

City of McMinnville
Planning Department
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EXHIBIT 2 - STAFF REPORT

DATE: July 23, 2020

TO: Historic Landmark Committee Members

FROM: Chuck Darnell, Senior Planner

SUBJECT: PUBLIC MEETING: HL 2-20 (Certificate of Approval for Demolition) -

207 NE Johnson Street

STRATEGIC PRIORITY & GOAL:



GROWTH & DEVELOPMENT CHARACTER

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

OBJECTIVE/S: Define the unique character through a community process that articulates our core principles

Report in Brief:

This is a quasi-judicial review of a Certificate of Approval for Demolition land use application to allow for the demolition of the existing historic resource and building located at 207 NE Johnson Street (Tax Lot 6200, Section 21BD, T. 4 S., R. 4 W., W.M.). The existing building is listed on the McMinnville Historic Resources Inventory as an "Environmental" historic resource - resource number D971. (The City of McMinnville has four classifications for historic resources in descending order, A, B, C and D). Per the McMinnville Municipal Code, the McMinnville Historic Landmarks Committee serves as the decision-making body for the review of any Certificate of Approval for Demolition application. The Certificate of Approval for Demolition request is subject to the review process described in Section 17.65.050 of the McMinnville Municipal Code (MMC). The Historic Landmarks Committee will make a final decision on the application, subject to appeal as described in Section 17.65.080 of the MMC.

Background:

The subject property is located at 207 NE Johnson Street. The resource is located at the property described as Lot 8, Block 19, Rowland Addition. The property is also identified as a portion of Tax Lot 6200, Section 21BD, T. 4 S., R. 4 W., W.M. **See Vicinity Map (Figure 1) below.**

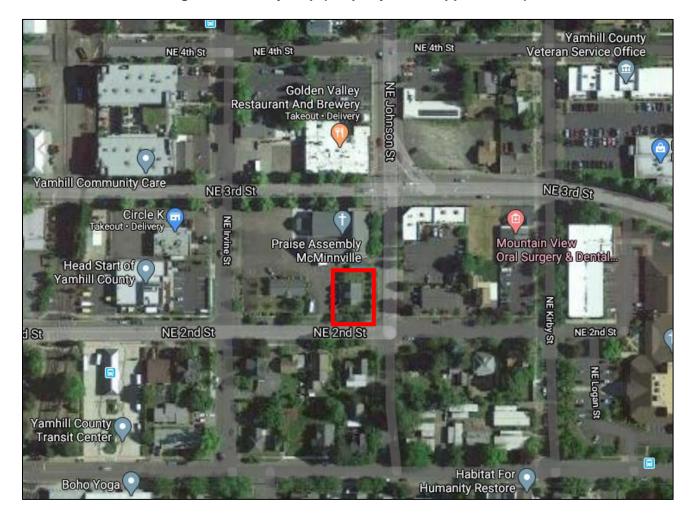


Figure 1. Vicinity Map (Property Lines Approximate)

The existing building on the subject property was listed on the Historic Resources Inventory as an Environmental resource (resource number D971).

The property was originally surveyed in 1980, which is the date that the "Statement of Historical Significance and Property Description" were drafted and included on the Historic Resources Inventory sheet (resource number D971) 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 "Statement of Historical Significance and Property Description" states the following:

"This is a one and one-half story bungalow (with basement) of weatherboard. Wood frame construction. Most of the windows are double hung sash, one-over-one. The dwelling is rectangular in shape; very plain. The porch seems to be an addition with the north end enclosed. The roof is gable with shed dormer windows."

An image of the historic resource from the time of the survey in 1980 is provided below:



An image of the historic resource as it exists today, as provided by the applicant in their application materials, is provided below:



Discussion:

Decisions and/or recommendations for approval of the land use application are dependent upon whether or not the application meets state regulations, the McMinnville Comprehensive Plan and the McMinnville Municipal Code. The application can either meet these criteria as proposed, or a condition of approval can be provided that either outlines what needs to occur to meet the criteria or when something needs to occur to meet the criteria.

