

**Planning Commission  
Thursday, March 16, 2023  
3:00 PM Regular Meeting**

**HYBRID Meeting**

**IN PERSON – McMinnville Civic Hall, 200 NE Second Street, or ZOOM Online Meeting**

*Please note that this is a hybrid meeting that you can join in person at 200 NE Second Street or online via Zoom*

**ZOOM Meeting: You may join online via the following link:**

<https://mcminnvilleoregon.zoom.us/j/89368634307?pwd=M0REY3RVSzFHeFdmK2pZUmJNdkdSZz09>

**Meeting ID: 893 6863 4307**

**Meeting Password: 989853**

**Or you can call in and listen via zoom: 1 253 215 8782**

**Meeting ID: 893 6863 4307**

**Meeting Password: 989853**

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*Public Participation:*

*Citizen Comments: If you wish to address the Planning Commission on any item not on the agenda, you may respond as the Planning Commission Chair calls for "Citizen Comments."*

*Public Hearing: To participate in the public hearings, please choose one of the following.*

- 1) **Email in advance of the meeting** – Email at any time up to 12 p.m. the day before the meeting to [heather.richards@mcminnvilleoregon.gov](mailto:heather.richards@mcminnvilleoregon.gov), that email will be provided to the planning commissioners, lead planning staff and entered into the record at the meeting.
- 2) **By ZOOM at the meeting** - Join the zoom meeting and send a chat directly to Planning Director, Heather Richards, to request to speak indicating which public hearing, and/or use the raise hand feature in zoom to request to speak once called upon by the Planning Commission chairperson. Once your turn is up, we will announce your name and unmute your mic.
- 3) **By telephone at the meeting** – If appearing via telephone only please sign up prior to the meeting by emailing the Planning Director, [Heather.Richards@mcminnvilleoregon.gov](mailto:Heather.Richards@mcminnvilleoregon.gov) as the chat function is not available when calling in zoom.

**----- MEETING AGENDA ON NEXT PAGE -----**

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](http://www.mcminnvilleoregon.gov). You may also request a copy from the Planning Department.

| Commission Members                | Agenda Items   |
|-----------------------------------|--|
| Sidonie Winfield,<br>Chair        | <b>3:00 PM – REGULAR MEETING</b>   |
| Gary Langenwalter<br>Vice - Chair | <b>1. Call to Order</b>  |
| Matthew Deppe                     | <b>2. Citizen Comments</b>   |
| Sylla McClellan                   | <b>3. Minutes:</b>   |
| Meg Murray                        | <ul style="list-style-type: none"> <li>• January 19, 2023 (<i>Exhibit 1</i>)</li> </ul>  |
| Brian Randall                     | <b>4. Public Hearings</b>  |
| Beth Rankin                       | <b>A. <u>Quasi-Judicial Hearing (Dockets AP 1-23, AP 2-23, AP 3-34, and AP 4-23): 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).</u></b> |
| Lori Schanche                     | <i>(Exhibit 2)</i>   |
| Dan Tucholsky                     | <b><i>Continuation from March 2, 2023</i></b>  |
|                                   | <b>Request:</b> Request to demolish three historic resources and build a new five-story hotel with ground floor commercial, programmed roof deck and underground parking structure.  |
|                                   | <b>Docket:</b> <b>AP 1-23 (HL 6-22)</b> , (Certificate of Approval for Demolition, 609 NE Third Street) Property Owner –Oregon Lithoprint Inc, represented by Jon Bladine.   |
|                                   | <b>AP 2-23 (HL 7-22)</b> , (Certificate of Approval for Demolition, 611 NE Third Street) Property Owner – Bladine Family Limited Partnership, represented by Jon Bladine,  |
|                                   | <b>AP 3-23 (HL 8-22)</b> , (Certificate of Approval for Demolition, 619 NE Third Street) Property Owner - Wild Haven LLC, represented by Philip Frischmuth,  |
|                                   | <b>AP 4-23 (DDR 2-22)</b> , (Downtown Design Review – New Construction – Gwendolyn Hotel, 609, 611 and 619 NE Third Street)  |
|                                   | <b>Location:</b> 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).  |
|                                   | <b>Applicant:</b> Mark Vuong, HD McMinnville LLC   |

