

MINUTES

March 16, 2023
Planning Commission
Regular Meeting

3:00 pm
Hybrid Meeting
McMinnville, Oregon

Members Present: Sidonie Winfield, Beth Rankin, Dan Tucholsky, Matt Deppe, Gary Langenwaller, Lori Schanche, Megan Murray, Sylla McClellan, and Brian Randall

Members Absent:

Staff Present: Heather Richards – Community Development Director, Tom Schauer – Senior Planner, John Swanson – Senior Planner, Adam Tate – Associate Planner, and Carrie Richter – Bateman Seidel Legal Counsel

1. Call to Order

Chair Winfield called the meeting to order at 3:00 p.m.

2. Citizen Comments

None

3. Minutes

- **January 19, 2023**

Commissioner Langenwaller MOVED to APPROVE the January 19, 2023 minutes. SECONDED by Commissioner Murray. The motion PASSED 9-0.

4. Public Hearings

- A. **Judicial Hearing: Appeal of Historic Landmarks Committee of Denial for three Certificates of Approval for the demolition of a historic resource at 609, 611 and 619 NE Third Street (HL 6-22, HL 7-22 and HL 8-22), and the compliance of the new construction of the Gwendolyn Hotel with the Downtown Design Guidelines and Standards (Docket DDR 2-22).**

Continuation from March 2, 2023

Request: Request to demolish three historic resources and build a new five-story hotel with ground floor commercial, programmed roof deck and underground parking structure.

Docket: **AP 1-23 (HL 6-22)**, (Certificate of Approval for Demolition, 609 NE Third Street) Property Owner –Oregon Lithoprint Inc, represented by Jon Bladine.

AP 2-23 (HL 7-22), (Certificate of Approval for Demolition, 611 NE Third Street) Property Owner – Bladine Family Limited Partnership, represented by Jon Bladine,

AP 3-23 (HL 8-22), (Certificate of Approval for Demolition, 619 NE Third Street) Property Owner - Wild Haven LLC, represented by Philip Frischmuth,

AP 4-23 (DDR 2-22), (Downtown Design Review – New Construction – Gwendolyn Hotel, 609, 611 and 619 NE Third Street) **Location:** 609 NE Third St. (TL 4500, Sec. 21BC, T.4S., R.4 W., W.M.), 611 NE Third St. (TL 4300, Sec. 21BC, T.4S., R.4 W., W.M.), 619 NE Third St. (TL 4201, Sec. 21BC, T.4S., R.4 W., W.M).

Applicant: Mark Vuong, HD McMinnville LLC

Chair Winfield opened the public hearing and read the hearing statement. She asked if there was any objection to the jurisdiction of the Commission to hear this matter. There was none. She asked if any Commissioner wished to make a disclosure or abstain from participating or voting on this application.

Commissioner McClellan recused herself from participating in the hearing as she wrote a letter to the Historic Landmarks Committee about this application.

Chair Winfield asked if any Commissioner needed to declare any contact prior to the hearing with the applicant or any party involved in the hearing or any other source of information outside of staff regarding the subject of this hearing. There was none.

Staff Report: Community Development Director Richards said this was a continuation of the hearing from March 2. The Historic Landmarks Committee had denied the applications, and the applicant had appealed their decision to the Planning Commission. She reviewed the subject site, quasi-judicial land use decisions, structures requested to be demolished, McMinnville downtown historic district, McMinnville historic resources inventory, notice of appeal for the demolition, demolition criteria, new hotel project, notice of appeal for the new construction, new design code criteria, downtown design standards and guidelines, clarifications regarding parking, construction details, new construction in the historic district, waivers, building setbacks vs. step backs, public testimony, and the Commission's decision.

Applicant's Testimony: Andrew Clark, developer, discussed what this proposed development would mean to McMinnville. They wanted to create something new in order to serve the community into the future.

Garrett Stephenson, legal counsel, highlighted additional materials they provided to the Planning Commission based on the questions the Commission asked at the last meeting, memorandum explaining how they would honor the history and legacy of the buildings to be demolished and how the architectural features of the district influenced the design, cost estimates for two additional reuse scenarios, and what the wage mix would be for the hotel.

Gary Reddick, architect, said the Commission had asked to show them more clearly and specifically where he had taken inspiration from the older historic buildings on Third Street and to show examples from his design where he referenced and honored the legacy of the buildings to be demolished. He explained the process that was done of studying the historic buildings in downtown, inspiration they took from Third Street, and how they would honor the historic legacy of the early automobile industry in McMinnville. They would be cataloguing and carefully removing and saving every part of the interior that could be reused. They would name places inside the building after historically significant people and add historic photographs. He pointed out the 80 foot height was originally put in place in 1981.