The specific review criteria for Certificate of Approval for Demolition requests, in Section 17.65.050(B) of the McMinnville Zoning Ordinance, require the Historic Landmarks Committee to base each 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.

The applicant has provided a written narrative and findings to support their requests. The narrative and findings are provided in the application materials, and are also reiterated and expanded upon in the Decision Document. The Decision Document includes the specific findings of fact for each of the applicable review criteria, but an overview of the findings in those Decision Documents is provided below.

The applicable review criteria in Section 17.65.050(B) only require that the Historic Landmarks Committee base its decision on the applicable review criteria. It is important to note that the proposal is not required to satisfy every one of the review criteria, but that the Historic Landmarks Committee must base its decision on the multiple review criteria. This requires the Historic Landmarks Committee to determine whether each criteria is met, and then weigh those findings against any criteria that are found not to be met.

Summary of Applicant Findings

The applicant has provided findings and is arguing that the historic resource meets multiple review criteria to support the demolition of the historic resource. The applicant's main arguments are related to the significance of the historic resource, the amount of investment required to bring the structure back to an acceptable level to provide an economic use (and the associated financial hardship of that investment), that the preservation would be a deterrent to an improvement program, and that retention would not be in the best interests of a majority of the citizens of the city. The applicant has also provided evidence of the condition of the structure, and is arguing that the structure of the resource is poor.

The applicant provided evidence of a number of issues with the structure, which they believe result in the physical condition of the historic resource being poor. These issues include hazards on the public sidewalk adjacent to the building, porch stairs separating from structure, cracks and shifts in the

foundation of the structure, interior water damage and dry rot, and damaged floor joists and support beams in the basement.

The applicant has also argued that the historic resource has little historical significance, primarily based on the level of classification (Environmental) and the fact that it was identified as the lowest possible category during the first stage of evaluation during the original Historic Resources Inventory development. The appendices of the Historic Resources Inventory identify that the historic resource was placed in the lowest category during the first stage of evaluation, and was never scored against the more specific criteria in the second stage of evaluation. The applicant is arguing that the resource was therefore included on the inventory because it was surveyed at the time, but was not included on the inventory for any unique characteristics or history specifically related to the resource. A more detailed description of the Historic Resources Inventory evaluation process is provided below for the Committee's reference and knowledge.

The other primary arguments the applicant has provided relate to the economic use of the structure and the cost of improvements required to address issues with the structure's physical condition. The applicant is arguing that the structure has no economic use currently, due to the condition, and that improvements would be required just to make the structure habitable again at an acceptable level. The applicant provided cost estimates from a licensed contractor for both the demolition and the renovation of the structure, with the renovation being higher at a cost of \$160,000. The applicant has argued that the cost to invest in the renovation is not reasonable based on the economic use that would be achieved after the renovation (use as a residence). The applicant has also argued that the level of investment required would cause a financial hardship to the owner that is not outweighed by the public interest in the resource's preservation. The financial hardship is described as a requirement to invest an amount in the structure's renovation that would exceed the resulting value of the property.

Together with the considerations of reasonableness and financial hardship to maintain the structure, the applicant has provided statements that they intend to construct an affordable housing project with multiple units (14 units) on the subject site, should the demolition of the historic resource be approved. The applicant has argued that the preservation of the historic resource would be a deterrent to this improvement project on the subject site, and that the improvement would be a substantial benefit to the city and the public interest as it would provide additional housing in the city, which is needed, and would increase the value of the subject site. The applicant has argued in their findings for multiple review criteria that the preservation of the existing historic resource is not reasonable when it would prevent the new apartment building project from moving forward.

Description of Original Historic Resources Inventory Evaluation Process

The applicant summarizes the process that was followed during the survey of properties and the creation of the Historic Resources Inventory in their application narrative. To ensure that the Historic Landmarks Committee is familiar with the process referenced by the applicant, a description of the development of the Historic Resources Inventory is described below.