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No Earlier than 6:30 PM

**B. Legislative Hearing (Docket G 1-23): Proposed amendments to the McMinnville Zoning Ordinance, adopting amended standards for Short-Term Rentals (Exhibit 3)**

**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

**C. 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. (Exhibit 4)**

**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

**5. Commissioner Comments**

**6. Staff Comments**

**7. Adjournment**

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## **Exhibit 1 - MINUTES**

**January 19, 2023**  
**Planning Commission**  
**Regular Meeting**

**6:30 pm**  
**Hybrid Meeting**  
**McMinnville, Oregon**

**Members Present:** Beth Rankin, Dan Tucholsky, Matt Deppe, Gary Langenwalter, Lori Schanche, Megan Murray, and Sylla McClellan (arrived late)

**Members Absent:** Sidonie Winfield and Brian Randall

**Staff Present:** Tom Schauer – Senior Planner and John Swanson – Senior Planner

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### **1. Call to Order**

Vice Chair Langenwalter called the meeting to order at 6:30 p.m.

New Senior Planner John Swanson introduced himself.

### **2. Swearing in of Commissioners**

Senior Planner Schauer swore in Commissioner Langenwalter.

### **3. Selection of Chair and Vice-Chair**

The Commission selected Sidonie Winfield for Chair and Gary Langenwalter for Vice Chair for 2023.

### **4. Citizen Comments**

None

### **5. Minutes**

- **October 20, 2022**
- **December 15, 2022**

Commissioner Schanche moved to approve the October 20 and December 15, 2022 minutes. The motion was seconded by Commissioner Rankin and passed 6-0.

### **6. Public Hearings**

- A. Quasi-Judicial Hearing: Comprehensive Plan Map Amendment (CPA 2-20) and Zone Change, including Planned Development Overlay Designation (ZC 3-20)**

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

There was discussion regarding the length of time this application had been continued.

Commissioner Tucholsky MOVED to CONTINUE the hearing for CPA 2-20/ZC 3-20 to April 20, 2023. The motion was seconded by Commissioner Schanche and PASSED 6-0.

**B. Quasi-Judicial Hearing: Comprehensive Plan Map Amendment (CPA 1-21) and Zone Change, including Planned Development Overlay Designation (ZC 2-21)**

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

Commissioner Tucholsky MOVED to CONTINUE the hearing for CPA 1-21/ZC 2-21 to April 20, 2023. The motion was seconded by Commissioner Schanche and PASSED 6-0.

**C. Quasi-Judicial Hearing: Comprehensive Plan Map Amendment (CPA 2-21) and Zone Change, including Planned Development Overlay Designation (ZC 3-21)**

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

Commissioner Deppe MOVED to CONTINUE the hearing for CPA 2-21/ZC 3-21 to April 20, 2023. The motion was seconded by Commissioner Rankin and PASSED 6-0.

Commissioner McClellan arrived at 7:00 p.m.

Senior Planner Schauer swore in Commissioner McClellan.

**7. Work Session – Short Term Rentals**

Senior Planner Schauer gave a background on the discussions that had taken place regarding short term rentals. Staff had prepared draft code language based on the discussions and direction for consideration. He then summarized the draft code language.

There was discussion regarding defining the characteristics of a residence, required parking, definition of bedroom, length of stay, wooden sign, 24 hour local contact, violations, and including permit numbers on advertising.

There was consensus to bring the code language back for consideration at a public hearing.

**8. Commissioner Comments**

Commissioner Rankin discussed data she was collecting on single family purchasing by investors.

**9. Staff Comments**

Senior Planner Schauer discussed upcoming agenda items and projects.

**10. Adjournment**

Vice Chair Lagenwalter adjourned the meeting at 8:04 p.m.