The Commission asked questions about the wages, configuration and function of the parking, hotel operator, and air conditioning.

Public Testimony:

Proponents: Doug Hurl, McMinnville resident, discussed other historic buildings that had been torn down. He thought the hotel was something they wanted in the downtown core. The applicant met all of the requirements. He was in favor of demolishing the old buildings and building something new.

Phil Frischmuth, McMinnville resident, owned the 619 NE Third Street building. He discussed Third Street and how in the area of his building the buildings were not charming and there was no vibrant atmosphere or foot traffic. This proposal would change that. He listed the many benefits to the hotel and discussed how the developer had tried to accommodate every request. The most important aspect was the hotel would bring people downtown and make it vibrant and fun. He explained the renovations he had done to the building, and how there were more issues that needed to be addressed. He did not think it could be preserved.

Jeb Bladine spoke on behalf of the owners of 609 and 611 Third Street. The applications for demolition met the criteria related to local land use code, historic resource criteria, complex environmental issues, economic benefits to the community, appropriate financial hardship to the owners in retaining the properties, and appropriate conditions for redevelopment. He noted for 611, half of the building's life had been in the newspaper industry, not just the auto industry.

There was discussion regarding other offers on these properties, and how investors had walked away after their investigations.

Opponents: Ernie Munch, architect for the Taylor Dale building restoration and addition, reviewed the information he submitted to the Commission including the definition of dangerous building from the Building Code, how the demolition of the building for his project was not a significant resource, and the purposes of the code for demolition. This was a historic district and the buildings should be preserved due to their history with the auto industry and significant families in the area. He discussed options for what else could be done. He thought there should be an agreement of what the City wanted to see there and then an RFP should be put out for developers who could build it.

Community Development Director Richards noted the City could not put an RFP on property it did not own.

Mr. Munch said it was something the owners could look at as an option.

Katherine Hewitt, McMinnville resident, discussed the importance of the historic district, which had already been drawing tourists before the other hotels came in. She gave a history of main street and the auto industry. McMenamins was an example of what historic preservation brought, not only to the downtown historic district, but new life to areas that weren't listed on the national register. It was a template to show how the stories of the community could contribute to the success and preservation of these three buildings.

Daniel Keizer, McMinnville resident, thought the project would be done by outside companies, and the hospitality company they were going to use was not local. He did not think there was enough space in the parking garage for the air conditioning units and any equipment on the roof would be visible. He did not think they were meeting code for the elevation and massing. There were a lot of background buildings on Third Street, including the ones being requested to demolish, and they added to the intangible quality of the cozy, cohesive architectural fabric of Third Street. The buildings had the potential to be restored and no photos in the lobby would make up for the loss if they were demolished.

Margaret Cross, McMinnville resident, said they had to base their decision on the legal criteria relative to historic preservation and restoration. The applicant's argument that the HLC's findings

were unreasonable was an opinion. She suggested the corner building be used as a tourist information center after restored to its original design. McMinnville was a living, organic town, not a fake town for tourists.

Marilyn Cozal, McMinnville resident, discussed and showed pictures of how she and her husband had renovated the old JC Penney building in McMinnville. The project showed that restoration could be done and there were a lot of creative uses for those buildings.

Nathan Coopridge, thought they should renovate the historic buildings. He was opposed to the demolitions because he did not believe alternatives had been closely studied. Consultants investigating the buildings had not been hired until after the designs were presented to the neighborhood and the alternative designs were not submitted until after the design proposal for the hotel were submitted. If historic preservation and this hotel could not co-exist on the site, it was a self-imposed problem which could easily be remedied by an alternative site selection. No reports were provided on the deals that fell through on the properties and there was no evidence as to why those sales did not happen.