The Historic Resources Inventory is the result of survey work that was completed in the 1980s. Structures more than 50 years old within the City of McMinnville were surveyed during multiple periods between 1980 and 1984. Following the survey work, the Historic Landmarks Committee examined the survey forms that were completed and completed two stages of evaluation of structures that were surveyed. The first stage resulted in the grouping of resources into four classes. The process followed in the first stage of evaluation is described in Appendix 4 of the Historic Resources Inventory report as follows:

"In general, resources given the highest scores were considered to be important due to historical association or architectural integrity, uniqueness, or quality. These resources were titled "significant resources". The resources which received average scores were classified as "contributory resources"

and were considered to enhance the overall historic character of a neighborhood or the City. The removal or alteration of contributory resources would have a deleterious effect on the quality of historic continuity experienced in McMinnville. The third, or lowest class included resources which did not necessarily contribute to the historic character of the community but did create the background or context for the more significant resources. These resources were called "environmental resources".

The staff added an additional class for those "significant" resources which were outstanding for architectural or historic reasons and potentially worthy of nomination to National Register of Historic Places. The historic resources in their highest class were titled "distinctive resources".

After the resources were classified into the four classes described above, a second stage of evaluation occurred, again as described in Appendix 4 of the Historic Resources Inventory report as follows:

"In the second stage of evaluation, the resources in the top three classes (i.e. distinctive, significant, and contributory) were given scores by the staff based on how well the resources met established criteria. Points were given in four categories of criteria as follows: History – up to three points; Style – up to three points; Integrity – up to two points; Environment – up to two points. Up to two bonus points were awarded if unique circumstances affected a resource's total score. The criteria and evaluation process are described below.

- 1. History. The resource is associated with significant past events, persons, organizations, trends, or values which were important on a city, county, state, or national level. The age of the resource relative to other local development contributes to its historic significance. [...]
- 2. Style/Design. The resource is representative of a particular style or type of construction. The uniqueness of the resource or its quality of composition, detailing, or craftsmanship contribute to its design significance. The resource was designed or constructed by a craftsman, contractor, designer, or architect of local, state, or national importance [...]
- 3. Integrity. The resource retains original design elements, materials, and character with relatively minor alteration, if any. [...]
- 4. Environment. The resource contributes to the character or continuity of the street or neighborhood. [...]

After the points were awarded for each of the categories of criteria, the scores were totaled. Resources were classified as follows:

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"Distinctive Resources" – 9 or 10 points;
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The applicant also references Appendix 5 of the Historic Resources Inventory report. Appendix 5 includes the scoring results of each structure against the criteria used in the second phase of evaluation described above and in Appendix 4. No scores are provided in Appendix 5 for "D" or "Environmental" resources, which shows in more detail that only the top three classes of resource from the first stage of evaluation were scored during the second stage of evaluation.

Both Appendix 4 and Appendix 5 of the Historic Resources Inventory report are included in the applicant's materials that are attached to this staff report for reference.

Analysis of Review Criteria

Staff does not believe that the applicant's findings and evidence related to the physical condition of the structure are as strong as other findings provided. The structure does appear to have some issues

[&]quot;Significant Resources" – 7 or 8 points;

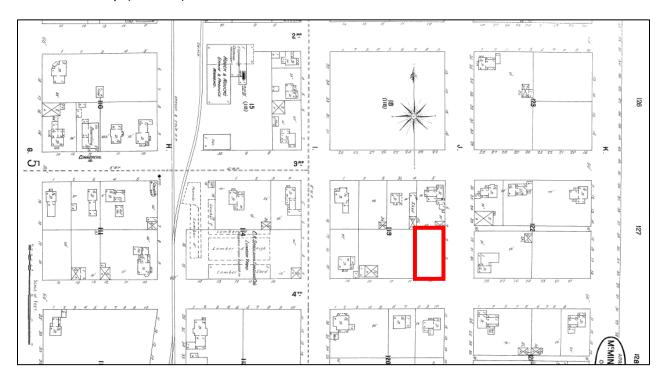
[&]quot;Contributory Resources" – 5 or 6 points;

[&]quot;Environmental Resources" – Less than 5 points."

