water collection, detention, and drainage is constructed and maintained to restrict negative consequences and minimize adverse effects from the known underground pollution onsite and off-site areas caused by the owner of the site. (Comprehensive Plan Policy #142.00)

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12. The Applicant shall demonstrate how it will comply with all federal, state and local water and wastewater quality standards, given the DEQ LUST case regarding a hazardous gasoline spill on the site and the deficiencies noted in the Record. (Comprehensive Plan Policy #151.00)
13. That the applicant shall include window details in the construction plans submitted for building permit review that depict how all of the windows on the building will be recessed. (McMinnville Municipal Code, 17.59.050(B)(6))
14. That the applicant shall provide samples or examples of the exterior building colors to the Planning Department for review and approval by the Planning Director prior to application on the building. (McMinnville Municipal Code, 17.59.050(C)(3))
15. The applicant will need to submit a sign permit for review and approval prior to the application of any signs to the project. (McMinnville Municipal Code, 17.59.080)

III. ATTACHMENTS:

❖ DDR 2-22 Application and Attachments

- Application Form
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- Redevelopment Plan
- Neighborhood Meeting Materials

❖ Department/Agency Comments

❖ Public Testimony

IV. COMMENTS:

Agency Comments

This matter was referred to the following public agencies for comment: McMinnville Fire Department, Police Department, Parks and Recreation Department, Engineering and Building Departments, City Manager, and City Attorney, McMinnville School District No. 40, McMinnville Water and Light, Yamhill County Public Works, Yamhill County Planning Department, Recology Western Oregon, Frontier Communications, Comcast, Northwest Natural Gas and Oregon Department of Transportation. The following comments were received:

McMinnville Engineering Department

TRANSPORTATION

Comments and/or conditions of approval related to transportation include:

1. Based on the Transportation Impact Analysis (TIA) provided the intersections of NE Ford St & NE 3rd St and NE Galloway St & NE 3rd St should be a part of the scope as they are in the immediate vicinity of the project, and they are not included. Provide a TIA of the intersections of NE Ford St & NE 3rd St and NE Galloway St & NE 3rd St.

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2. The City will have a 30% design for the 3rd Street Streetscape Plan, this should be mentioned in section 3 of the TIA under planned transportation improvements.
3. ADA Sidewalk and Driveway Standards are now being applied to all new construction and remodels. These standards are intended to meet the current ADA Standards as shown in the "PROWAG" Design Guidelines. The standards can be found at the following webpage: <https://www.access-board.gov/files/prowag/PROW-SUP-SNPRM-2013.pdf> prior to final occupancy, the applicant shall construct new driveways and sidewalks in the right-of way that conform to these standards.
4. Study shows that queue lengths exceed storage length at the eastbound thru and westbound all of 2nd St at Baker St. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson St/Lafayette St & 3rd St.

SANITARY SEWER

Comments and/or conditions of approval related to sanitary sewer service include:

1. The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rain water into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance.
2. Sewer Capacity may be an issue with the change of use of the property, the developer shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be born by the developer.

MISCELLANEOUS

Additional comments and/or suggested conditions of approval:

1. In the narrative, Part 4. B. Chapter 17.54.050 Yards part F. Response (Page 23) – 3rd St is listed as a Local Street. It is a Major Collector, please change to reflect the correct street classification.
2. Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance.
3. Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance.
4. The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85 room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.
5. The engineering department will need to review building permit submittals that show in detail items that could be missing in the applications provided. These reviews will be prior to any issuance of building permits.
6. The Contaminated Media Management Plan dated July 20, 2022 is not included in this application. This is a key point of discussion and should be included in the application.

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7. CPP (Comprehensive Plan Policy): 2.00 “The City of McMinnville shall continue to enforce appropriate development controls on lands with identified building constraints, including, but not limited to, excessive slope, limiting soil characteristics, and natural hazards.”
 - a. The Applicant must demonstrate how construction activities regarding known pollutants residing under the structures onsite will not negatively affect development onsite, and not negatively affect the adjoining properties, including the city’s right of ways.
8. CPP 8.00 “The City of McMinnville shall continue to seek the retention of high water quality standards as defined by federal, state, and local water quality codes, for all the water resources within the planning area.”
 - a. The Applicant must demonstrate that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City’s Right of Way and downstream users and properties.
9. CPP 132.40.05 Conditions of Approval–In accordance with the City’s TSP and capital improvements plan (CIP), and based on the level of impact generated by a proposed development, conditions of approval applicable to a development application should include:
 - a. Improvement of on-site transportation facilities,
 - b. Improvement of off-site transportation facilities (as conditions of development approval), including those that create safety concerns, or those that increase a facility’s operations beyond the City’s mobility standards.
10. The Applicant shall demonstrate its demolition, excavation and onsite construction activities do not create safety concerns related to the DEQ LUST matter and its site and known polluted soil and water. Additionally, the Applicant shall demonstrate how its demolition and construction activities will improve the use of the city’s off-site transportation facility, including but not limited to underground facility uses.
11. CPP 132.46.00 Low impact street design, construction, and maintenance methods should be used first to avoid, and second to minimize, negative impacts related to water quality, air quality, and noise in neighborhoods. (Ord. 4922, February 23, 2010).
 - a. The Applicant shall demonstrate its design and construction methods will avoid, and then minimize negative impacts related to water and air quality given the onsite and off-site hazards caused by the known hazardous spills associated with the site.
12. CPP 142.00 The City of McMinnville shall insure that adequate storm water drainage is provided in urban developments through review and approval of storm drainage systems, and through requirements for connection to the municipal storm drainage system, or to natural drainage ways, where required.
 - a. The Applicant shall demonstrate that storm water collection, detention, and drainage is constructed and maintained to restrict negative consequences and minimize adverse effects from the known underground pollution onsite and off-site areas caused by the owner of the site.
13. CPP 151.00 The City of McMinnville shall evaluate major land use decisions, including but not limited to urban growth boundary, comprehensive plan amendment, zone changes, and subdivisions using the criteria outlined below:

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- a. Federal, state, and local water and waste water quality standards can be adhered to.
- b. The Applicant shall demonstrate how it will comply with all federal, state and local water and wastewater quality standards, given the DEQ LUST case regarding a hazardous gasoline spill on the site and the deficiencies noted in the Record.

McMinnville Building Department

No building code concerns. Analysis of IEBC appears to be accurate and based on Oregon adopted code.

McMinnville Water and Light

Water: Please contact MW&L to turn off water meters and disconnect customer side of the meter – A16972894, C47575190 & A16972900 prior to demolition of property.

Power: Please contact MW&L to coordinate the removal of existing electric services prior to demolition. The Bindery Event space does not appear to have a dedicated electric service. There will need to be a provision for re-serving the Bindery Event Space with electricity during demolition.

Public Comments

Notice of this request was mailed to property owners located within 300 feet of the subject site on September 8, 2022 and notice of the public hearing was published in the News Register on Tuesday, September 20, 2022 and Friday, September 23, 2022. The following testimony has been received by the Planning Department.

- Email from Kira Barsotti, 09.16.22
- Email from Shanna Dixon, 09.16.22
- Email from Marianne Mills, 09.18.22
- Email from Megan McCrossin, 09.18.22
- Email from Courtney Cunningham, 09.20.22
- Email from Jordan Robinson, 09.20.22
- Email from Phyllice Bradner, 09.20.22
- Email from Victoria Anderson, 09.20.22
- Letter from Marilyn Kosel, 09.20.22
- Letter from Patti Webb, 09.20.22

V. FINDINGS OF FACT - PROCEDURAL FINDINGS

1. The applicant, Mark Vuong, on behalf of HD McMinnville LLC submitted the Downtown Design Review application (DDR 2-22) on August 9, 2022.
2. The application was deemed complete on September 7, 2022. Based on that date, the 120-day land use decision time limit expires on January 5, 2023.
3. Notice of the application was referred to the following public agencies for comment in accordance with Section 17.72.120 of the Zoning Ordinance: McMinnville Fire Department, Police Department, Parks and Recreation Department, Engineering and Building Departments, City Manager, and City Attorney,

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McMinnville School District No. 40, McMinnville Water and Light, Yamhill County Public Works, Yamhill County Planning Department, Recology Western Oregon, Frontier Communications, Comcast, Northwest Natural Gas, and the Oregon Department of Transportation on September 7, 2022.

Comments received from agencies are addressed in the Decision Document.

4. Notice of the application and the September 29, 2022, Historic Landmarks Committee public hearing was mailed to property owners within 300 feet of the subject property in accordance with Section 17.65.070(C) of the Zoning Ordinance on Thursday, September 8, 2021.
5. A public hearing notice was published in the News Register on Tuesday, September 20, 2022, and Friday, September 23, 2022.
6. On September 29, 2022, the Historic Landmarks Committee held a duly noticed public hearing to consider the request.

VI. FINDINGS OF FACT – GENERAL FINDINGS

1. **Location:** 609 NE third Street, 611 NE Third Street (Third Street Frontage), 619 NE Third Street. The property identified as Tax Lots 4500, 4300 and 4201, Section 21BC, T. 4 S., R. 4 W., W.M.
2. **Size:** Approximately 20,000 square feet.
3. **Comprehensive Plan Map Designation:** Commercial
4. **Zoning:** C-3 (General Commercial)
5. **Overlay Zones/Special Districts:** Downtown Design Standards Area (per Section 17.59.020(A) of the Zoning Ordinance); Reduced Off-Street Parking Requirements Area (per Section 17.60.100); Reduced Landscaping Requirements Area (per Section 17.57.080).
6. **Current Use:** Office
7. **Inventoried Significant Resources:**
 - a. **Historic Resources:** Historic Resources Inventory – Resource Number B859, B872, D876. Primary Significant Contributing property (609 NE Third Street), Secondary Significant Contributing Property (611 NE Third Street) and (619 NE Third Street) in the McMinnville Downtown Historic District.
 - b. **Other:** None
8. **Other Features:** There are no significant or distinguishing natural features associated with this property.
9. **Utilities:**
 - a. **Water:** Water service is available to the subject site.
 - b. **Electric:** Power service is available to the subject site.
 - c. **Sewer:** Sanitary sewer service is available to the subject site.
 - d. **Stormwater:** Storm sewer service is available to the subject site.
 - e. **Other Services:** Other utility services are available to the subject site. Northwest Natural Gas and Comcast is available to serve the site.

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10. **Transportation:** The site is adjacent to NE Third Street, which is identified as a major collector in the McMinnville Transportation System Plan. Section 17.53.101 of the McMinnville Municipal Code identifies the right-of-way width for major collector streets as 74 feet. The right-of-way width adjacent to the subject site is only 60 feet, but the site is fully developed and within an area with historic buildings constructed up to the property line. Therefore, no right-of-way dedication is required during the course of development of the properties adjacent to NE Third Street.

VII. CONCLUSIONARY FINDINGS:

The Conclusionary Findings are the findings regarding consistency with the applicable criteria for the application. The applicable criteria for a Downtown Design Review request are specified in Section 17.59.040 of the Zoning Ordinance.

In addition, the goals, policies, and proposals in Volume II of the Comprehensive Plan are to be applied to all land use decisions as criteria for approval, denial, or modification of the proposed request. Goals and policies are mandated; all land use decisions must conform to the applicable goals and policies of Volume II. “Proposals” specified in Volume II are not mandated, but are to be undertaken in relation to all applicable land use requests.

Comprehensive Plan Volume II:

The following Goals, Policies, and Proposals from Volume II of the Comprehensive Plan provide criteria applicable to this request:

The implementation of most goals, policies, and proposals as they apply to this application are accomplished through the provisions, procedures, and standards in the city codes and master plans, which are sufficient to adequately address applicable goals, policies, and proposals as they apply to this application.

The following additional findings are made relating to specific Goals and Policies:

GOAL II 1: TO PRESERVE THE QUALITY OF THE AIR, WATER, AND LAND RESOURCES WITHIN THE PLANNING AREA.