## Exhibit 2 – STAFF REPORT

**DATE:** March 16, 2023  
**TO:** Planning Commission Members  
**FROM:** Heather Richards, Community Development Director  
**SUBJECT:** Gwendolyn Hotel Public Hearing Continuation, Appeal of Historic Landmarks Committee Denial for 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

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### **Report in Brief:**

This is a continuation of the public hearing from March 2, 2023, to consider the appeal of the Historic Landmarks Committee's denial of four land-use applications associated with the Gwendolyn Hotel project.

On January 26, 2023, the Historic Landmarks Committee voted 3- 2 to deny the applicant's requests for Certificates of Approval for the demolition of a historic resource at 609, 611 and 619 NE Third Street (Dockets HL 6-22, HL 7-22, and HL 8-22), and voted 4-1 to deny the applicant's Gwendolyn Hotel new construction project as compliant with the City's Downtown Design Standards and Guidelines (Docket DDR 2-22). (Please see attached Decision Documents for HL 6-22, HL 7-22, HL 8-22, and DDR 2-22).

The applicant, HD McMinnville LLC appealed the Historic Landmarks Committee's decisions on all four land-use applications to the Planning Commission on February 10, 2023. (Please see the attached applicant's appeal submittal).

After reviewing the public record associated with all four land-use applications, the Planning Commission needs to decide if they agree with the Historic Landmarks Committee's findings and decisions, or if they agree with the appellant's argument that the applicable criteria has been satisfied and the applications need to be approved.

The entire public record collected prior to the public hearing is located on the project website 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.](#)

All four land-use applications support the Gwendolyn Hotel project, a new hotel proposed to be constructed at 609, 611 and 619 NE Third Street. To accommodate the new construction of the hotel, the applicant is requesting to demolish three historic resources that are part of the McMinnville National Register of Historic Places Downtown Historic District. The Gwendolyn Hotel is a five-story hotel with ground floor commercial, a programmed roof deck with a pool and dining, and an underground parking structure with 67 parking stalls.

The Historic Landmarks Committee is the city-appointed decision-making body for land-use applications relative to alterations and demolitions of local historic resources, and land-use applications for new construction in the downtown design overlay district. The criteria used to review alterations and demolitions of local historic resources is found in both state laws (OAR 660-023-0200) and McMinnville's Municipal Code (Chapter 17.65, *Historic Preservation*). And the criteria for the review of new construction projects in the downtown design overlay district is found in the McMinnville Municipal Code (Chapter 17.59, *Downtown Design Standards and Guidelines*).

The criteria for the approval or denial of a request to demolish a historic resource in both the state law and the McMinnville Municipal Code is reliant upon the balancing of many different factors. Those members of the Historic Landmarks Committee who voted to deny the demolition applications found that the evidence associated with the different factors to consider did not support the demolition of the historic resources.

The criteria for the approval or denial of a new construction project's compliance with the City of McMinnville's Downtown Design Standards and Guidelines is intended to be clear and objective standards. However, there are several provisions of the code that are not as clear and objective, and the arguments at the Historic Landmarks Committee centered around how to interpret the criteria and whether or not they were standards that needed to be met or guidelines that should be met.

The Historic Landmarks Committee opened a public hearing on September 29, 2022, and continued it to December 8, 2022, and then to January 5, 2023, at which time they closed the public hearing, deliberated and directed staff to write findings denying all four land-use applications, which they voted to approve on January 26, 2023.

The applicant first submitted their applications on August 9, 2022. At the Historic Landmarks Committee meeting on September 29, 2022, it was decided that more information was needed for the Historic Landmarks Committee to balance all of the factors of demolition. The applicant provided a supplemental submittal on November 4, 2002, and additional materials at the request of city staff on December 15 and December 19, 2022. That material plus the public testimony provided both in writing and orally at the public hearings on September 29, 2022 and January 5, 2023, and the staff reports constitute the public record and evidence for the Historic Landmarks Committee's decision-making.