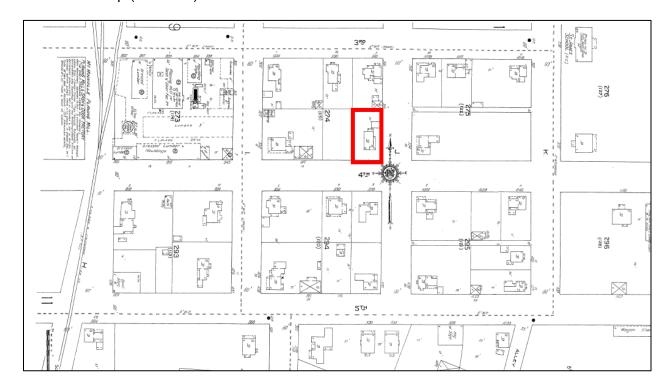
related to its physical condition, primarily in the interior and related to the foundation and structural components of the building. However, there was not much detailed evidence provided for the issues, and no evidence to show that any of the issues related to physical condition of the structure could not be repaired. Some of the issues identified by the applicant are also not specific to the actual historic resource, such as the sidewalk damage adjacent to the property. However, the level of investment proposed by the applicant to renovate the structure would trigger the requirement to improve the sidewalks to current standards (thereby removing any hazards or damaged panels), which could be considered as an additional expense in renovation of the structure.

The applicant's arguments related to the value and significance of the historic resource could be found to be satisfying the applicable review criteria. The Historic Resources Inventory evaluation process described by the applicant shows that the structure in question was not found to be of high historical significance at the time that it was surveyed and added to the Historic Resources Inventory. More specifically, the resource was evaluated as a resource that "did not necessarily contribute to the historic character of the community but did create the background or context for the more significant resources". The structure is located on a block that has seen significant change from the historic development pattern, as shown in the Sanborn maps below. The structure is the last historic residential structure on the block, and while residences exist to the south, other adjacent city blocks have been redeveloped with more commercial and institutional development.

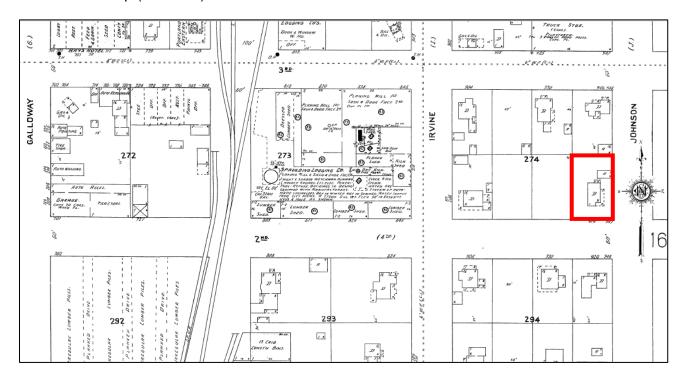
1902 Sanborn Map (Sheet 6):



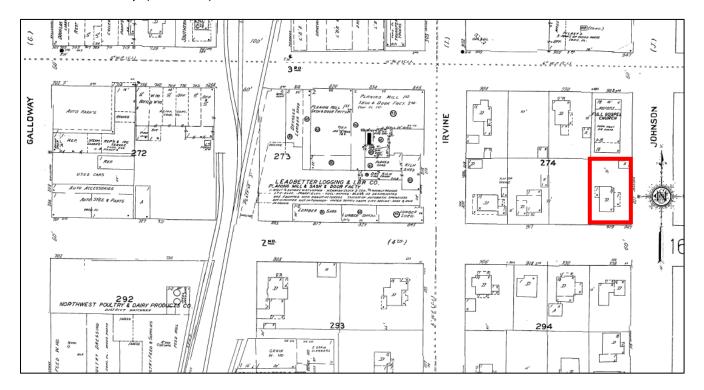
1912 Sanborn Map (Sheet 12):