- 2.00 *The City of McMinnville shall continue to enforce appropriate development controls on lands with identified building constraints, including, but not limited to, excessive slope, limiting soil characteristics, and natural hazards.*

APPLICANT RESPONSE: None

FINDING: NOT SATISFIED. NOT ENOUGH INFORMATION PROVIDED. A Contaminated Media Management Plan (CMMP) was prepared for Oregon Lithoprint, Inc. on July 20, 2022, to address residual petroleum contamination that may be encountered in soil and groundwater in the vicinity of the Oregon Lithoprint site located at 609 NE Third Street due to a former Leaking Underground Storage Tank (LUST). The Lithoprint LUST site involves underground gasoline storage tanks that were removed in the mid-1980s. The tanks were located beneath the sidewalk on the east side of NE Ford Street, just north of NE Third Street. Some gasoline-contaminated soil was excavated during the tank removal, but further investigation indicated that soil contamination extended beneath the O’Dell Building, which is owned by Lithoprint and is adjacent on the east of the former tanks. Groundwater contamination originating at the former tanks’ location extends to the southwest beneath NE Ford Street, the Oddfellows Building across NE Ford Street on the west, and into NE Third Street. Soil and groundwater conditions associated with

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the LUST site have been monitored for the past 30+ years and contamination persists in both soil and groundwater at concentrations exceeding Oregon’s cleanup requirements. Lithoprint’s consultant produced a Supplemental Site Investigation Summary Report in June 2022 that does not contemplate redevelopment of the O’Dell Building and states:

“Based on the current Site use, the primary potential risk exposure that was identified as being of potential concern is limited to construction worker exposure beneath the southwest corner of the O’Dell Building and in the vicinity of MW-4. This exposure would only present a potential risk if construction or excavation activities were undertaken without appropriate precautions. The potential for unacceptable risk to construction workers beneath the O’Dell Building is further limited by the fact that the building would need to be razed or excavation activities would need to be conducted within the existing building footprint for potential exposures to occur.”

This implies that if the building is razed and excavation occurs, there is a potential exposure that should be considered. The Supplemental Site Investigation Summary Report does not recommend whether additional remedial activities should occur if the O’Dell Building is demolished and allows access to contaminated soil. The Supplemental Site Investigation Summary Report should be expanded to consider the demolition of the O’Dell building.

CONDITION OF APPROVAL #1: The applicant must demonstrate how construction activities regarding known pollutants residing under the structures onsite will not negatively affect development onsite, and not negatively affect the adjoining properties, including the city’s right of ways.

- 8.00 *The City of McMinnville shall continue to seek the retention of high water quality standards as defined by federal, state, and local water quality codes, for all the water resources within the planning area.*

APPLICANT RESPONSE: None

FINDING: SATISFIED WITH CONDITION OF APPROVAL #2. A Contaminated Media Management Plan (CMMP) was prepared for Oregon Lithoprint, Inc. on July 20, 2022, to address residual petroleum contamination that may be encountered in soil and groundwater in the vicinity of the Oregon Lithoprint site located at 609 NE Third Street due to a former Leaking Underground Storage Tank (LUST).

CONDITION OF APPROVAL #2: The Applicant must demonstrate that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City’s Right of Way and downstream users and properties.

- 10.00 *The City of McMinnville shall cooperate with the Oregon Department of Environmental Quality, the Mid-Willamette Valley Council of Governments, and other appropriate agencies and interests to maintain water quality and to implement agreed upon programs for management of the water resources within the planning area.*

APPLICANT RESPONSE: None

FINDING: SATISFIED WITH CONDITION OF APPROVAL #3. A Contaminated Media Management Plan (CMMP) was prepared for Oregon Lithoprint, Inc. on July 20, 2022, to address residual petroleum contamination that may be encountered in soil and groundwater in the vicinity of the Oregon Lithoprint site located at 609 NE Third Street due to a former Leaking Underground Storage Tank (LUST).

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CONDITION OF APPROVAL #3: The Applicant must demonstrate compliance with the Department of Environmental Quality and other appropriate agencies that its onsite excavation and building demolition activities do not degrade water quality in the area of the site, adjoining properties, the LUST site, the City’s Right of Way and downstream users and properties.

GOAL IV 1: TO ENCOURAGE THE CONTINUED GROWTH AND DIVERSIFICATION OF McMinnville’s Economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

APPLICANT RESPONSE: The proposed development will provide short-term lodging and retail services for the downtown McMinnville community. These services will both meet an identified demand and provide employment to local residents. The current businesses on the site employ approximately 20 people; the proposed development is expected to employ approximately 60 people. These employment opportunities will include hospitality, service industry, and management positions

COMMERCIAL DEVELOPMENT

GOAL IV 2: TO ENCOURAGE THE CONTINUED GROWTH OF McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

APPLICANT RESPONSE: This Comprehensive Plan policy is supplemented by several documents including the 2013 Urban Renewal Area Plan⁶ (Area Plan), the 2013 Economic Opportunities Analysis (EOA), the 2019 MAC-Town 2032 Economic Development Strategic Plan⁷ (MAC-Town 2032), and the 2020 McMinnville Growth Management and Urbanization Plan (MGMUP). The site is within the McMinnville Urban Renewal Area and downtown McMinnville is the focus of MAC-Town 2032.

Infrastructure Improvements

The Area Plan includes reconstruction of the 3rd Street Streetscape, which is currently in the conceptual design phase. Depending on the timing of the development, the project may be able to participate in construction of the streetscape improvements.

Economic Opportunities

The EOA identifies limited durations of tourism visitation as a factor affecting community economic development. The analysis found that visitors tend not to stay overnight, but rather are often day visitors, and do not appear to be making substantial expenditures while in the area. A key challenge for the future, as identified in this analysis, is to provide more and better value-added opportunities for visitors to spend more time and money while visiting the McMinnville area.

Hospitality and Tourism

As noted above, the application is consistent with the 2019 MAC-Town 2032 Economic Development Strategic Plan. Goal 6 of MAC-Town 2032 particularly encourages downtown McMinnville to “Be a leader in Hospitality and Place-Based Tourism” and identifies hotel stays and retail sales as performance measures. Action items within that goal identify additional high-quality hospitality offerings and additional conference space. Focus groups participating in MAC Town

GOAL IV 3: TO ENSURE COMMERCIAL DEVELOPMENT THAT MAXIMIZES EFFICIENCY OF LAND USE THROUGH UTILIZATION OF EXISTING COMMERCIALY DESIGNATED LANDS, THROUGH

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APPROPRIATELY LOCATING FUTURE NEIGHBORHOOD-SERVING AND OTHER COMMERCIAL LANDS, AND DISCOURAGING STRIP DEVELOPMENT.

- 22.00 *The maximum and most efficient use of existing commercially designated lands will be encouraged as will the revitalization and reuse of existing commercial properties.*

APPLICANT RESPONSE: The proposed development is a commercial development on properties zoned C-3 and designated for commercial uses and development. The building meets the applicable development standards for the zone and site will intensify the uses on the site and maximize the efficiency of a key site within downtown McMinnville.

The site is located within the McMinnville Urban Renewal Area (Area). The City’s Urban Renewal Plan notes that the programs and infrastructure improvements proposed within the Area will “maximize the efficient use of land by encouraging more intense uses on lands already developed or designated for urban development, will help keep the urban pattern compact, and will prevent sprawl and strip development.”⁸ The Gwendolyn Hotel, along with its associated retail and restaurant spaces, will redevelop three, one- to two-story buildings, while enhancing the adjacent pedestrian environment. This aids in achieving Goal III of the Area which is to encourage a unique district identity through enhancing the physical appearance of the district and providing active use opportunities within the Area. The redevelopment of the site will intensify the use of a key site within the downtown McMinnville commercial area and enhance its status as the retail center of McMinnville.

In addition to urban renewal policies, Principle #5 of the Growth Management and Urbanization Plan calls for “Density. Adopt policies that allow the market to increase densities and push it to do so in some instances.” The plan notes that “activity centers” are the appropriate locations for these increases in density, and the Framework Plan identifies downtown McMinnville as one of four “activity centers,” and the largest. Though this Framework Plan is not an adopted Comprehensive Plan map, it does illustrate the City’s plans to meet its housing and employment needs during the planning horizon.

FINDING: SATISFIED. The proposed project maximizes the existing commercially designated lands by building a higher density commercial program on the site, which will also serve to revitalize the east side of Third Street that was identified as a redevelopment area in the adopted 2000 Downtown Improvement Plan.

- 25.00 *Commercial uses will be located in areas where conflicts with adjacent land uses can be minimized and where city services commensurate with the scale of development are or can be made available prior to development.*

FINDING: SATISFIED WITH CONDITIONS OF APPROVAL #4, #5, #6 and #7. Higher density commercial development in the city center utilizes existing infrastructure efficiencies. The following conditions of approval will need to be met to ensure that the existing infrastructure will support the development.

CONDITION OF APPROVAL #4: The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rain water into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building permit, the applicant shall revise the plans to show that the existing sewer laterals that serve the buildings, will be video inspected and any defects found in the lateral, will be repaired or replaced. Contact the City Engineering Department for further information and assistance.

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CONDITION OF APPROVAL #5: The applicant shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be borne by the developer.

CONDITION OF APPROVAL #6: The applicant provided a Transportation Impact Analysis with their application for the replacement project. Several items need to be updated in the Transportation Impact Analysis prior to the issuance of building permits which may then require transportation improvements. They are as follows:

- Provide a TIA of the intersections of NE Ford Street and NE Third Street, and NE Galloway Street and NE Third Street.
- The Narrative mentions in section 2. C. under Project Description a 90-95 room boutique hotel, the TIA calls out an 85-room hotel and the plans submitted show 92 rooms. The TIA should accurately reflect the number of rooms being proposed.

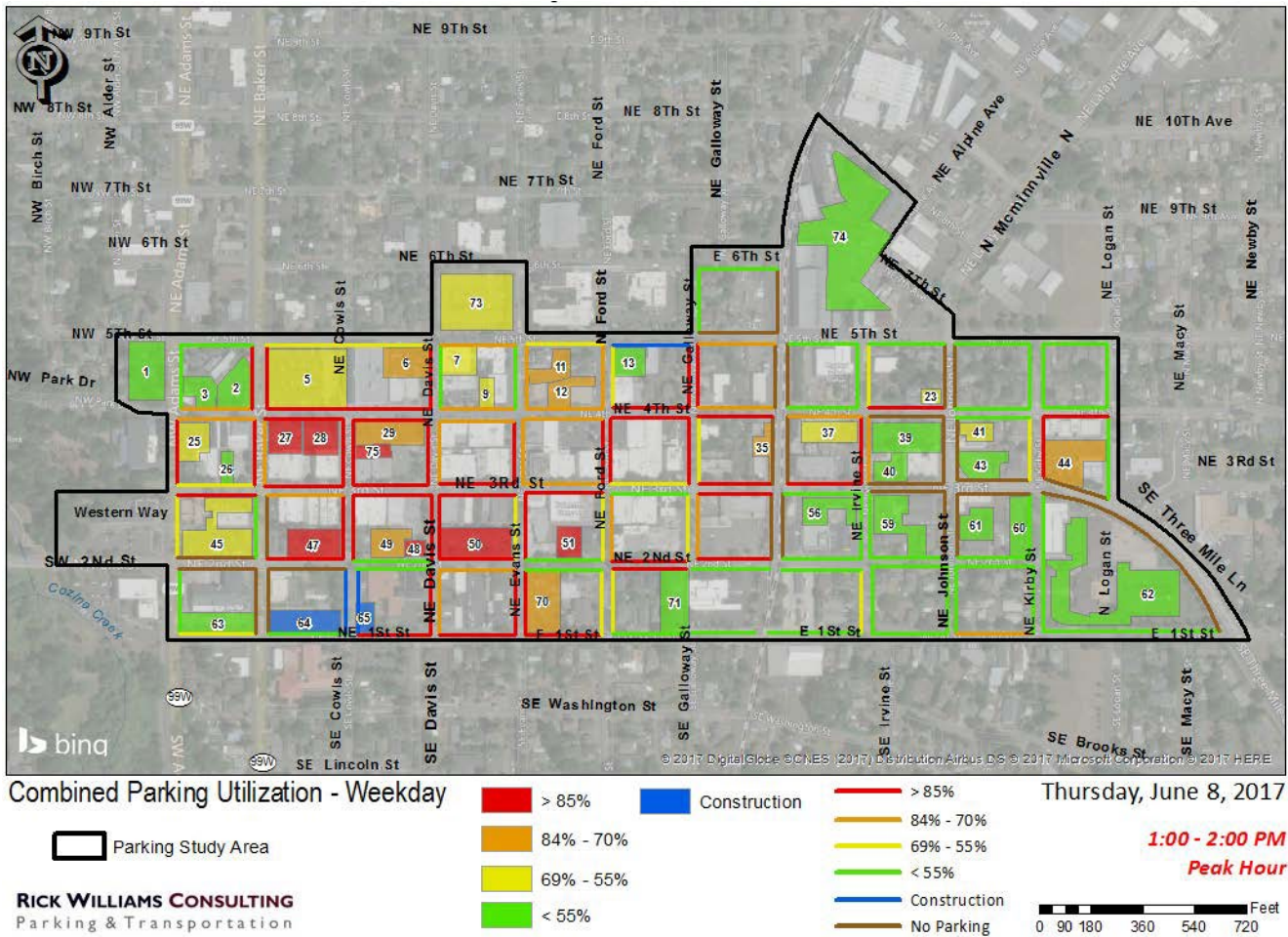
CONDITION OF APPROVAL #7: The Transportation Impact Analysis shows that queue lengths exceed storage length at the eastbound thru and westbound all on Second Street at Baker Street. Queue lengths also exceed storage lengths at the westbound thru and southbound left at the intersection of Johnson Street/Lafayette St. and Third Street. Prior to the issuance of building permits, the applicant will need to provide a mitigation plan for these intersections.

