



City of McMinnville  
Planning Department  
231 NE Fifth Street  
McMinnville, OR 97128  
(503) 434-7311  
[www.mcminnvilleoregon.gov](http://www.mcminnvilleoregon.gov)

## EXHIBIT 3 - STAFF REPORT

**DATE:** May 27, 2021  
**TO:** Historic Landmark Committee Members  
**FROM:** Chuck Darnell, Senior Planner  
**SUBJECT:** PUBLIC MEETING: HL 2-21 (Certificate of Approval for Demolition) –  
415 & 423 SE College Avenue

### 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

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### 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 two existing historic resources and buildings located at 415 & 423 SE College Avenue (Tax Lot 2500, Section 21CC, T. 4 S., R. 4 W., W.M.). Both buildings are listed on the McMinnville Historic Resources Inventory as “Environmental” historic resources (resource numbers D582 and D584). 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 415 & 423 SE College Avenue, and the historic resources and buildings in question are both located on the same property. The property is identified as Tax Lot 2500, Section 21CC, T. 4 S., R. 4 W., W.M. **See Vicinity Map (Figure 1) below.**

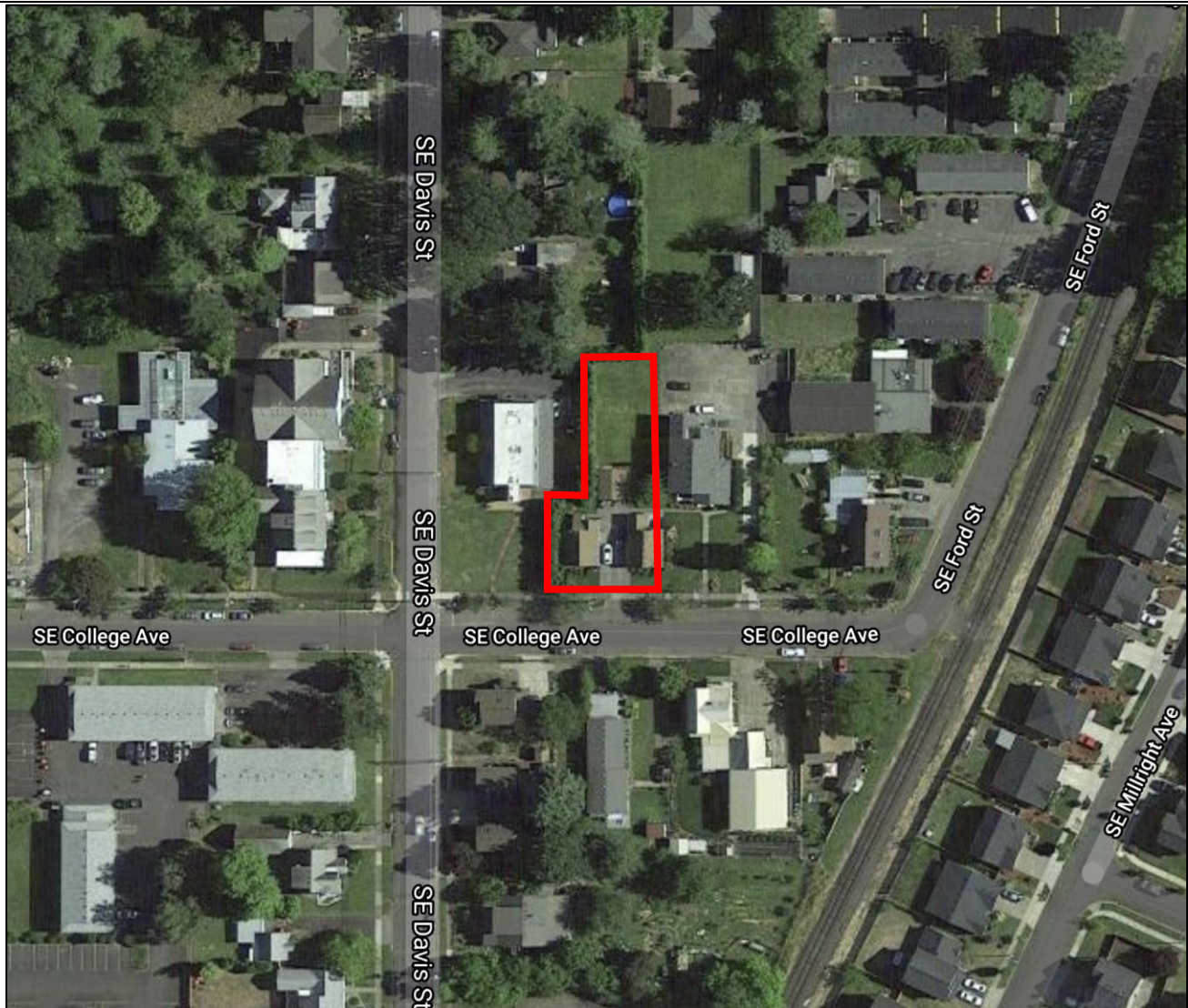
### Figure 1. Vicinity Map (Property Outline Approximate)