1928 Sanborn Map (Sheet 15):



1945 Sanborn Map (Sheet 15):



In regards to architectural significance, the existing structure does still retain much of the exterior architectural building form that existed at the time the structure was surveyed. The gable roof and shed dormer windows all still exist. The siding, while weathered, appears to be the original as well. However, all windows and doors appear to have been replaced with more modern materials. In addition, staff would note that the resource is not classified as a "historic landmark", as those are defined in Section 17.06.060 of the MMC as being only "Distinctive" and "Significant" historic resources. Based on the classification as an "Environmental" historic resource, Section 17.65.040(A) of the MMC would not require a Certificate of Approval for any exterior alteration of the structure. Therefore, the structure could be altered without any application or consideration of the historic preservation exterior alteration review criteria (which include the Secretary of the Interior Standards) in Section 17.65.060 of the MMC. Given that there is no requirement that the existing features or materials be retained and restored, interior and exterior renovation, as described in the applicant's contractor cost estimates, could result in the loss of some of these original features and further diminish the potential significance of the structure.

For these reasons, the historical value and historical significance could be found to not be high enough to warrant a denial of the demolition request.

The applicant has also argued that the preservation of the resource is not reasonable given the economic use (criteria 17.65.050(B)(2)), and that the improvements required to result in the structure having an economic use would cause financial hardship to the owner that would not outweigh the public interest in the resource's preservation (criteria 17.65.050(B)(7)). The applicant has provided cost estimates from a contractor showing that the renovation of the structure could cost \$160,000, and has argued that this amount is not reasonable to invest in the structure due to its value. The assessed market value of the structure is difficult to determine. The Yamhill County Assessor's records for the building are grouped together with all of the improvements on the properties under control of the Praise Assembly church, which encompass the entire city block between 3rd and 2nd Streets, and Irvine and Johnson Streets. The market value of buildings on the block include the historic resource in question, as well as the main church building and one other building located on the church's properties. However, a comparison of a similarly

sized residential structure immediately across 2nd Street from the subject historic building shows that a market value for an approximately 2,000 square foot, 2 story residential building is approximately \$127,000. The property at 938 NE 2nd Street was used in this comparison, as a 2,099 square foot residence with 4 bedrooms and 2 baths. The historic resource in question is listed as 2,124 square feet with 3 bedrooms and 2 baths. The Assessor's "Improvement Grade" for the two structures is also similar, at 38 and 35, respectively. These potential valuations could be found to support the applicant's argument that it would cause a financial hardship to restore the structure at an amount in excess of its value.

On recent demolition requests with similar criteria (D classified structures that needs significant rehabilitation investment and is inhibiting future development projects), the Historic Landmarks Committee has included a condition of approval to require that, prior to the demolition, an owner make the structure available for moving to another site. Most recently, the Committee required that the owner make available the amount of funds that they would have spent on demolition of the structure to the party that would move the structure to cover costs associated with the move. The intent behind this requirement is to provide a financial incentive to someone interested in renovating the structure, as they could receive the structure at no cost and also have all or most of the costs of moving the structure covered by the current owner, which would test whether the renovation of the structure is economically reasonable. This would also provide an opportunity for the preservation of the historic resource through an alternative means, which would satisfy review criteria 17.65.050(B)(8).

If the Committee finds that the applicant's arguments for economic use and reasonability of their proposed action satisfy the review criteria, staff would suggest that the same condition of approval be included that has been required of other demolitions, which is to make the structure and funding available for moving and relocation. The Committee could find that, should no party come forward to move and relocate the structure during the 120-day timeframe, the renovation costs are not economically feasible and that the renovations required are not reasonable and do not warrant the preservation of the historic resource.