26.00 *The size of, scale of, and market for commercial uses shall guide their locations. Large-scale, regional shopping facilities, and heavy traffic-generating uses shall be located on arterials or in the central business district and shall be located where sufficient land for internal traffic circulation systems is available (if warranted) and where adequate parking and service areas can be constructed.*

FINDING: SATISFIED. The replacement plan project will be located in the Central Business District. The Transportation Impact Analysis provided as part of the application indicates that all intersections studied perform within mobility standards with the project as developed. No mitigation measures were identified.

Parking in the core downtown area is limited. However, a utilization study conducted in 2017 identified that parking on Ford Street between 3rd and 4th Streets was maximized at the peak hour of a weekday. Although the McMinnville Municipal Code does not require the provision of off-street parking for new developments on this site, the replacement project is providing 68 off-street parking stalls in an underground parking structure.

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(City of McMinnville, Oregon, Downtown Strategic Parking Management Plan, March 27, 2018, page 17)

33.00 *Encourage efficient use of land for parking; small parking lots and/or parking lots that are broken up with landscaping and pervious surfaces for water quality filtration areas. Large parking lots shall be minimized where possible. All parking lots shall be interspersed with landscaping islands to provide a visual break and to provide energy savings by lowering the air temperature outside commercial structures on hot days, thereby lessening the need for inside cooling. (Ord.4796, October 14, 2003)*

FINDING: SATISFIED WITH CONDITION OF APPROVAL #10 AND #11. Although the McMinnville Municipal Code does not require the provision of off-street parking for new developments on this site, the replacement project is providing 68 off-street parking stalls in an underground parking structure.

CONDITION OF APPROVAL #8: Provide detailed plans for the parking structure, email correspondence has been provided by the developers engineer mentioning a possible encroachment into the city right-of-way for the structure of the underground parking. This needs to be reviewed prior to permit issuance.

CONDITION OF APPROVAL #9: Provide details for valet parking so the City can review the location and the size of the parking for approval prior to building permit issuance.

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GOAL IV 4: TO PROMOTE THE DOWNTOWN AS A CULTURAL, ADMINISTRATIVE, SERVICE, AND RETAIL CENTER OF McMINNIVILLE.

Downtown Development Policies:

36.00 *The City of McMinnville shall encourage a land use pattern that:*

1. *Integrates residential, commercial, and governmental activities in and around the core of the city.*
2. *Provides expansion room for commercial establishments and allows dense residential development.*
3. *Provides efficient use of land for adequate parking areas.*
4. *Encourages vertical mixed commercial and residential uses; and,*
5. *Provides for a safe and convenient auto-pedestrian traffic circulation pattern. (Ord.4796, October 14, 2003)*

FINDING: SATISFIED.

37.00 *The City of McMinnville shall strongly support, through technical and financial assistance, the efforts of the McMinnville Downtown Steering Committee to implement those elements of Phase II of the “Downtown Improvement Plan” that are found proper, necessary, and feasible by the City. (Ord.4796, October 14, 2003)*

FINDING: NOT APPLICABLE. Phase II of the Downtown Improvement Plan is a list of public improvement projects that are not associated with this application.

38.00 *The City of McMinnville shall encourage the renovation and rehabilitation of buildings in the downtown area, especially those of historical significance or unique design.*

FINDING: SATISFIED. The City provides grants and loans to encourage the renovation and rehabilitation of buildings in the downtown area.

The extant structure at 609 NE Third Street is not of historical significance or unique design.

44.00 *The City of McMinnville shall encourage, but not require, private businesses downtown to provide off-street parking and on-site traffic circulation for their employees and customers.*

FINDING: SATISFIED. The replacement plan project is providing an off-street underground parking structure with 68 parking stalls.

GOAL VI 1: TO ENCOURAGE DEVELOPMENT OF A TRANSPORTATION SYSTEM THAT PROVIDES FOR THE COORDINATED MOVEMENT OF PEOPLE AND FREIGHT IN A SAFE AND EFFICIENT MANNER.

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127.00 *The City of McMinnville shall encourage the provision of off-street parking where possible, to better utilize existing and future roadways and rights-of-way as transportation routes.*

FINDING: SATISFIED. The replacement plan project is providing an off-street underground parking structure with 68 parking stalls.

132.40.05 *Conditions of Approval—In accordance with the City’s TSP and capital improvements plan (CIP), and based on the level of impact generated by a proposed development, conditions of approval applicable to a development application should include:*

1. *Improvement of on-site transportation facilities,*
2. *Improvement of off-site transportation facilities (as conditions of development approval), including those that create safety concerns, or those that increase a facility’s operations beyond the City’s mobility standards; and*
3. *Transportation Demand Management strategies. (Ord. 4922, February 23, 2010)*

FINDING: SATISFIED. Due to the size of the replacement plan project, the City required the applicant to provide a Transportation Impact Analysis that identified no need for mitigating measures with the development of the project.

132.46.00 *Low impact street design, construction, and maintenance methods should be used first to avoid, and second to minimize, negative impacts related to water quality, air quality, and noise in neighborhoods. (Ord. 4922, February 23, 2010)*

FINDING: SATISFIED WITH CONDITION OF APPROVAL #10:

CONDITION OF APPROVAL #10: The Applicant shall demonstrate its design and construction methods will avoid, and then minimize negative impacts related to water and air quality given the onsite and off-site hazards caused by the known hazardous spills associated with the site.

142.00 *The City of McMinnville shall insure that adequate storm water drainage is provided in urban developments through review and approval of storm drainage systems, and through requirements for connection to the municipal storm drainage system, or to natural drainage ways, where required.*

FINDING: SATISFIED WITH CONDITION OF APPROVAL #11:

CONDITION OF APPROVAL #11: The Applicant shall demonstrate that storm water collection, detention, and drainage is constructed and maintained to restrict negative consequences and minimize adverse effects from the known underground pollution onsite and off-site areas caused by the owner of the site.

151.00 *The City of McMinnville shall evaluate major land use decisions, including but not limited to urban growth boundary, comprehensive plan amendment, zone changes, and subdivisions using the criteria outlined below:*

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1. *Sufficient municipal water system supply, storage and distribution facilities, as determined by McMinnville Water and Light, are available or can be made available, to fulfill peak demands and ensure fire flow requirements and to meet emergency situation needs.*
2. *Sufficient municipal sewage system facilities, as determined by the City Public Works Department, are available, or can be made available, to collect, treat, and dispose of maximum flows of effluents.*
3. *Sufficient water and sewer system personnel and resources, as determined by McMinnville Water and Light and the City, respectively, are available, or can be made available, for the maintenance and operation of the water and sewer systems.*
4. *Federal, state, and local water and wastewater quality standards can be adhered to.*
5. *Applicable policies of McMinnville Water and Light and the City relating to water and sewer systems, respectively, are adhered to.*

FINDING: SATISFIED WITH CONDITION OF APPROVAL #12:

CONDITION OF APPROVAL #12: The Applicant shall demonstrate how it will comply with all federal, state and local water and wastewater quality standards, given the DEQ LUST case regarding a hazardous gasoline spill on the site and the deficiencies noted in the Record.

GOAL X 1: TO PROVIDE OPPORTUNITIES FOR CITIZEN INVOLVEMENT IN THE LAND USE DECISION MAKING PROCESS ESTABLISHED BY THE CITY OF McMINNVILLE.

GOAL X 2: TO MAKE EVERY EFFORT TO ENGAGE AND INCLUDE A BROAD CROSS SECTION OF THE COMMUNITY BY MAINTAINING AN ACTIVE AND OPEN CITIZEN INVOLVEMENT PROGRAM THAT IS ACCESSIBLE TO ALL MEMBERS OF THE COMMUNITY AND ENGAGES THE COMMUNITY DURING DEVELOPMENT AND IMPLEMENTATION OF LAND USE POLICIES AND CODES.

Policy 188.00 The City of McMinnville shall continue to provide opportunities for citizen involvement in all phases of the planning process. The opportunities will allow for review and comment by community residents and will be supplemented by the availability of information on planning requests and the provision of feedback mechanisms to evaluate decisions and keep citizens informed.

APPLICANT'S RESPONSE: None.

FINDING: SATISFIED. The process for a Certificate of Approval for Demolition provides an opportunity for citizen involvement throughout the process through the public notice and the public hearing process. Throughout the process, there are opportunities for the public to review and obtain copies of the application materials and the completed staff report prior to the advertised public meeting(s). All members of the public have access to provide testimony and ask questions during the public review and meeting process.

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McMinnville Zoning Ordinance

The following Sections of the McMinnville Zoning Ordinance (Ord. No. 3380) provide criteria applicable to the request:

Chapter 17.03. General Provisions

17.03.020 Purpose. *The purpose of this ordinance is to encourage appropriate and orderly physical development in the City through standards designed to protect residential, commercial, industrial, and civic areas from the intrusions of incompatible uses; to provide opportunities for establishments to concentrate for efficient operation in mutually beneficial relationship to each other and to shared services; to provide adequate open space, desired levels of population densities, workable relationships between land uses and the transportation system, and adequate community facilities; to provide assurance of opportunities for effective utilization of the land resource; and to promote in other ways public health, safety, convenience, and general welfare.*

APPLICANT’S RESPONSE: None.

FINDING: SATISFIED. The purpose of the Zoning Ordinance is met by the proposal as described in the Conclusionary Findings contained in this Decision Document.

Chapter 17.33. C 3, General Commercial**17.33.010 Permitted uses.**

APPLICANT’S RESPONSE: The proposed mixed-use building includes Lodging (hotels and motels), Restaurant, Parking Structure or Lot, and Retail uses. Lodging uses are permitted in the C-2 zone and the remaining uses are listed as permitted in the C-3 zone.

FINDING: SATISFIED.

17.33.030 Yard requirements.

Except as provided in Section 17.54.050, and “A” and “B” below, there shall be no required yards in a C-3 zone:

- A. Side yard shall not be less than twenty feet when adjacent to a residential zone;*
- B. Rear yard shall not be less than twenty feet when adjacent to a residential zone. (Ord. 4912 §3, 2009; Ord. 4128 (part), 1981; Ord. 3380 (part), 1968).*

APPLICANT’S RESPONSE: The site is adjacent to properties zoned C-3, and these setback requirements are not applicable.

FINDING: SATISFIED.