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The existing buildings on the subject property are listed on the Historic Resources Inventory as “Environmental” historic resources (resource numbers D582 and D584). The property was originally surveyed in 1983, which is the date that the “Statement of Historical Significance and Property Description” were drafted and included on the Historic Resources Inventory sheets (resource numbers D582 and D584) 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 description of the buildings, as described in the McMinnville Historic Resources Inventory sheet for each building, is as follows:

415 SE College Avenue:

“This is a simple rectangular 1 story house of the army barracks type. It has a gabled roof of composition shingle and situated with the gabled end facing the street. It has no projecting eaves and is sided with plain clapboard. It has a simple hood with brackets as a small porch covering the entrance door which is off center on the main façade facing the driveway. The

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windows are simple six-over-one sash and there is one central brick chimney and a concrete foundation. It is facing (across the driveway) it's twin at 423 College. It is well-kept but undistinguished [sic] by any outstanding features.”

423 SE College Avenue:

“This is one of a matched set facing each other across a driveway (see 415 College Ave.) It is also a rectangle (almost a square though), centrally placed on the lot with a gabled composition roof. The gabled end faces the street. It is rural vernacular with clapboard siding, slightly projecting eaves, one central brick chimney and six-over-one sash windows. It needs painting at this time but seems sound structurally, although not as well kept generally as 415. It also has the roof extended and supported by posts over the off center front door on the main driveway façade. The foundation is of concrete.”

Images of the historic resources from the time of the survey in 1983 are provided below:

415 SE College Avenue



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423 SE College Avenue



An image of the historic resources as they exist today 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

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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 value and significance of the historic resources, the existing condition of the historic resources, the amount of investment required to bring the structure back to an acceptable level to provide an economic and reasonable use (and the associated financial hardship of that investment), the preservation being a deterrent to an improvement program of substantial benefit to the city, and that retention would not be in the best interests of a majority of the citizens of the city.

An overarching and primary factor in the applicant's findings for the demolition of the existing historic resources is that the resources were not designated as highly significant historical resources at the time of the survey and designation on the Historic Resources Inventory. The two existing dwellings were both evaluated and designated as "Environmental" resources, which is the lowest classification on the Historic Resources Inventory. The applicant has also referenced the statements of historical significance from the Historic Resources Inventory sheets, which describe certain elements of the structures such as clapboard siding, chimneys, covered porches at main entrances, and six-over-one sash windows. The applicant has provided evidence that these elements and features no longer exist on the structures, which

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the applicant is arguing results in the existing structures no longer having historical value and significance that would warrant preservation.

The applicant provided some evidence of poor physical condition of the historic resources. Photographic evidence of some of these conditions was provided and can be seen in more detail in the application materials attached to this staff report. Some of the issues related to the physical condition of the buildings, as described by the applicant, include foundations lacking footings, concrete stem walls without proper reinforcement, lack of clearance within the crawl space for circulation and maintenance access, and poor siding materials and installation resulting in dry rot and mold within the walls of the structures.