Finally, the applicant has argued that the retention of the historic resource would be a deterrent to an improvement program that would benefit the City and the public interest, that being the development of an affordable housing apartment building. While staff agrees that an apartment building, whether affordable or market rate, would be of benefit to the City due to the City's housing availability and affordability issues, staff would note that there is no assurance of the project coming to fruition. If the Historic Landmarks Committee finds that the improvement program described by the applicant would satisfy this review criteria (criteria 17.65.050(B)(6)), and that it may be more influential when weighed against other criteria that are not being satisfied, staff would suggest that a condition of approval be included to ensure that the improvement program actually moves forward prior to demolition of the historic resource. Staff would suggest that a condition of approval be included to not allow for the issuance of a demolition permit until building permits for the new building are submitted.

Commission Options:

- 1) Close the public meeting and **APPROVE** the application, <u>per the decision document provided</u> which includes the findings of fact.
- 2) **CONTINUE** the public meeting to a specific date and time.
- 3) Close the public meeting and **DENY** the application, <u>providing findings of fact</u> for the denial in the motion to deny.

Recommendation:

Again, in reviewing a request for a demolition of a historic landmark, the Historic Landmarks Committee must base its decision on the criteria described in Section 17.65.050(B) of the McMinnville City Code,

and as reviewed in the staff report above. It is important to note again that the proposal is not required to satisfy every one of the review criteria, but that the Historic Landmarks Committee must base its decision on the multiple review criteria. This requires the Historic Landmarks Committee to determine whether each criteria is met, and then weigh those findings against any criteria that are found not to be met.

Based on the information provided, staff believes that the applicant has provided findings that could be found to support the demolition request. Staff agrees with the applicant that the historic resource is not of high historical value and historical significance, and that there could be financial hardship in retention of the resource due to the level of renovation that would be required to bring the historic resource back into a reasonable level of economic use. It could also be found that the retention of the resource would be a deterrent to an improvement program of benefit to the City. These criteria, together with a potential requirement to make funds available to someone that would be interested in moving the resource and renovating the structure, could be found by the Historic Landmarks Committee to outweigh the other review criteria that are not being satisfied. By making the resource available for moving, and offering a financial incentive that would cover some or all of the costs of actually moving and taking ownership of the structure, the applicant would be testing and proving whether there was economic use of the resource, whether the necessary renovations were reasonable, whether the value and significance of the structure were high enough to warrant the renovation, and whether there was public interest in the retention of the resource.

If the Historic Landmarks Committee agrees with the applicant's arguments and findings in Sections 17.65.050(B)(3), 17.65.050(B)(4), 17.65.050(B)(6), 17.65.050(B)(7), and 17.65.050(B)(8), staff recommends that the demolition request be approved with conditions. If the Historic Landmarks Committee does decide to approve the request for the demolition of the historic resource, staff is suggesting that a reasonable timeframe be provided by the applicant to offer the resource for moving. A previous precedent for this timeframe on other demolition approvals has been 120 days.

Staff is suggesting that the following conditions of approval be included to provide for additional opportunity to preserve the historic resource:

1) That within 20 (twenty) days of notification of the Historic Landmarks Committee's decision, the applicant shall place notice in the "News-Register" advertising that for a period of not less than 120 days, the subject structure will be available for relocation. The applicant will place such notice in a minimum of two editions of the "News-Register". The applicant shall also advertise the availability of the subject structure for relocation in postings on Craiglist, in the McMinnville, Salem, and Portland areas. The applicant shall also notify a minimum of four (4) local real estate agents of the availability of the subject structure for relocation. During the 120-day period following the required advertising, the applicant shall also place a posted notice on both right-of-ways adjacent to the property noticing the offering of structure for relocation. Evidence of the advertisement and the property posting shall be provided to the Planning Department prior to the issuance of the demolition permit for the subject structure.