17.33.040 Building height.

In a C-3 zone, buildings shall not exceed a height of eighty feet. (Ord. 4128 (part), 1981; Ord. 3380 (part), 1968).

APPLICANT’S RESPONSE: The proposed building height is 75 ft. 4 in., less than the maximum height of 80 ft. This standard is met.

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FINDING: SATISFIED. Note that Sheet A3.0 indicates that the height of the elevator tower is 79 feet. However, per Section 17.54.040, elevator towers are not subject to the building height limitations.

17.33.050 Use limitations.

In a C-3 zone, outside storage abutting or facing a residential zone shall be enclosed by a sight obscuring fence. The fence shall obstruct the storage from view on the sides of the property abutting or facing a residential zone. The fence shall be of such material and design as will not detract from adjacent residences, shall be free of advertising, and shall be constructed according to plans submitted by the owner or authorized agent and approved by the Planning Director. Outside storage in a required yard shall not exceed ten feet in height. (Ord. 4477 §3, 1990).

APPLICANT’S RESPONSE: No outside storage is proposed. These standards are not applicable.

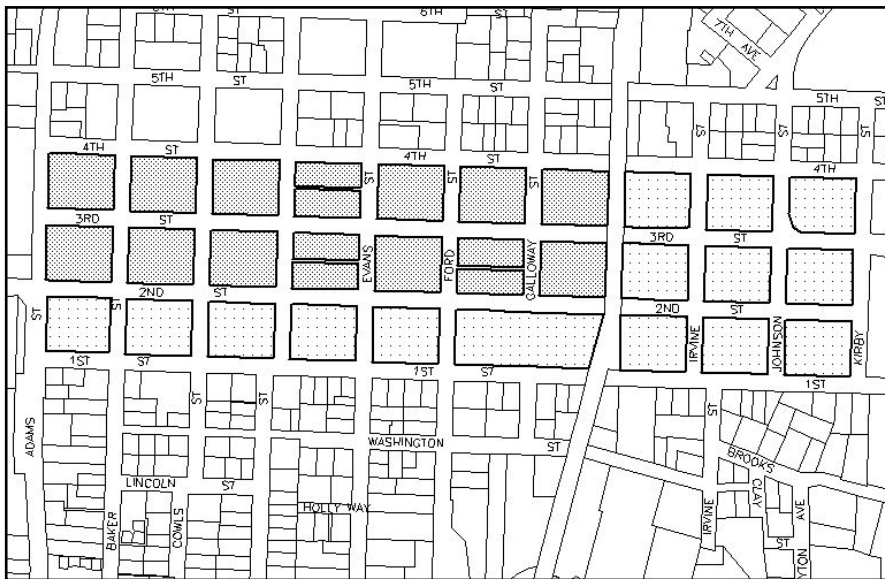
FINDING: NOT APPLICABLE

Chapter 17.57, Landscaping

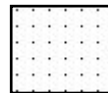
17.57.080 Central business district. *The central business district shall be divided into two areas as defined in this section:*

- A. *Area I is that area between Adams Street and the railroad tracks and between Second and Fourth Streets. The landscaping requirements set forth herein shall not apply to this portion of the central business district, except for the provision of street trees according to the city's master plan;*
- B. *Area II is defined as being that area between Adams and Kirby Streets from First to Fourth Streets, excluding the area in subsection A above. One-half of the landscaping requirements set forth in Section 15.57.050 above shall apply to this area. (Ord. 5027 §2, 2017; Ord. 4128 (part), 1981; Ord. 3380 (part), 1968).*

REDUCED LANDSCAPING REQUIREMENTS



Area I - No Required Landscaping



Area II – One Half Required Landscaping

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APPLICANT'S RESPONSE: No response.

FINDING: SATISFIED. Project site is in Area 1 and no landscaping is required. The applicant will not need to submit a landscape plan for review.

Chapter 17.59, Downtown Design Guidelines

17.59.020. Applicability.

- A. *The provisions of this Chapter shall apply to all lands located within the area bounded to the west by Adams Street, to the north by 4th Street, to the east by Kirby Street, and to the south by 1st Street. Lands immediately adjacent to the west of Adams Street, from 1st Street to 4th Street, are also subject to the provisions of this Chapter.*
- B. *The provisions of this ordinance shall apply to the following activities conducted within the above described area:*
 1. *All new building construction;*
 2. *Any exterior building or site alteration; and,*
 3. *All new signage.*
- C. *This ordinance shall not apply to the following activities or uses:*
 1. *Maintenance of the exterior of an existing structure, such as re-roofing, re-siding, or repainting where similar materials and colors are used that comply with this ordinance;*
 2. *Interior remodeling; and,*
 3. *Single-family detached housing.*
- D. *The Planning Director shall determine whether any proposed maintenance activity complies with this ordinance and whether the proposed activity is subject to the review procedures contained in this chapter.*
- E. *This ordinance shall apply only to those portions of a building or sign that are proposed for construction or modification and shall not extend to other elements of the building or sign that may be out of compliance with the requirements of this ordinance (i.e., a permit to replace a single window shall not require that all other windows on the building that may be out of compliance with this ordinance to be replaced, unless such action is initiated by the property owner). However, if a building should be destroyed due to fire, accident, or an act of God, the new or replacement structure shall be rebuilt to conform to the requirements of this ordinance. (Ord. 5034 §2, 2017; Ord. 4797 §1, 2003).*

APPLICANT'S RESPONSE: The site is located at the northeast corner of NE 3rd and Ford streets. The provisions of this chapter are applicable. The proposed development is new building construction, and the provisions of this ordinance are applicable.

FINDING: SATISFIED. The project is new construction located in the Downtown Design Overlay.

17.59.030 Review Process.

- A. *An application for any activity subject to the provisions of this ordinance shall be submitted to the Planning Department and shall be subject to the procedures listed in (B) through (E) below.*
- B. *Applications shall be submitted to the Planning Department for initial review for completeness as stated in Section 17.72.040. The application shall include the following information:*
 1. *The applicant shall submit two (2) copies of the following information:*
 - a. *A site plan (for new construction or for structural modifications).*
 - b. *Building and construction drawings.*

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- c. *Building elevations of all visible sides.*
 2. *The site plan shall include the following information:*
 - a. *Existing conditions on the site including topography, streetscape, curbcuts, and building condition.*
 - b. *Details of proposed construction or modification to the existing structure.*
 - c. *Exterior building elevations for the proposed structure, and also for the adjacent structures.*
 3. *A narrative describing the architectural features that will be constructed and how they fit into the context of the Downtown Historic District.*
 4. *Photographs of the subject site and adjacent property.*
 5. *Other information deemed necessary by the Planning Director, or his/her designee, to allow review of the applicant's proposal. The Planning Director, or his/her designee, may also waive the submittal of certain information based upon the character and complexity (or simplicity) of the proposal.*
- C. *Review Process*
1. *Applications shall be submitted to the Planning Department for initial review for completeness as stated in Section 17.72.040. The Planning Director shall review the application and determine whether the proposed activity is in compliance with the requirements of this ordinance.*
 2. *The Planning Director may review applications for minor alterations subject to the review criteria stated in Section 17.59.040. The Historic Landmarks Committee shall review applications for major alterations and new construction, subject to the review criteria stated in Section 17.59.040. It shall be the Planning Director's decision as to whether an alteration is minor or major.*
 3. *Notification shall be provided for the review of applications for major alterations and new construction, subject to the provisions of Section 17.72.110.*
 - a. *The Historic Landmarks Committee shall meet within 30 (thirty) days of the date the application was deemed complete by the Planning Department. The applicant shall be notified of the time and place of the review and is encouraged to be present, although their presence shall not be necessary for action on the plans. A failure by the Planning Director or Historic Landmarks Committee, as applicable, to review within 30 (thirty) days shall be considered an approval of the application.*
 - b. *If the Planning Director or Historic Landmarks Committee, as applicable, finds the proposed activity to be in compliance with the provisions of this ordinance, they shall approve the application.*
 - c. *If the Planning Director or Historic Landmarks Committee, as applicable, finds the proposed activity in noncompliance with the provisions of this ordinance, they may deny the application, or approve it with conditions as may be necessary to bring the activity into compliance with this ordinance.*

APPLICANT'S RESPONSE: This application has been submitted as described. A site plan is included as Sheet A1.01; building and construction drawings are included as Sheets A2.01-A2.02; and building elevations are included as Sheets A3.01-A3.02 and A 6.01-A6.03. An existing conditions plan is included as Sheet 1; details of proposed construction are included in the architectural plans; exterior building elevations are included in Sheets A1.01-A7.04; and adjacent structure elevations are shown on Sheet A3.01-A3.02. This document is the narrative. A discussion of the proposed building as it relates to the context of the Downtown Historic District is addressed throughout this document. Photographs of the subject site and adjacent property are included in Sheets 2 and A0.01. While not required by the zoning regulations, the Planning Director has indicated that a traffic impact analysis (TIA) is required. The TIA is

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included as Appendix B. No other information was identified as required for the submittal. The proposed application is for new construction and a waiver, both of which are subject to review and approval by the Historic Landmarks Committee at a public hearing. A waiver is requested to the provisions of 17.59.050.B.1 to allow the building to appear as three stories rather than two stories at the corner.

FINDING: SATISFIED. The applicant submitted an application as required, and the application was reviewed by the Historic Landmarks Committee as it consists of new construction. Notification was provided to property owners within 300 feet of the subject site, which exceeds the distance required by Section 17.72.110. However, the application was submitted concurrently with three other land use applications, so all four applications are reviewed under the hearing procedure that affords the most opportunity for public hearing and notice, per Section 17.72.070 of the Zoning Ordinance. The other three land use applications required a 300 foot notification distance, which was used for the Downtown Design Review application as well.

17.59.030 Review Process.

D. Waiver Process

A guideline or standard contained in this ordinance may be waived as part of the design review process when it can be demonstrated that the proposed design satisfies or exceeds the downtown design goals and objectives of this ordinance. If a waiver is requested, the applicant must explain in their application how the proposed design satisfies or exceeds these goals and objectives. A request for a waiver to the standards of this ordinance shall be reviewed by the McMinnville Historic Landmarks Committee, as described in Section 17.59.030(C)(2).

APPLICANT’S RESPONSE: A waiver is requested to the provisions of 17.59.050.B.1 to allow the building to appear as three stories rather than two stories at the corner.

FINDING: SATISFIED. The project is new construction located in the Downtown Design Overlay

17.59.040 Review Criteria

- A.** *In addition to the guidelines and standards contained in this ordinance, the review body shall base their decision to approve, approve with conditions, or deny the application, on the following criteria:*
- 1. The City’s historic preservation policies set forth in the Comprehensive Plan;*
 - 2. If a structure is designated as a historic landmark on the City’s Historic Resources Inventory or is listed on the National Register for Historic Places, the City’s historic preservation regulations in Chapter 17.65, and in particular, the standards and guidelines contained in Section 17.65.060(2); and*

APPLICANT’S RESPONSE: The City’s historic preservation policies of the Comprehensive Plan are addressed in Section 5 of this narrative.

The building at 609 NE 3rd Street is designated as a historic landmark and the buildings at 611 and 619 NE 3rd Street are located within a National Historic District. The requirements of Chapter 17.65 are addressed in Section 4.H of this narrative..

FINDING: SATISFIED. This is not a review of a modification to a historic resource, it is new construction.

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17.59.040 Review Criteria

3. *If applicable (waiver request), that all of the following circumstances are found to exist:*
- a. *There is a demonstrable difficulty in meeting the specific requirements of this Chapter due to a unique or unusual aspect of the site, an existing structure, or proposed use of the site;*

APPLICANT’S RESPONSE: The difficulty of complying with the requirement of 17.59.050.B.1 is both financial and aesthetic. Reducing the appearance of the building from the 3 stories proposed to the 2 stories required by this standard significantly reduces the size of the 2nd floor of hotel rooms, and as such, significantly reduces both available lodging and revenue.