Applicant's Rebuttal: Mr. Stephenson said a lot of people had looked at these buildings and walked away because these were difficult and expensive buildings to reuse. In the alternatives analysis that was done, it showed every scenario that involved a purchase price and a construction loan did not result in an economically viable project. The three buildings could not generate enough returns to justify a sale or a substantial renovation. The evidence in the record showed that these buildings did not resemble the purposes for which they were originally built. All the facades had been substantially replaced or modified. The historic integrity had been significantly changed and none of the upper floors were currently in use. They had a plan to adapt some of the interior historic characteristics to the hotel. There was no evidence that these buildings could remain profitable or retained enough of their historic characteristics to warrant preservation. It was not required that these buildings be deemed dangerous to justify their demolition. It was a balancing of different factors. They had demonstrated that the buildings required substantial investment that their continued use and configuration did not support. This hotel would be a great economic driver for the City. The adopted policy in the City was to focus on place based tourism and that was the fundamental basis for why this project complied with the Comprehensive Plan and why on balance was more supportive of the Comprehensive Plan policies than doing nothing. It would add to the tax base, underground parking would be added, more jobs would be added, and the contamination below the existing buildings would be removed. The January 5 staff report explained why the project met all the code requirements. He did not think the HLC's findings were based on the evidence and interpreted the code in a way that had not been done before. The question for the Commission was whether or not they met the criteria, and he believed all the criteria were met. Architects had different opinions on design and what should be done, and these were privately owned buildings that could not go through an RFP process. Regarding the massing, the Atticus and Chaos buildings were substantially taller than the existing single story buildings around them. He did not think the criteria meant no higher than one or two stories was allowed. He thought it meant making the massing consistent with the surrounding buildings. Their proposed building was broken up into three different sections with substantial step backs that deemphasized the height and the building on the corner was similar to a two story building. He encouraged the Commission to reverse the HLC's decision.

Mr. Clark noted the hospitality company they would be using was a local company. The land owners had been trying to sell these properties and looked for ways to have their properties be invested in through Urban Renewal or to be restored, and none of that had come to fruition.

Chair Winfield closed the public hearing.

The applicant waived the 7 day period for submitting final written arguments in support of the application.

Chair Winfield took a straw poll for the decision to demolish and decision on the new construction.

Commissioner Deppe was undecided. Commissioner Rankin was no to both demolition and the new construction. Commissioner Randall was also no to both. Commissioner Langenwalter was yes on demolish, but no on new construction. Commissioner Tucholsky was yes to both demolition and new construction. Commissioner Schanche was no on both. Commissioner Murray was yes on both. Chair Winfield was yes on both.

Commissioner Rankin did not think the hotel fit in this location. Alternatives should have been looked at.

Commissioner Randall said these buildings were approved on the national register based on the density, common scale, materials, and overall design elements providing a visual continuity conveying the evolution of the downtown core. These elements worked to reinforce the two story commercial storefront characteristics that signified the district. He thought that they should preserve the two story storefronts. He did not have an issue with the use as a hotel, but he had issues with the design. He thought there were other alternatives.

Chair Winfield agreed the buildings were part of the background. However, they had allowed other demolitions in the past. The condition of the buildings had changed over time to the point where the original design and intent of the buildings had completely changed. She was concerned about how much they allowed the owners to attempt to preserve buildings to the detriment of what they could be used for within the City and how much they had to keep paying out of pocket. There were no grants to preserve these buildings and the current owners had done what they could to preserve the buildings and find buyers. The value to the community had been diminished and it was a very sleepy corner right now. The new construction would bring more vitality to the downtown. She thought it met the criteria. The applicant had made three separate bays. The Atticus had iron balconies as did other buildings around downtown. She thought it tied in together. The new building had to stay within the height guidelines.

Commissioner Langenwalter thought it was time to let the buildings be demolished. However, he did not think the new construction's massing and configuration was similar to adjacent or nearby historic buildings on the same block.

Commissioner Tucholsky said it was the Commission's duty to apply the rules established by the City. He thought the rules had all been met by the applicant. Old buildings were expensive and difficult to maintain. He had walked by these three buildings many times and they were heavily underutilized. It was a dead spot on Third Street and their historic significance did not outweigh the opportunity in front of them. The hotel would provide jobs, tax revenue, and recreational opportunities. They should not miss this opportunity.

Commissioner Schanche thought the three buildings reflected the cultural history of downtown, specifically in regard to the auto industry. The new building did not reflect any historic elements. The removal of the buildings would create a gap in the historic district that would make this block an artificial downtown environment. The design of the new hotel did not reflect the current buildings or any other buildings on Third Street. It was six stories and would stick out as the largest building in downtown. It was not consistent with the current massing of the street, which were primarily two story buildings. It would have a negative effect on the historic Third Street from both directions.

Commissioner Murray valued the community and the historic significance of these buildings. However, that did not outweigh the opportunity they had. Based on staff's recommendation and the conditions of approval, moving forward was in the best interest of the community. They had good community partners at the table.

Commissioner Deppe was struggling with the massing and configuration. He questioned if they were to rule that something taller than two stories could not be built, how would that affect downtown. He appreciated the change in the design to accommodate a two story appearance from the foot of the hotel. He appreciated what the hotel would do for the downtown businesses and noted it was a vacuum at that location.

Chair Winfield said there was a precedent for demolishing older buildings and building something new that was not within the massing of the buildings that were originally around them. The step backs did provide a diminishing feel of the massing.