The City of McMinnville shall not issue a demolition permit for the structure until 120 days from the first day of advertising the subject structure for relocation.

2) That the applicant shall make available for the party that may complete the relocation project the dollars the applicant would otherwise expend for the demolition of the resource. The amount made available shall be \$55,000, which is based on the cost estimates for demolition provided in the Certificate of Approval application. The applicant may provide other qualifying bids for the demolition to determine the final amount of funds to be made available, subject to review by the Planning Director or their designee. The terms of the removal and moving agreement shall be subject to review by the Planning Director or their designee.

- 3) That the City of McMinnville shall not issue a demolition permit for the historic resource until building permits for an improvement program substantially similar to the project described in the application materials have been submitted to the Building Department.
- 4) That prior to the issuance of the demolition permit for the subject structure, a minimum of 20 (twenty) digital photographs documenting exterior views of the subject structure shall be submitted to the Planning Department.

Staff has provided a draft decision document with findings to support a Historic Landmarks Committee decision to approve the demolition with the above conditions.

Alternatively, the Historic Landmarks Committee could make findings to support a decision to deny the demolition request. Staff has provided analysis for each of the applicable review criteria, and the Committee could use some of that analysis to determine and make findings that the demolition of the resource is not warranted. Again, the Historic Landmarks Committee must consider each applicable review criteria, and weigh them against each other. The Committee's decision must be based on the applicable review criteria, but there is no requirement that any particular number of review criteria be satisfied or not satisfied.

In order for the Historic Landmarks Committee to make a decision to deny the demolition request, staff believes that the Committee could make findings that the existing historic resource still retains much of the architectural form and historic details that originally resulted in the structure being listed on the Historic Resources Inventory, showing that the historic resource does still retain historic value and significance (Section 17.65.050(B)(3)). The Committee could also find that with reinvestment the physical condition of the structure could be improved (Section 17.65.050(B)(4)), that with reinvestment the structure would not pose a safety hazard (Section 17.65.050(B)(5)), and that there exists a public interest in the retention of the structure that is in the best interests of the City (Sections 17.65.050(B)(7)) and 17.65.050(B)(8)). The Historic Landmarks Committee would need to find that these criteria outweigh the applicant's arguments that there is no economic use of the resource given the level of investment required, the potential financial hardship that would be incurred by the owner in the retention of the resource, and that the public interest in the retention of the resource overrides the improvement program described by the applicant.

The Historic Landmarks Committee should review the information and arguments provided by the applicant during the public meeting, offer an opportunity for the applicant and the public to provide testimony, and then deliberate and determine whether the review criteria being satisfied by the applicant outweigh those that are not.

MOTION FOR THE APPROVAL OF HL 2-20:

BASED ON THE FINDINGS OF FACT, THE CONCLUSIONARY FINDINGS FOR APPROVAL, AND THE MATERIALS SUBMITTED BY THE APPLICANT, THE HISTORIC LANDMARKS COMMITTEE APPROVE HL 2-20, BASED ON THE FINDINGS OF FACT PROVIDED IN THE DECISION DOCUMENT.

If the Committee does not find that applicable criteria have been addressed by the applicant, staff recommends that the Committee continue the application to a future Historic Landmarks Committee meeting to allow the applicant to provide additional information or findings. Similarly, if the Committee makes findings for the denial of the application, staff would recommend that the Committee continue the application to allow staff to draft an updated Decision Document, based on findings provided by the Committee on the record during the meeting. A recommended motion for the continuation of the application is provided below:

MOTION FOR THE CONTINUATION OF HL 2-20:

BASED ON THE MATERIALS SUBMITTED BY THE APPLICANT, THE HISTORIC LANDMARKS COMMITTEE FINDS THAT ADDITIONAL INFORMATION (AS DISCUSSED ON THE RECORD) IS NECESSARY, AND CONTINUES HL 2-20 TO A COMMITTEE MEETING ON AUGUST 27, 2020 AT 3:00 PM.

CD