Secondly, the proposed 3-story expression is highly contextual. The existing buildings to the west and southeast are 3 stories in height. Though these buildings were constructed before the Downtown Design Standards were adopted, they are historic structures and establish the scale at this corner. This approach follows established precedent; there are numerous instances of both historic and new buildings exceeding a 2-story height at the corner in the vicinity of the subject site.

FINDING: NOT SATISFIED. MORE INFORMATION IS NEEDED. The City does not concur with the applicant’s findings relative to financial hardship, as the application does not provide enough information to serve as a basis for that finding. A financial pro forma analysis and evaluation or something similar would be required for the financial hardship finding.

The City also does not concur with the applicant’s findings that the context of other corner buildings of similar height is an “unique or unusual aspect of the site, an existing structure, or proposed use of the site.”

- b. *There is demonstrable evidence that the alternative design accomplishes the purpose of this Chapter in a manner that is equal or superior to a project designed consistent with the standards contained herein; and*

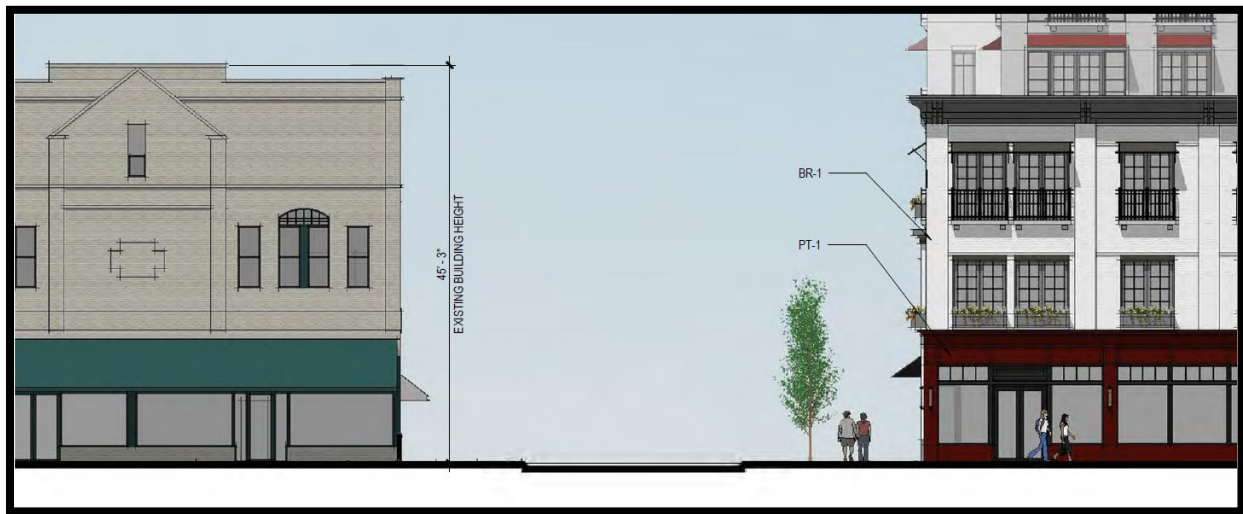
APPLICANT’S RESPONSE: The purpose of the Downtown Design Standards and Guidelines is, in part, to “foster an organized, coordinated, and cohesive historic district.” As demonstrated in Sheets A0.01 and A3.01, the buildings to the south and west are 3 stories in height and establish a context for the proposed appearance at the corner of NE 3rd and Ford streets. Continuing the established corner height of 3 stories further accentuates this key corner and provides a visual marker for visitors.

FINDING: SATISFIED. The City concurs with the applicant’s findings. The proposed project is three stories and 39 feet tall at the northeastern corner of the intersection of Ford Street and Third Street. The applicant has shown in a height study that most of the corner buildings in the same vicinity are a similar height or taller.

If historic context is the intention, then the limitation on the number of floors should not be the determinant but the overall height should determine context.

Directly across Ford Street, on the northwest side of the intersection of Ford Street and Third Street, the Odd Fellows building is three stories and 45 feet tall.

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Sheet A3.01 showing the Odd Fellows building located directly across Ford Street that is three stories and 45 feet tall.

Directly across Third Street, on the southeast corner of the intersection of Ford Street and Third Street, the Taylor Dale building is 35 feet tall.



Sheet A3.01 showing the Taylor Dale building located directly across Third Street that is 35 feet tall.

And immediately adjacent to the project site on the northwest side of the intersection of Galloway Street and Third Street, the Kaos building is three stories and 39 feet tall.

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Sheet A3.01 showing the Kaos building adjacent to the proposed three story elevation of the Gwendolyn Hotel that will be property tight on the northeastern corner of the intersection of Ford Street and Third Street.

Additionally, the applicant has provided as part of their neighborhood meeting materials a height study of existing corner buildings that exceed 2 stories, including the old Yamhill Hotel (Mack Theater), Hotel Oregon (now McMenamins), and the Atticus Hotel, the IOOF building, etc.



c. The waiver requested is the minimum necessary to alleviate the difficulty of meeting the requirements of this Chapter. (Ord. 5034 §2, 2017; Ord. 4797 §1, 2003).

APPLICANT’S RESPONSE: The requested wavier is the minimum necessary to alleviate the difficulty of meeting the requirement of 17.59.050.B.1. Granting this waiver allows the proposed building to reflect the 3-story height of the Tribute Hotel to the southeast and the I.O.O.F. building to the west. The effect will be to create a “gateway” of sorts to the area.

FINDING: SATISFIED. The City concurs with the applicant’s findings.

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17.59.050 Building and Site Design.

A. Building Setback.

1. Except as allowed by this ordinance, buildings shall maintain a zero setback from the sidewalk or property line.
2. Exceptions to the setback requirements may be granted to allow plazas, courtyards, dining space, or rear access for public pedestrian walkways.

APPLICANT’S RESPONSE: As shown in the Level 01 – Floor Plan on Sheet A2.01, the proposed development maintains a 0 ft. setback from the sidewalk to the west and south, except for a 6 ft. recess in front of the main entrance that provides a vestibule to the hotel lobby. The building at grade is set back 2 ft. from the northern property line to avoid compromising the foundations of the adjacent structures to the north.

FINDING: SATISFIED. The City concurs with the applicant’s findings. The proposed site plan for the building and development show construction of the new building with zero setbacks from the property lines:



17.59.050 Building and Site Design

B. Building Design.

1. Buildings should have massing and configuration similar to adjacent or nearby historic buildings on the same block. Buildings situated at street corners or intersections should be, or appear to be, two-story in height.

APPLICANT’S RESPONSE: According to the Oregon Historic Sites Database and map, adjacent and nearby historic buildings on the same block include the Bennette Building, a two-story stucco building at

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628-634 NE 4th Street that houses The Bindery event space (Secondary Historic Contributing resource) and the 4th & Galloway building at 628 NE 4th Street (Secondary Historic Contributing Resource). The KAOS building at 645 NE 3rd Street was constructed in 2015 and is not a contributing building. The remaining buildings on the block are the subject of this application.

As described in the historic district National Register Nomination, the Secondary Significant classification of the HRI was applied to structures built between 1913 and 1937, during the secondary period of construction and development in downtown McMinnville. These buildings are generally minimally ornamented one- to two-story buildings constructed of stucco or brick. Several of the buildings on this block, including the three buildings proposed for demolition, were originally used as auto garages.

The proposed Gwendolyn Hotel provides an elevation that conveys a 3-story aesthetic and experience. The proposed design at street level along both facades includes substantial amounts of windows and doors, which draw the pedestrian attention to the activity within the building. The proposed awnings further focus the pedestrian visual experience to the ground level and the associated indoor retail activities within the building. In addition, the design includes predominantly protruding belt course cornices separating the 2nd and 3rd floors on the Ford Street elevation and separating the 3rd and 4th floors on the 3rd along the corner portions of the building, significantly occluding upper levels of the building above the 3rd floor. These cornices, combined with awnings and street trees, will significantly diminish the appearance and visibility of upper floors from the pedestrian level. See Sheets A3.01-A3.02 and A7.01- A7.04

Both street facades provide substantial horizontal and vertical design variation, with the 3rd Street façade consisting of massing that conveys both 2- and 3-story façade experiences for the pedestrian. There are also 4th, 5th, and 6th floors; however these floors step back 10 ft. from the first 3 floors along 3rd Street and 8 ft. 6 in. along portions of Ford Street, and are not visible from the adjacent sidewalk as shown in Sheet A6.04. The overall color and material palette was also strategically designed to focus visual interest at the first 3 floors with bold color contrasts and a variety of texturally rich materials and recede the upper floors with more muted colors and a subdued material palette.

The horizontal variation is divided into roughly 60-ft. sections, per historic building patterns in the downtown and within the subject block. See Sheets A6.01-A6.02. These horizontal variations are then varied further with vertical variations of alternating façade story. The use of varied material along the entire elevation also focuses the experience to three stories along 3rd Street.

Finally, the proposed corner elevations along NE 3rd Street and NE Ford Street are similar to the 2- to 3-story elevations directly to the south across NE 3rd Street, as well as the 3-story elevation to the west across NE Ford Street. This similar height and massing of the proposed elevations with those directly across the street provides the compatibility and similarity envisioned in this building design standard. See Sheet A7.01

FINDING: NOT SATISFIED. The applicant requested a waiver from this section of the code based on the premise that the two-story limitation was based on appearance and not literal and provided a height study to demonstrate that the applicant’s proposed height at the street corner of Ford Street and Third Street appeared to be the same height as buildings around it at that intersection based on height and not number of floors. However, the applicant failed to provide enough information to create a finding for Section 17.59.040(3)(a), which means that the waiver is not available. This code criteria has two components though – 1) “buildings should have the same massing and configuration similar to adjacent or nearby historic buildings on the same block”; and 2) buildings situated at street corners or intersections

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should be, or appear to be, two-story in height. The applicant did not request a waiver for the first component of this code criteria, and has not shown how the proposed project with a 180 feet length and 98 foot depth, six stories tall, is similar massing and configuration to adjacent or nearby historic buildings on the same block.

17.59.050 Building and Site Design

B. Building Design. [...]

2. *Where buildings will exceed the historical sixty feet in width, the façade should be visually subdivided into proportional bays, similar in scale to other adjacent historic buildings, and as appropriate to reflect the underlying historic property lines. This can be done by varying roof heights, or applying vertical divisions, materials and detailing to the front façade.*

APPLICANT’S RESPONSE: The building is approximately 180 ft. in length on the southern elevation and 98 ft.in length on the western elevation, and both elevations are subject to this provision. As shown on Sheet A3.01, the façade is visually subdivided into narrower sections of approximately 82 ft., 36 ft., and 60 ft. along the southern elevation by recessing the building along all levels.

FINDING: NOT SATISFIED. The criteria requires buildings that exceed sixty feet in width to be visually subdivided into proportional bays, similar in scale to other adjacent historic buildings. This can be done with varying roof heights, applying vertical divisions, materials and detailing to the front façade. The proposed project does not show a variation in roof designs or vertical divisions that creates three subdivisions on the façade. And three bays of 82 feet, 36 feet and 60 feet are not proportional. Nor does the applicant show how that scale represents the adjacent historic buildings. The intent of this code criteria is scalability with the built environment around the project.



17.59.050 Building and Site Design

B. Building Design. [...]

3. *Storefronts (that portion of the building that faces a public street) should include the basic features of a historic storefront, to include:*
 - a. *A belt course separating the upper stories from the first floor;*

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APPLICANT’S RESPONSE: The storefronts that face both the NE Ford Street frontage and the NE 3rd Street frontage occur at the southwest corner restaurant space, the hotel lobby, and the retail spaces along the east end of the 3rd Street frontage. A belt course separates the upper stories from the first floor, and the 4th to 6th stories from the 3rd story.

FINDING: SATISFIED. The City concurs with the applicant’s findings.

17.59.050 Building and Site Design

B. Building Design. [...]

3. *Storefronts (that portion of the building that faces a public street) should include the basic features of a historic storefront, to include: [...]*
 - b. *A bulkhead at the street level*

APPLICANT’S RESPONSE: All storefronts have a 2 ft. composite panel bulkhead at the street level.

FINDING: SATISFIED. The City concurs with the applicant’s findings.