The applicant has also argued that the economic use of the historic resources is low, as documented by the tax assessments of the property and the declining Real Market Value of the structures (which recently in 2019 was \$122,315 in combined value of both structures on the subject property). The applicant has argued that investment in the structures would be financially unsustainable for the property owner, which would result in financial hardship that is not outweighed by the public interest in the preservation of the historic resources.

Finally, the applicant is proposing an improvement program on the subject property that the preservation of the historic resources would prevent from occurring. If the two existing buildings are approved for demolition, the applicant is proposing to construct two new dwelling units on the subject site that would be of a similar size and scale as the existing buildings. The two new dwelling units are proposed to be one story buildings of a bungalow craftsman style, which the applicant is arguing will maintain compatibility with the surrounding area. The new dwelling units will also be constructed to today's standards and code requirements, which the applicant is proposing would be an improvement in terms of the quality of housing on the subject property and also would provide for an increase in taxable value and tax revenue for the City.

### **Analysis of Review Criteria**

The Historic Landmarks Committee needs to make their findings for their decision based on the review criteria of the McMinnville Municipal Code, which are in Section 17.65.050(B) and are shown above.

The McMinnville Municipal Code does not require that the applicant's request meet all of the applicable review criteria in order for a Certificate of Approval for Demolition application to be approved. The Historic Landmarks Committee needs to decide if the applicant's findings are compelling enough to warrant an approval for a Certificate of Approval for Demolition.

The applicant had also provided findings for the demolition being consistent with the Comprehensive Plan (review criteria 17.65.050(B)(1)) and that the historic resource constitutes a hazard to the safety of its occupants (review criteria 17.65.050(B)(5)). However, staff does not believe that the Comprehensive Plan goals and the purpose statement of the Historic Preservation chapter of the code support demolition of historic resources, and rather speak to the preservation and protection of structures of historical significance to the City of McMinnville. In regards to the historic resource being a hazard to the safety of its occupants, staff does not believe that this criteria is as applicable in the demolition request. While there are some documented issues with the condition of the structures (see description above and applicant narrative for more detail), there could still be a level of investment that would result in the building being functional and not a hazard to its occupants.

Staff believes that the applicant's arguments described in the section above (titled "Summary of Applicant Findings") could be found to be reasonable and satisfying the applicable review criteria to support the demolition of the historic resource. Staff believes that the most relevant and best satisfied review criteria is related to the "value and significance" of the historic resources. Both structures were classified as "Environmental" historic resources and neither structure was subject to the second stage of evaluation

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described in Appendix 4 and Appendix 5 of the Historic Resources Inventory, which is evidence that they structures were not found to be of high significance at the time of the development of the Historic Resources Inventory. A majority of the architectural features of the structures that are described in the Statements of Historical Significance have also been removed and lost over time, including the clapboard siding, brick chimneys, six-over-one sash windows, and covered porches at the main entrances to the structures. The applicant has argued that the loss of these features results in the structures being of even less historical significance than they were at the time of survey and inclusion on the Historic Resources Inventory. Staff would note that these changes that have occurred over time could have occurred without any violation of code, as alterations to “Contributory” and “Environmental” historic resource can occur without any review against the City’s historic preservation standards for alterations.

The applicant has also argued that renovation of the existing structures would not be reasonable given their economic use and current value (review criteria 17.65.050(B)(2)), and that continued investment in the structure would cause financial hardship to the property owner (review criteria 17.65.050(B)(7)). The applicant did not provide any detailed cost estimate for renovation of the existing structures. However, the applicant did reference the fact that the assessed value of the structures is very low and has been decreasing over time. Staff agrees with the applicant that levels of investment required to improve the code issues described by the applicant in responses to other review criteria may not provide for a reasonable economic return on the investment and could cause financial hardship to the property owner. Together with the fact that the structures were not originally determined to be of high historical significance and that features and elements that did previously exist have now been removed or replaced, staff does not believe that there is a public interest in preservation of the historic resources that would outweigh the potential financial hardship that could be incurred by the property owner.