Commissioner Randall did not agree with replacing the buildings with the height on the street and the design that had been presented. He would be more in favor of the demolition if the design took into consideration what it was designated as in terms of the commercial feel and two story. He was also concerned about setting precedent.

There was discussion regarding the criteria and how not all of the criteria had to be met.

Commissioner Schanche MOVED to DENY AP 1-23 in support of the Historic Landmarks Committee's denial. SECONDED by Commissioner Langenwalter. The motion FAILED 3-5 with Commissioners Deppe, Winfield, Langenwalter, Tucholsky, and Murray opposed.

Commissioner Langenwalter MOVED to APPROVE AP 1-23 in support of the applicant based on the findings in the January 5 staff report with the amended conditions of approval. SECONDED by Commissioner Murray. The motion PASSED 5-3 with Commissioners Rankin, Randall, and Schanche opposed.

Commissioner Murray MOVED to APPROVE AP 2-23 in support of the applicant based on the findings in the January 5 staff report with the amended conditions of approval. SECONDED by Commissioner Tucholsky. The motion PASSED 5-3 with Commissioners Rankin, Randall, and Schanche opposed.

Commissioner Tucholsky MOVED to APPROVE AP 3-23 in support of the applicant based on the findings in the January 5 staff report with the amended conditions of approval. SECONDED by Commissioner Murray. The motion PASSED 5-3 with Commissioners Rankin, Randall, and Schanche opposed.

Commissioner Tucholsky MOVED to APPROVE AP 4-23 in support of the applicant based on the findings in the January 5 staff report with the amended conditions of approval. SECONDED by Commissioner Murray. The motion FAILED 4-4 with Commissioners Rankin, Randall, Langenwalter, and Schanche opposed.

Commissioner Langenwalter was not in favor of the building being over three stories.

Commissioner Tucholsky said this building was bigger than others downtown, however he thought the City would be better for it, especially future generations. They needed to be good ancestors for tomorrow.

Chair Winfield thought the applicant had demonstrated how they would use the historic ideas in the design process.

Commissioner Tucholsky MOVED to APPROVE AP 4-23 in support of the applicant based on the findings in the January 5 staff report with the amended conditions of approval. SECONDED by Commissioner Murray. The motion PASSED 5-3 with Commissioners Rankin, Langenwalter, and Schanche opposed.

The Commission took a break and reconvened at 6:45 p.m. Commissioner McClellan rejoined the meeting.

B. Quasi-Judicial Hearing (Docket ZC 3-22): Application for an amendment to the Zone Map to apply the Flood Area Zone (FP) to 28.25 acres and the 9000 Minimum Lot Size Residential Zone (R1) to 1.65 acres of tax lots R4421 00900 and R4421 01200 upon annexation into the city limits.

Request: Amend the Zone Map

Docket: ZC 3-22

Location: Tax Lots, R4421 00900 and 01200

Applicant: Steve Kay, Cascadia Planning, on behalf of Anders Johansen, property owner

****Recording started here, not at the opening of the hearing.**

Staff Report: Community Development Director Richards said this was a request for a zone map amendment for two tax lots that were not currently in the City. She discussed the subject site, Comprehensive Plan designation, flood area zone, R-1 after annexation, review criteria, annexation process, annexation agreement, future Yamhill River multi-purpose trail, conditions, and public testimony. Staff recommended approval with conditions.

There was discussion regarding the floodplain map and septic system.

Applicant's Testimony: Steve Kay, Cascadia Planning and Development Services, was representing the applicant. The applicant was planning to annex a 30 acre site and change the property zoning to R-1 and FP consistent with the Comprehensive Plan Map designations. The property paralleled the Yamhill River and was mostly encumbered by a 100 year flood plain and conservation easement along the waterway. Therefore, less than an acre was available for development. The site that could be developed was located at the end of Nehemiah Lane and the maximum development was three single family homes. They intended to only build one single family home on the site and it could be connected to all public utilities except sewer. They would be putting in a private septic system. The Council had approved the annexation agreement and the findings supported that all criteria have been met.

Public Testimony: None

Chair Winfield closed the public hearing.

The applicant waived the 7 day period for submitting final written arguments in support of the application.

Based on the findings of fact, conclusionary findings for approval, and materials submitted by the applicant and evidence in the record, Commissioner Tucholsky MOVED to RECOMMEND APPROVAL of ZC 3-22 to the City Council with the conditions of approval. SECONDED by Commissioner Langenwalter. The motion PASSED 9-0.