17.59.050 Building and Site Design

B. Building Design. [...]

3. *Storefronts (that portion of the building that faces a public street) should include the basic features of a historic storefront, to include: [...]*
 - c. *A minimum of seventy (70) percent glazing below the transom line of at least eight feet above the sidewalk, and forty (40) percent glazing below the horizontal trim band between the first and second stories. For the purposes of this section, glazing shall include both glass and openings for doorways, staircases and gates;*

APPLICANT’S RESPONSE: As shown on Sheet A3.01, 70.1 percent of the storefront below the transom line and 41.7 percent of the storefront between the first and second stories consists of glazing.

FINDING: SATISFIED. The City concurs with the applicant’s findings.

17.59.050 Building and Site Design

B. Building Design. [...]

3. *Storefronts (that portion of the building that faces a public street) should include the basic features of a historic storefront, to include: [...]*
 - d. *A recessed entry and transom with transparent door; and*

APPLICANT’S RESPONSE: Each storefront is accessed by a recessed entry with a transparent door and a transom above. See Sheet A3.01

FINDING: SATISFIED. The City concurs with the applicant’s findings. The floor plan and rendering provided with the application materials depicts the recessed entry proposed within the storefront window system.

17.59.050 Building and Site Design

B. Building Design. [...]

3. *Storefronts (that portion of the building that faces a public street) should include the basic features of a historic storefront, to include: [...]*
 - e. *Decorative cornice or cap at the roofline.*

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APPLICANT’S RESPONSE: A decorative cornice cap is proposed along the entire roofline. See Sheets A3.01 and A3.02.

FINDING: SATISFIED. The City concurs with the applicant’s findings.

17.59.050 Building and Site Design

B. Building Design. [...]

4. *Orientation of rooflines of new construction shall be similar to those of adjacent buildings. Gable roof shapes, or other residential roof forms, are discouraged unless visually screened from the right-of-way by a false front or parapet.*

APPLICANT’S RESPONSE: As shown in Sheet A0.01, the rooflines of adjacent buildings are flat. The proposed rooflines are also flat and are adorned with contextually appropriate cornice details and profiles.

FINDING: SATISFIED. The City concurs with the applicant’s findings.

17.59.050 Building and Site Design

B. Building Design. [...]

5. *The primary entrance to a building shall open on to the public right-of-way and should be recessed.*

APPLICANT’S RESPONSE: All entrances into the restaurant and retail spaces have recessed entries that open to the public right-of-way. The primary entrance of the hotel opens to the NE 3rd Street right-of-way.

FINDING: SATISFIED. The City concurs with the applicant’s findings.

17.59.050 Building and Site Design

B. Building Design. [...]

6. *Windows shall be recessed and not flush or project from the surface of the outer wall. In addition, upper floor window orientation primarily shall be vertical.*

APPLICANT’S RESPONSE: All windows are recessed in the exterior stucco and brick walls. Most of the upper windows have a vertical proportion of 8 ft. tall x 6 ft. wide.

FINDING: SATISFIED. WITH CONDITION #13. The City concurs with the applicant’s findings, but adds that no detail for the windows was provided and the applicant’s finding is incomplete in that it does not reference what windows the new windows will match. Therefore, a condition of approval is included to require that the construction plans submitted for the new building include window details depicting that all of the windows on the building will be recessed.

CONDITION OF APPROVAL #13: That the applicant shall include window details in the construction plans submitted for building permit review that depict how all of the windows on the building will be recessed. (McMinnville Municipal Code, 17.59.050(B)(6))

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17.59.050 Building and Site Design**B. Building Design. [...]**

7. *The scale and proportion of altered or added building elements, such as new windows or doors, shall be visually compatible with the original architectural character of the building.*

APPLICANT'S RESPONSE: The proposed building will be new construction and will not include alteration or addition of building elements. This standard is not applicable.

FINDING: SATISFIED. The City concurs with the applicant's findings.

17.59.050 Building and Site Design**B. Building Design. [...]**

8. *Buildings shall provide a foundation or base, typically from ground floor to the lower windowsills.*

APPLICANT'S RESPONSE: The exterior brick walls facing 3rd Street and Ford Street have a 3 ft. 6 in. pre-cast concrete base that extends to the lower windowsills of the ground floor windows.

FINDING: SATISFIED. The City concurs with the applicant's findings.

17.59.050 Building and Site Design**C. Building Materials.**

1. *Exterior building materials shall consist of building materials found on registered historic buildings in the downtown area including block, brick, painted wood, smooth stucco, or natural stone.*

APPLICANT'S RESPONSE: As shown on Sheet A6.05, the proposed building materials include face brick, pre-cast concrete base course, glass fiber reinforced cement cornices, painted composite paneling, and smooth textured stucco.

FINDING: SATISFIED. The City concurs with the applicant's findings.

17.59.050 Building and Site Design**C. Building Materials. [...]**

2. *The following materials are prohibited for use on visible surfaces (not applicable to residential structure):*
 - a. *Wood, vinyl, or aluminum siding;*
 - b. *Wood, asphalt, or fiberglass shingles;*
 - c. *Structural ribbed metal panels;*
 - d. *Corrugated metal panels;*
 - e. *Plywood sheathing, to include wood paneling such as T-111;*
 - f. *Plastic sheathing; and*
 - g. *Reflective or moderate to high grade tinted glass.*

APPLICANT'S RESPONSE: None of these prohibited materials are proposed.

FINDING: SATISFIED. The City concurs with the applicant's findings.

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17.59.050 Building and Site Design**C. Building Materials. [...]**

3. Exterior building colors shall be of low reflective, subtle, neutral or earth tone color. The use of high intensity colors such as black, neon, metallic or florescent colors for the façade of the building are prohibited except as may be approved for building trim.

APPLICANT'S RESPONSE: The proposed color palette is subtle and consists of neutral and earth tone colors including white, grey, red, and tan. See Sheet A6.05 for details.

FINDING: SATISFIED WITH CONDITION #14. A condition of approval is included to require that samples or examples of the exterior building colors be provided to the Planning Department for review and approval by the Planning Director prior to application on the building.

CONDITION OF APPROVAL #14: That the applicant shall provide samples or examples of the exterior building colors to the Planning Department for review and approval by the Planning Director prior to application on the building. (McMinnville Municipal Code, 17.59.050(C)(3))

17.59.060 Surface Parking Lots.

- A. Surface parking lots shall be prohibited from locating on Third Street. In addition, vehicular access to parking lots from Third Street is prohibited.
- B. All parking lots shall be designed consistent with the requirements of Section 17.60.080 of the McMinnville Zoning Ordinance.
- C. A hedge or wall, thirty (30) inches in height, or dense landscaping within a buffer strip a minimum of five feet in width shall be placed along the street-side edge of all surface parking lots. Landscaping within the buffer strip shall include street trees selected as appropriate to the situation and spaced according to its type, shrubs spaced a minimum of three feet on center, and groundcover. A landscaping plan for this buffer shall be subject to review and approval by the McMinnville Landscape Review Committee. (Ord. 4797 §1, 2003).

APPLICANT'S RESPONSE: No surface parking lots are proposed. Parking will be provided below grade.

FINDING: NOT APPLICABLE.

17.59.070 Awnings.

- A. Awnings or similar pedestrian shelters shall be proportionate to the building and shall not obscure the building's architectural details. If transom windows exist, awning placement shall be above or over the transom windows where feasible.
- B. Awnings shall be placed between pilasters.
- C. Where feasible, awnings shall be placed at the same height as those on adjacent buildings in order to maintain a consistent horizontal rhythm along the street front.
- D. Awnings should be constructed of soft canvas, fabric, or matte finished vinyl. The use of wood, metal or plastic awnings is prohibited.
- E. Awnings may be indirectly illuminated; internal illumination of awnings is prohibited.
- F. Awning colors shall be of a low reflective, subtle, neutral or earth tone color. The use of high intensity colors such as black, neon, metallic or florescent colors for the awning are prohibited.

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APPLICANT’S RESPONSE: As shown on Sheets A6.01 to A6.03, awnings are provided over the storefronts at the ground level. They are located above the transom windows and are a generous depth to shelter pedestrians from rain or sun.

The ground-level awnings are placed between pilasters as shown in Sheet A3.01.

The KAOS building to the east has red fabric awnings above the transom windows. The proposed awnings are placed at the same height as shown on Sheet A3.01.

The awnings will be constructed of soft canvas or fabric.

No internal illumination of the awnings is proposed.

The proposed awnings are made of red fabric as a nod to the KAOS building to the east. No prohibited colors are proposed.

FINDING: SATISFIED. This criterion is met.

17.59.080 Signs.

- A. *The use of flush-mounted signs, flag-mounted signs, window signs, and icon signs are encouraged. Sign materials shall be compatible with materials used in the building.*
- B. *Where two or more businesses occupy the same building, identifying signs should be grouped together to form a single panel.*
- C. *Wall signs shall be placed in traditional locations in order to fit within architectural features, such as: above transoms; on cornice fascia boards; or, below cornices. Wall signs shall not exceed the height of the building cornice.*
- D. *For every lineal foot of building frontage, 1.5 square feet of signage may be allowed, to a maximum of 200 square feet.*
- E. *The use of the following are prohibited in the downtown area:*
 1. *Internally-lit signs;*
 2. *Flashing signs*
 3. *Pedestal signs and pole-mounted signs;*
 4. *Portable trailer signs;*
 5. *Cabinet-type plastic signs;*
 6. *Billboards of all types and sizes;*
 7. *Historically incompatible canopies, awnings, and signs;*
 8. *Signs that move by mechanical, electrical, kinetic or other means; and,*
 9. *Inflatable signs, including balloons and blimps. (Ord. 4797 §1, 2003).*

APPLICANT’S RESPONSE: Signage will be submitted for review and approval under a separate permit. However, signage is anticipated to be a flush-mounted sign above the entry, with traditional blade signage for individual retailers.

FINDING: SATISFIED WITH CONDITION #15.

CONDITION OF APPROVAL #15: The applicant will need to submit a sign permit for review and approval prior to the application of any signs to the project.

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17.60 Off-Street Parking.**17.60.050 Spaces—Location.**

- A. *Except as provided below, required off-street parking spaces for dwellings shall be located on the same lot with the dwelling. For the following residential uses, off-street parking shall be located not farther than five hundred feet from the building or use they are required to serve, measured in a straight line from the building.*
1. *Off-street parking for one or two upper story residential dwelling units above a non-residential use*
 2. *Off-street parking for residential uses in the City Center Housing Overlay Zone designated in Chapter 17.66*
- B. *All other required parking spaces shall be located not farther than two hundred feet from the building or use they are required to serve, measured in a straight line from the building.*
- C. *When parking is provided on a different lot than the use it is required to serve, the applicant shall provide evidence of a binding parking agreement for use of the property for off-street parking consistent with the provisions of this Chapter for as long as the parking is required to serve the property. If the property is in different ownership or subsequently conveyed to a different owner, the parking agreement shall be recorded. (Ord 5105 §2, 2021; Ord 5060 §2, 2018; Ord. 4128 (part), 1981; Ord. 3380 (part), 1968).*

APPLICANT’S RESPONSE: No residential uses are proposed. These provisions are not applicable.

There are no required parking spaces, and this standard is not applicable. The proposed parking spaces are located on site.

FINDING: NOT APPLICABLE.

17.60.060 Spaces. Number required.

Except for the southerly 100 feet of Block 10 and the northerly 100 feet of Block 11, Rowland's Addition and the area bounded by Second Street, Adams Street, Fourth Street, and Galloway Street, at the time of erection of a new structure or at the time of enlargement or change of use of an existing structure, off-street parking spaces shall be provided as follows unless greater requirements are otherwise established. Where square feet are specified, the area measured shall be the gross floor area primary to the functioning of the particular use of the property but shall exclude space devoted to off-street parking or unloading.

APPLICANT’S RESPONSE: The development site is located within the area described above, and no off-street parking spaces are required. However, 68 off-street parking spaces are provided in the lower level of the building for use by customers and guests. According to the Client’s hospitality expert, the ideal number of parking spaces to serve the proposed development is 68

FINDING: SATISFIED.