Finally, the applicant is proposing an improvement program that would be of benefit to the City, which is the construction of two new dwelling units on the subject site. Staff believes that this private improvement program would be a benefit to the City, and that the improvement program is proposed in such a manner as to be compatible with the surrounding area. The two new dwellings proposed would be of a similar size and scale to the existing buildings (one story buildings in a similar footprint), and could be generally described as a craftsman bungalow type of building style that would be compatible with development in the surrounding area.

On recent demolition requests, 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. Also, on recent demolition requests the Committee has 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. However, evidence or analysis of whether these structures could be moved has not been provided. Additionally, the applicant has stated in conversations with staff that it is their intent to demolish the buildings and complete the new construction of two new dwelling units on the subject site prior to next school year (fall of 2021). Staff would suggest that the Historic Landmarks Committee consider the applicant’s intentions for the subject property and their condensed construction timeframe, and determine whether the condition of approval related to making the building available for relocation be included, perhaps after requesting additional information from the applicant’s architect. Alternatively, the Historic Landmarks Committee could require that the history of the buildings be documented through other means for archival purposes, which would satisfy review criteria 17.65.050(B)(8). These other means have traditionally included detailed photographic evidence that is provided to the Planning Department.

Finally, 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

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when weighed against other criteria that are not being satisfied, staff would remind the Committee that in the past, there has been a consideration of deferring the issuance of a demolition permit until such time as building permits are actually submitted for the improvement program. The intent behind this has been to ensure that the improvement program actually moves forward prior to demolition of the historic resource. In this case, the applicant has already submitted building permit applications for the proposed two new dwelling units. These applications were submitted to the Building Department and include both the demolition of the existing structures and the construction of the new dwelling units.

### **Commission Options:**

- 1) Close the public meeting and **APPROVE** the application, per the decision document provided 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, providing findings of fact 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 believes that the applicant provided reasonable findings for the value and significance of the historic resources, that the preservation of the historic resources would be a deterrent to an improvement program of benefit to the City, that the retention of the historic resource not being in the best interests of a majority of the citizens of the city, and the economic use and financial hardship of the preservation of the historic resources. These criteria, together with a potential requirement to provide more detailed documentation of the historic resource prior to demolition, could be found by the Historic Landmarks Committee to outweigh the other review criteria that are not being satisfied. Staff does not believe that the Comprehensive Plan goal and Historic Preservation purpose statement support demolition of historic resources, and staff also believes that the structures could be improved to some degree to not be a hazard to its occupants. Therefore, staff does not believe that these criteria are being satisfied, and that they should be considered and weighed by the Historic Landmarks Committee against the criteria that could be found to be satisfied.

**If the Historic Landmarks Committee agrees with the applicant's arguments and findings in Sections 17.65.050(B)(2), 17.65.050(B)(3), 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 photo documentation be provided of the historic resource prior to demolition.

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

- 1) That prior to the issuance of the demolition permit for the subject structures, a minimum of 20 (twenty) digital photographs documenting exterior views of the subject structures and a minimum

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of 20 (twenty) digital photographs documenting interior views of the subject structures 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 condition.**

Alternatively, the Historic Landmarks Committee could make findings to support a decision to deny the demolition request. Staff has provided some description of each of the applicable review criteria, and the Committee could use some of those arguments to 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 some of the architectural building form that originally resulted in the structure being listed on the Historic Resources Inventory even though most of the detailed architectural features have been removed or replaced, showing that the historic resource does still retain some level of 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 2-21:**

**BASED ON THE FINDINGS OF FACT, THE CONCLUSIONARY FINDINGS FOR APPROVAL, AND THE MATERIALS SUBMITTED BY THE APPLICANT, THE HISTORIC LANDMARKS COMMITTEE APPROVES HL 2-21, BASED ON THE FINDINGS OF FACT PROVIDED IN THE DECISION DOCUMENT. [NOTE – INCLUDE CONDITIONS OF APPROVAL IN THE MOTION IF THERE ARE ANY DISCUSSED BY THE HLC ON THE PUBLIC RECORD DURING THE MEETING]**

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 2-21:**

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**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 2-21 TO A COMMITTEE MEETING ON JUNE 24, 2021 AT 3:00 PM.**

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