C. Legislative Hearing (Docket G 1-23): Proposed amendments to the McMinnville Zoning Ordinance, adopting amended standards for Short-Term Rentals

Request: The proposed amendment would amend the standards for Short-Term Rentals in the R-1, R-2, R-3, R-4, R-5, and O-R zones. Short-Term Rentals are listed as a permitted use in these zoning districts, subject to the standards provided in Section 17.12.010(P) of the Zoning Ordinance. The proposed amendment would amend the standards in Section 17.12.010(P). The proposed amendment would also amend the off-street parking provisions for Short-Term Rentals in Chapter 17.60 of the Zoning Ordinance to provide internal consistency with the amended standards.

Docket: G 1-23

Location: N/A. This is a proposed Zoning Ordinance Text Amendment

Applicant: City of McMinnville

Chair Winfield opened the public hearing and read the hearing statement. She asked if there was any objection to the jurisdiction of the Commission to hear this matter. There was none. She asked if any Commissioner wished to make a disclosure or abstain from participating or voting on this application. There was none.

Staff Report: Senior Planner Schauer gave a presentation on the amendments to the standards for short term rentals in the R-1, R-2, R-3, R-4, R-5, and O-R zones. He explained the background on this item, written testimony received, applicable criteria, principal changes from the current standards, maps showing existing short term rentals based on a 200 foot spacing standard and 500 foot spacing standard, and questions/comments from the last hearing. Staff recommended approval subject to minor punctuation/scrivener's corrections.

There were questions about City law superseding any HOA rules, registering with the Finance Department, and Alpine Avenue overlay district.

Public Testimony:

Opponent: Blake Lundstrom, McMinnville resident, said the proposed 500 foot spacing standard would take away the option for people to rent out rooms in their homes. These were not corporations but McMinnville residents who needed the source of income and if the standard was changed it would only benefit corporations. He thought the 500 feet was excessive for the less than 1% of available homes which were short term rentals. He did not think this was a problem in McMinnville, and the threshold should be higher before considering this change.

Senior Planner Schauer clarified there were two categories for short term rentals, one when the entire home was rented out and the other where the home was occupied but one room was being rented out. The second scenario was not subject to the spacing standard.

Mr. Lundstrom was speaking about both scenarios.

Proponents: Kenneth Yount, McMinnville resident, was in favor of the proposed changes as he had seen many homes go to short term rentals instead of being used to house families. It affected the younger generation who had to live with family members and were displaced from their homes. More homes available to families to live in made better students and citizens in the future.

Jim Kreutzbender, McMinnville resident, asked the Commission to consider including the two blocks of housing in the NE Gateway District in the spacing standard.

Community Development Director Richards explained because the district was intended to be a commercial use, short term rentals were required to get a condition use and would not be subject to the spacing standard.

Jim Kreutzbender said there was one short term rental in this area currently.

There was discussion regarding the process for including these two blocks in the spacing standard.

Mark Davis, McMinnville resident, thought the 500 feet was reasonable. He thought they should have included the commercial zones as well. Short term rentals had a big impact on residential in the commercial zones. There was a lack of affordable housing in the City and short term rentals impacted the amount of housing stock there was in the community.

Anna Barsotti, McMinnville resident, spoke about being a teacher and how difficult it was to afford housing in the City. She thought they needed to protect the housing that was hard to come by for the workforce. Neighborhoods changed when people did not live there and were no longer invested.

Pat Russell, McMinnville land owner, was in support of the changes to protect neighborhoods as residential neighborhoods and a sense of community. Short term rentals affected housing affordability and comfort level of neighbors knowing who was next door to them.

Janette Bailey, McMinnville resident, lived in a condo and her HOA did not allow rentals, which contributed to a high quality neighborhood. She also owned rentals in McMinnville and she thought long term rentals were important, especially for those who could not afford a home of their own. There should be homes for people who lived in McMinnville and people coming from out of state to buy vacation rentals degraded quality of life for those who lived here.

Chair Winfield closed the public hearing.

There was discussion regarding concerns in the letters that were received about advertising based on the number of bedrooms and how parking was tied to the number of bedrooms, posting key City ordinances in a prominent spot in the rental, and having more than one emergency contact. There was also discussion regarding the cons of including the Gateway District in the spacing standard.

Based on the findings of fact, conclusionary findings for approval, and materials submitted by the applicant, Commissioner Tucholsky MOVED to RECOMMEND APPROVAL of G 1-23 to the City Council and to include the underlying residential zone in Zone 3 of the NE Gateway District. SECONDED by Commissioner Langenwalter. The motion PASSED 9-0.

5. Commissioner Comments

None

6. Staff Comments

Community Development Director Richards discussed upcoming meeting agenda items.

7. Adjournment

Chair Winfield adjourned the meeting at 8:18 p.m.