17.72.020 Application Submittal Requirements.

Applications shall be filed on forms provided by the Planning Department and shall be accompanied by the following:

- A. *A scalable site plan of the property for which action is requested. The site plan shall show existing and proposed features, such as access, lot and street lines with dimensions in feet, distances from property lines, existing and proposed buildings and significant features (slope, vegetation, adjacent development, drainage etc.)*

- Attachment 1: *Application and Attachments
Application Form
Application Narrative
Redevelopment Plan
Neighborhood Meeting Materials*
- Attachment 2: *Department/Agency Comments*
- Attachment 3: *Public Testimony*

- B. *An explanation of intent, nature and proposed use of the development, and any pertinent background information.*
- C. *Property description and assessor map parcel numbers(s).*
- D. *A legal description of the property when necessary.*
- E. *Signed statement indicating that the property affected by the application is in the exclusive ownership or control of the applicant, or that the applicant has the consent of all partners in ownership of the affected property.*
- F. *Materials required by other sections of the McMinnville Zoning Ordinance specific to the land use application.*
- G. *Other materials deemed necessary by the Planning Director to illustrate compliance with applicable review criteria, or to explain the details of the requested land use action.*

APPLICANT’S RESPONSE: This submittal includes the required materials.

FINDING: SATISFIED.

17.72.095 Neighborhood Meetings.

- A. *A neighborhood meeting shall be required for:*
 - 1. *All applications that require a public hearing as described in Section 17.72.120, except that neighborhood meetings are not required for the following applications:*
 - a. *Comprehensive plan text amendment; or*
 - b. *Zoning ordinance text amendment; or*
 - c. *Appeal of a Planning Director’s decision; or*
 - d. *Application with Director’s decision for which a public hearing is requested.*
 - 2. *Tentative Subdivisions (up to 10 lots)*
 - 3. *Short Term Rental*
- B. *Schedule of Meeting.*
 - 1. *The applicant is required to hold one neighborhood meeting prior to submitting a land use application for a specific site. Additional meetings may be held at the applicant’s discretion.*
 - 2. *Land use applications shall be submitted to the City within 180 calendar days of the neighborhood meeting. If an application is not submitted in this time frame, the applicant shall be required to hold a new neighborhood meeting.*
- C. *Meeting Location and Time.*
 - 1. *Neighborhood meetings shall be held at a location within the city limits of the City of McMinnville.*
 - 2. *The meeting shall be held at a location that is open to the public and must be ADA accessible.*
 - 3. *An 8 ½ x 11” sign shall be posted at the entry of the building before the meeting. The sign will announce the meeting, state that the meeting is open to the public and that interested persons are invited to attend.*
 - 4. *The starting time for the meeting shall be limited to weekday evenings between the hours of 6 pm and 8 pm or Saturdays between the hours of 10 am and 4 pm. Neighborhood meetings shall not be held on national holidays. If no one arrives within 30 minutes after the scheduled starting time for the neighborhood meeting, the applicant may leave.*
- D. *Mailed Notice.*
 - 1. *The applicant shall mail written notice of the neighborhood meeting to surrounding property owners. The notices shall be mailed to property owners within certain distances of the exterior boundary of the subject property. The notification distances shall be the same as the distances used for the property owner notices for the specific land use application that will eventually be applied for, as described in Section 17.72.110 and Section 17.72.120.*

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2. Notice shall be mailed not fewer than 20 calendar days nor more than 30 calendar days prior to the date of the neighborhood meeting.
 3. An official list for the mailed notice may be obtained from the City of McMinnville for an applicable fee and within 5 business days. A mailing list may also be obtained from other sources such as a title company, provided that the list shall be based on the most recent tax assessment rolls of the Yamhill County Department of Assessment and Taxation. A mailing list is valid for use up to 45 calendar days from the date the mailing list was generated.
 4. The mailed notice shall:
 - a. State the date, time and location of the neighborhood meeting and invite people for a conversation on the proposal.
 - b. Briefly describe the nature of the proposal (i.e., approximate number of lots or units, housing types, approximate building dimensions and heights, and proposed land use request).
 - c. Include a copy of the tax map or a GIS map that clearly identifies the location of the proposed development.
 - d. Include a conceptual site plan.
 5. The City of McMinnville Planning Department shall be included as a recipient of the mailed notice of the neighborhood meeting.
 6. Failure of a property owner to receive mailed notice shall not invalidate the neighborhood meeting proceedings.
- E. Posted Notice.
1. The applicant shall also provide notice of the meeting by posting one 18 x 24" waterproof sign on each frontage of the subject property not fewer than 20 calendar days nor more than 30 calendar days prior to the date of the neighborhood meeting.
 2. The sign(s) shall be posted within 20 feet of the adjacent right-of-way and must be easily viewable and readable from the right-of-way.
 3. It is the applicant's responsibility to post the sign, to ensure that the sign remains posted until the meeting, and to remove it following the meeting.
 4. If the posted sign is inadvertently removed (i.e., by weather, vandals, etc.), that shall not invalidate the neighborhood meeting proceedings.
- F. Meeting Agenda.
1. The overall format of the neighborhood meeting shall be at the discretion of the applicant.
 2. At a minimum, the applicant shall include the following components in the neighborhood meeting agenda:
 - a. An opportunity for attendees to view the conceptual site plan;
 - b. A description of the major elements of the proposal. Depending on the type and scale of the particular application, the applicant should be prepared to discuss proposed land uses and densities, proposed building size and height, proposed access and parking, and proposed landscaping, buffering, and/or protection of natural resources;
 - c. An opportunity for attendees to speak at the meeting and ask questions of the applicant. The applicant shall allow attendees to identify any issues that they believe should be addressed.
- G. Evidence of Compliance. In order for a land use application that requires a neighborhood meeting to be deemed complete, the following evidence shall be submitted with the land use application:
1. A copy of the meeting notice mailed to surrounding property owners;
 2. A copy of the mailing list used to send the meeting notices;
 3. One photograph for each waterproof sign posted on the subject site, taken from the adjacent right-of-way;

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Attachment 2: Department/Agency Comments

Attachment 3: Public Testimony

4. *One 8 ½ x 11” copy of the materials presented by the applicant at the neighborhood meeting; and*
5. *Notes of the meeting, which shall include:*
 - a. *Meeting date;*
 - b. *Meeting time and location;*
 - c. *The names and addresses of those attending;*
 - d. *A summary of oral and written comments received; and*
 - e. *A summary of any revisions made to the proposal based on comments received at the meeting. (Ord. 5047, §2, 2018, Ord. 5045 §2, 2017).*

APPLICANT’S RESPONSE: A virtual neighborhood meeting was held on April 25, 2022. The appropriate procedures were followed and the materials detailed in G above are included as Appendix A.

FINDING: SATISFIED.

HR

*Attachment 1: Application and Attachments
Application Form
Application Narrative
Redevelopment Plan
Neighborhood Meeting Materials*

Attachment 2: Department/Agency Comments

Attachment 3: Public Testimony



MEMORANDUM

DATE: September 21, 2022
TO: Historic Landmarks Committee Members
FROM: Heather Richards, Community Development Director
SUBJECT: Public Testimony for HL 6-22, HL 7-22, HL 8-22, and DDR 2-22, Gwendolyn Hotel

Historic Landmarks Committee Members,

Following is the public testimony that has been received for the three Certificates of Approval for Demolition for the historic resources at 609, 611 and 619 NE Third Street, and the Certificate of Approval for New Construction for the Gwendolyn Hotel project.

We will send you any additional testimony that we receive between September 21 and September 28 at 5:00 PM on September 28, 2022.

Public Testimony:

- Email from Kira Barsotti, 09.16.22
- Email from Shanna Dixon, 09.16.22
- Email from Marianne Mills, 09.18.22
- Email from Megan McCrossin, 09.18.22
- Email from Courtney Cunningham, 09.20.22
- Email from Jordan Robinson, 09.20.22
- Email from Phyllice Bradner, 09.20.22
- Email from Victoria Anderson, 09.20.22
- Letter from Marilyn Kosel, 09.20.22
- Letter from Patti Webb, 09.20.22

From: [Kira Barsotti](#)
To: [Heather Richards](#)
Subject: RE: Historic Landmarks Committee Public Hearing Notice - Gwendolyn Hotel - Letter to the Committee
Date: Friday, September 16, 2022 11:45:32 AM

This message originated outside of the City of McMinnville.

To the members of the Historic Landmarks Committee -

My name is Kira Barsotti and my husband and I have lived and worked in McMinnville for well over a decade, including our years spent at Linfield.

I'm writing to express my serious concerns over the proposed demolition of 3 historic properties on 3rd Street, and the plans for their replacement.

The historic character of 3rd Street is important to me, as I'm sure it is to many other citizens and business owners who live and work in this wonderful community. Personally, we chose our current home in part due to its walkability to this historic street and keeping the integrity of these buildings should be of utmost importance to this committee.

I hope you will consider families like ours, who care about preserving pieces of our wonderful town's history, as we look to new ways of building for the future. It does not appear that the plans outlined by the Gwendolyn Hotel for demolition and re-construction will meet this important need.

Thank you for your consideration, I know my concerns are felt by many citizens who call McMinnville home.

Sincerely,
Kira Barsotti
235 NW 8th Street

Dear Historic Landmarks Committee,

As an owner of Mes Amies, a business on 3rd Street for the past 19 years, the news of the possibility of the Gwendolyn Hotel's development causes me concern. After seeing the renderings, I am convinced that it is not an appropriate project for our Historic Downtown.

Removing Historic buildings to make way for a large, commercial property has not been what the previous Downtown Association's and community have been working to achieve when they spent countless hours working for grants, volunteering and supporting the Downtown in many ways, or what business owners like myself hoped for, when we invested years of our lives on 3rd Street.

Logistically, having that much traffic in and out of The Gwendolyn, close to the pedestrian zone of 3rd Street, will increase traffic substantially. Among the many reasons 3rd Street feels special, is that it is wonderfully walkable, and having a major parking structure so close to 3rd street will create car and traffic congestion. Physically, the fact that this would be the largest hotel on 3rd Street means that it will have an outsize impact on 3rd Street's integrity, and a hotel this large is unabashedly dominating.

I welcome future developments off 3rd Street. There are many locations nearby 3rd Street, with buildings lacking historic character, or structural integrity, that we would all benefit from, if a developer demolished them and redeveloped them into a hotel like The Gwendolyn. I believe the development of a downtown core, to serve out of town guests, can be done in a thoughtful way. Unfortunately, this project is not thoughtful, The News Register Buildings slated for demolition have historical importance and integrity, and are the buildings are the correct scale for our Downtown.

Lastly, please consider that as a Committee of Historic Landmarks, it is not only in reference to buildings alone you must consider impact, but the community's historic relationship to 3rd Street. It has long been the living room of the community, a place where you bump into neighbors, your child's teacher, where traditions are carried out. When a development of this scale comes into the community's heart, the question of how it will be received is a vital one, overwhelmingly the response that I have heard is negative. As the keepers of the history of our Downtown, please consider denying approval for this project.

Warmly,
Shanna Dixon
Mes Amies
522 NE 3rd St.
McMinnville, Oregon
503-474-1721
shanna@mesamies.com

From: [Marianne Mills](#)
To: [Heather Richards](#)
Subject: Re: Gwendolyn Hotel
Date: Sunday, September 18, 2022 9:08:06 PM

This message originated outside of the City of McMinnville.

Heather,

I would like to submit this written statement regarding the proposed Gwendolyn Hotel project. I have remained on the sidelines regarding the proposed changes to our downtown area. I realize that there are things that need attention (trees, underground infrastructure, etc.) that will impact 3rd St as we know it. Coupled with a project the size of the Gwendolyn Hotel, it feels as though it is just too, too much for our downtown at one time. I may not be aware or understand the scope of the necessary work but as an outsider, it just feels as I have described, “too, too much.”

The proposed hotel seems very outsized for our 3rd street area. Eighty five rooms plus dining and bar options seems out of proportion to what we have going on 3rd Street, at this point in time. I don’t deny that the addition of some attractive options at the east end of 3rd St. would be good. But, again, the size of this project just seems to be too much for the space.

I believe that many locals find it frustrating to take advantage of some of our great restaurants and business establishments because of parking issues. Even two years ago, my 93 year old mother enjoyed “going out” and dining various places downtown, but once her mobility became an issue, parking was problematic as was getting around on the sidewalks with her walker and wheel chair. I just see this as another deterrent to some locals from enjoying our great downtown.

I also realize tourism is an important part of what makes us “tick” as I grew up on the Oregon coast where it was the mainstay of the economy. But, I think locals have to feel as though their wants and needs are not forgotten for us to be the kind of community we want to be.

As for the demolition of historic buildings, I believe that we ought to think twice before doing so. These historic buildings are part of the charm of our community. I, too, have a bit of an understanding of having to make a decision between renovating or razing as a 1917 farm house has been in our family since it was built. We chose to remodel/renovate as opposed to razing the place. And, it was an undertaking as it did not have a foundation. But, the end result was well worth the effort and it has retained the “farmhouse charm.” And, it lives on for future generations of life.

I have another thought that I want to express. I love our downtown, but I know that there are people in our community who do not. I sat with a group of folks over five years ago who were lamenting the loss of an appliance repair shop, Sears, Penny’s, etc. There are people who miss what they used to know. I understand the reasons for the change in our downtown area, but I do think there are people who will not ever be on board with the “new McMinnville.” (I believe as I have some point of reference because of having been around in the 50’s, 60’s, 70’s and beyond.) I, as I said, really like what it has evolved into. But, naysayers could have some impact on voting issues that impact future development. Fortunately, there are folks who are forward thinking moving into the community and see the needs in infrastructure, recreation opportunities, green spaces, etc. for which money needs to be requested to proceed on projects. But, I think the long ranging impact of this one decision needs to be examined.

Please urge the decision makers to carefully consider the ramifications of any decision that they make regarding this proposal.

Sincerely,

Marianne Mills
(resident of McMinnville since 1972)

From: [Megan McCrossin](#)
To: [Heather Richards](#)
Subject: Re: Demolition 609 NE 3rd, 611 NE 3rd, 619 NE 3rd
Date: Sunday, September 18, 2022 3:25:48 PM

This message originated outside of the City of McMinnville.

To the Historic Landmarks Committee,

This email is to voice my opposition to the proposed demolition of three buildings on third street, 609 NE 3rd, 611 NE 3rd, and 619 NE 3rd, in order to build a large hotel. I feel strongly that we should maintain the quaint, historic feel of third street in McMinnville and work to resist large building projects such as the one proposed.

Thank you for working to keep the historic nature of our downtown a priority.

Sincerely,

Megan McCrossin
19550 SW Eagle Point Rd
McMinnville, OR 97128

From: [Courtney Cunningham](#)
To: [Adam Tate](#)
Cc: [Heather Richards](#)
Subject: Comments/concerns regarding demo of News Register building
Date: Tuesday, September 20, 2022 1:55:40 PM

This message originated outside of the City of McMinnville.

Hello Adam—

I am reaching out to the Historic Landmarks Committee (HLC) to express concern about the upcoming demolition of the News Register building. The historic nature of McMinnville's Third Street is a distinctive and important part of our city's charm and character. McMinnville has long valued historic preservation city-wide and I question the precedent that will be set by wiping out nearly an entire city block of our community history.

Beyond the demolition of these buildings, I consider the height of the proposed replacement building to be a very dangerous precedent to set now and for future building projects. The proposed building dwarfs existing and immediately surrounding buildings on Third Street and will not complement the historic nature of our otherwise charming downtown. I understand that building height is not controlled by the HLC, but I hope that the committee will take building height into account as it relates to preserving the cohesive, historic aesthetic of Third Street.

Thank you to the Historic Landmarks Committee for your work in guiding thoughtful change in McMinnville. I am grateful for the opportunity to express these concerns for your consideration.

Best,

--

COURTNEY CUNNINGHAM
GLINT CREATIVE

OFFICE HOURS: Monday – Thursday | 10am – 4pm
URGENT NEED? PLEASE TEXT: 503.970.3324

RESIDENT, WARD 3
115 SE Mountain View Lane, McMinnville

From: [Jordan Robinson](#)
To: [Heather Richards](#)
Subject: opposition to the demolition of historic buildings
Date: Tuesday, September 20, 2022 4:01:26 PM

This message originated outside of the City of McMinnville.

Landmarks committee,

I would like to voice my opposition to the demolition of 3 historic downtown buildings to make way for a hotel. Yes, the downtown will change and evolve over time and by demolishing the buildings that have made it one of America's favorite downtowns we would be giving away the components that make it unique and special. There must be other places to put a hotel that do not strike at the very identity of our community.

Thank you for hearing my opposition.

--

Jordan Robinson, MSW
Phone:503-472-6611
Cell: (503) 583-0020

From: [Phyllice Bradner](#)
To: [Heather Richards](#)
Subject: Written Testimony for Gwendolyn Hotel Application
Date: Tuesday, September 20, 2022 3:33:48 PM

[This message originated outside of the City of McMinnville.](#)

Statement to Historic Landmarks Committee

I must register my resounding objection to the plan for demolishing three historic buildings on beautiful Third Street in order to build a big new hotel.

As the owner of a downtown business that is less than a block away from this project, I fear that two years of noise, heavy equipment, traffic disruption, and general chaos will cause irreparable damage to my business as well as the businesses of all my surrounding neighbors.

As a downtown McMinnville resident I am horrified that a huge hotel with 90+ units and only 60+ underground parking spaces would be situated right in the middle of our small downtown, which already has limited parking. I recognize that our town has become a popular destination and there may be a need for more hotel units, but it is sheer insanity to site a hotel this size right on our historic main street! This is the sort of building that should be off the main drag with adequate parking available.

As a retired Historic Restorationist, I am appalled that our Planning Department, Design Review Board and Historic Resources Committee would even consider the demolition of this large swath of the historic downtown streetscape! The buildings on “Oregon’s Favorite Main Street” should be treated with responsible restoration. A prime example is the recently re-purposed Tributary Hotel/Taylor Dale Hardware Building, across the street from the target property. The building was restored, earthquake proofed, and re-purposed as a small hotel. Sure, it was expensive, but the character of that corner was retained. A property owner who is not willing to make that kind of investment should consider building on a property that is not situated on an historic street.

As a concerned citizen, I feel that these big developers are treated with different criteria than the average resident. Recently a nearby neighbor with a small historic house replaced a broken porch railing with an attractive railing similar to the original. The Historic Preservation folks made the homeowner remove and replace it—at substantial cost—because it was fashioned from modern materials. If the requirements for historic integrity can reach down to that level, it must also be applied to something as large as the demolition and replacement of major structures.

Phyllice Bradner
203 SE Davis St.
McMinnville OR 97128
pbradner@gmail.com

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Phyllice Bradner
Bradner Art Studio
Currents Gallery
Silver Sisters Mysteries-Author
203 SE Davis St.
McMinnville, OR 97128
503-474-3235, Cell 971-237-7564
www.bradnerartstudio.com

From: victoria.anne.h@gmail.com
To: [Heather Richards](#)
Subject: Proposed Demolition
Date: Tuesday, September 20, 2022 7:21:20 PM

This message originated outside of the City of McMinnville.

Hello Heather,

I am writing in opposition to the proposed demolitions at 609, 611, and 619 3rd Street. My family frequently goes to Bierly on the weekends for dinner and donuts. This summer my infant son has particularly enjoyed watching the wind in the trees across the street at the affected property. It saddens me to think of the damage that would inevitably occur to those trees, even inadvertently, due to demolition and construction. I am also saddened at the thought of such a cozy corner of downtown having the pollution of 60+ cars added to it.

I understand the economic need for tourism, but there is a fine line between welcoming tourists to our town and changing the character of our town for the tourists. I believe this project as described would be doing the latter. Please do not approve this request for demolition. Thank you.

Victoria Harkins Anderson
Sent from my iPhone

September 20, 2020

To: City of McMinnville Planning Department
attn: Heather Richards, Planning Director
attn: Historical Landmarks Committee

From: Marilyn Kosel, 3rd St. property owner
516 NE 3rd Street.

Re: Historic Landmarks Committee public hearing / Gwendolyn Hotel

Dear Committee Members,

As you deliberate the demolition/building request put before you, my hope is that you will consider the precedent your approval may set. Though the three buildings being considered for demolition may be only be “contributing” to our Historic District, they do add to the authenticity of our historic downtown. Approval of this request may be followed by further requests for which a precedent will have been set. This could change the face of our Historic District quite drastically in the future.

The three buildings also house several locally owned small businesses that will be forced to move. The retail spaces called for in the new structure will likely not be affordable for local small businesses, nor are they likely to be geared toward local customers.

It's apparent that part of the reason our Historic District thrives is due to tourism. Tourism requires lodging. But does this structure need to be on 3rd Street? Or would it be more suitably located in the vicinity but not on 3rd Street itself? Please leave the face of 3rd Street authentic and intact. At what point is an Historic District no longer historic?

If approval does occur, here are some other thoughts. Though effort is being made by the builder to have the facade meet downtown design standards, more could be done. What part of the proposal embraces our history and culture? Though I love food and I am somewhat dependent on tourism, there is more to McMinnville and vicinity than wine, food, and tourism. Can this be reflected somehow in the interior or exterior design of the building? Through historical educational plaques? Art installation? Or interior design elements? How can this structure be utilized to further the authenticity of the Historic District and inform the public, rather than be only a fish out of water?

I also feel it is important to attract more diverse levels of tourism. What are we doing to attract visitors from a range of ethnic and economic groups? Rather than only those that can afford a boutique hotel? That may be a subject for another day, but inclusivity should be a goal. This issue also relates to how attracting only a limited demographic could affect our housing costs and available work force in the future.

Thank you for considering my point of view. I feel it is relevant since I would literally view the new structure out my window.

Sincerely,
Marilyn Kosel

To: Heather Richardson
City of McMinnville Planning Department

Re: Historic Landmarks Committee Public Hearing Notice, September 28, 2022
Gwendolyn Hotel Project

From: Patti Webb, PO Box 1228, McMinnville, OR, 971-237-2360
McMinnville Downtown Association Manager 1994-2008

I am unable to attend the September 28th meeting. I would like to give my testimony especially after all the years I spent helping to revitalize downtown. Every year I led a historic tour of buildings downtown whose owners were doing revitalization work on their properties. The program was being run by SHPO (State Historic Preservation Office). The State put a 15 year freeze on the property taxes if the owner followed the SHPO guidelines. It was a wonderful program and many buildings downtown took advantage. There are many levels of historical significance. Jeb Bladine's building is old but I believe not historically significant. In my estimation it would be a great building to replace or enhance. My own personal opinion is that the Hugh Development project for Jeb's building to be replaced by a very large hotel is out of scale for Third Street. Also, I have strong feelings that we don't need another hotel downtown. Let's get creative!! What do we really want to enhance our wonderful Third Street?

Jeb Bladine is my dear friend. I have nothing but utter respect for him. I called him my "hero" because he almost single handily understood what our downtown needed to get up and going...and that was to follow the guidelines from the National Trust for Historic Preservation's Main Street Program. Jeb was on the Board of Directors of Oregon Main Street for many years. Now we are known as one of the best Main Street Programs in the state. In the early days, our board and I dreamed of creating a very walkable downtown with people flowing in and out of shops. That time has come. Now I see weekly busses with tourists being dropped off to shop downtown or go to one of our many wine tasting businesses. We are clearly at a tipping point to where the big developers want to invest in our great little downtown. But, I worry that the more that happens, the higher the rents are going to go. We could possibly lose some of our favorite little shops if we don't plan the future smartly.

I would be in favor of holding off on making this critical decision. I'm wondering if the citizens who feel the same as I do, could request a "Charette". That is a group of local citizens who feel strongly about their downtown would meet several times with the architects of Hugh Development Co and be part of a process to create an even better use for his building.

Sincerely,

Patti Webb