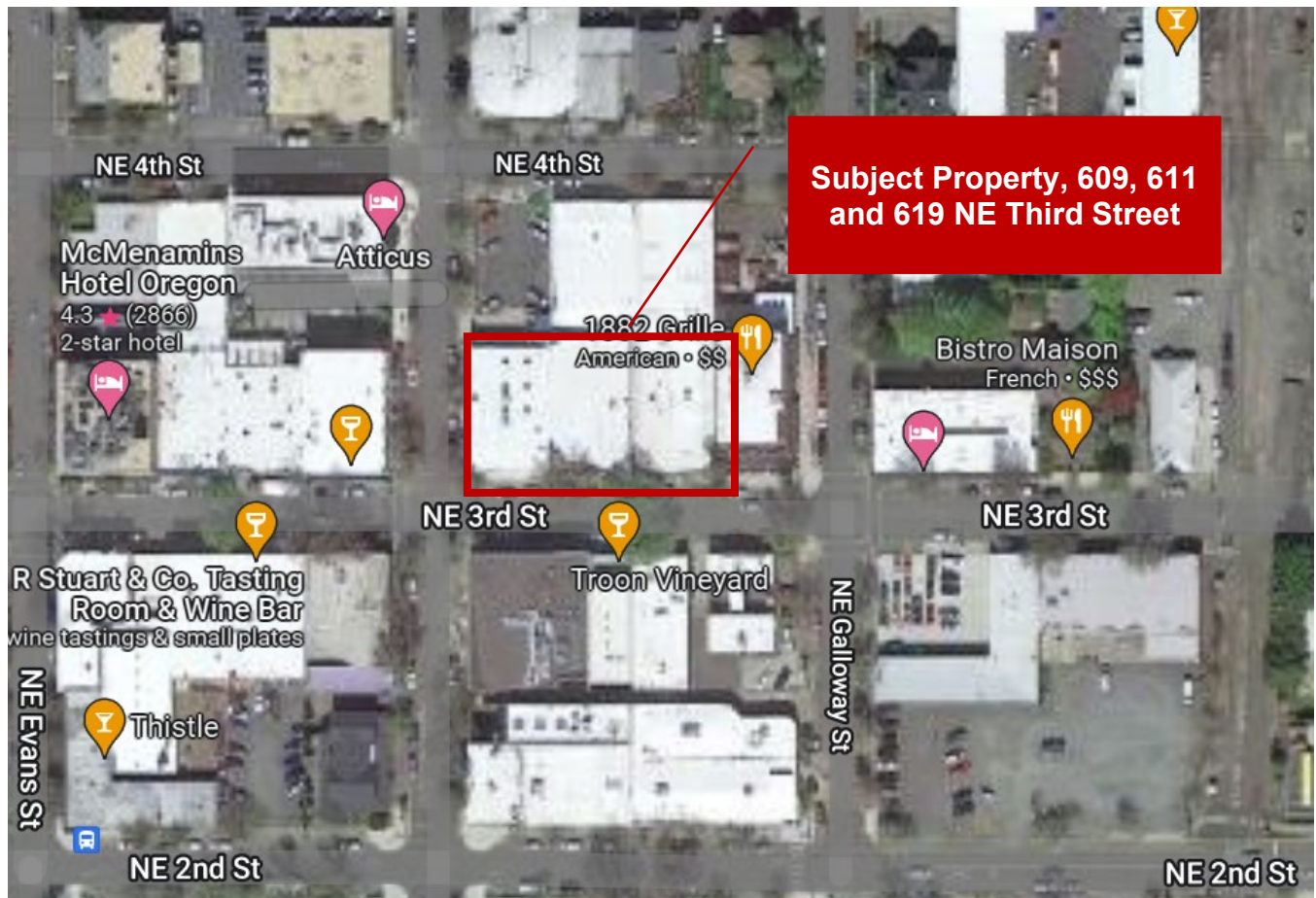
The Historic Landmarks Committee's decisions can be appealed to the Planning Commission.

**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.

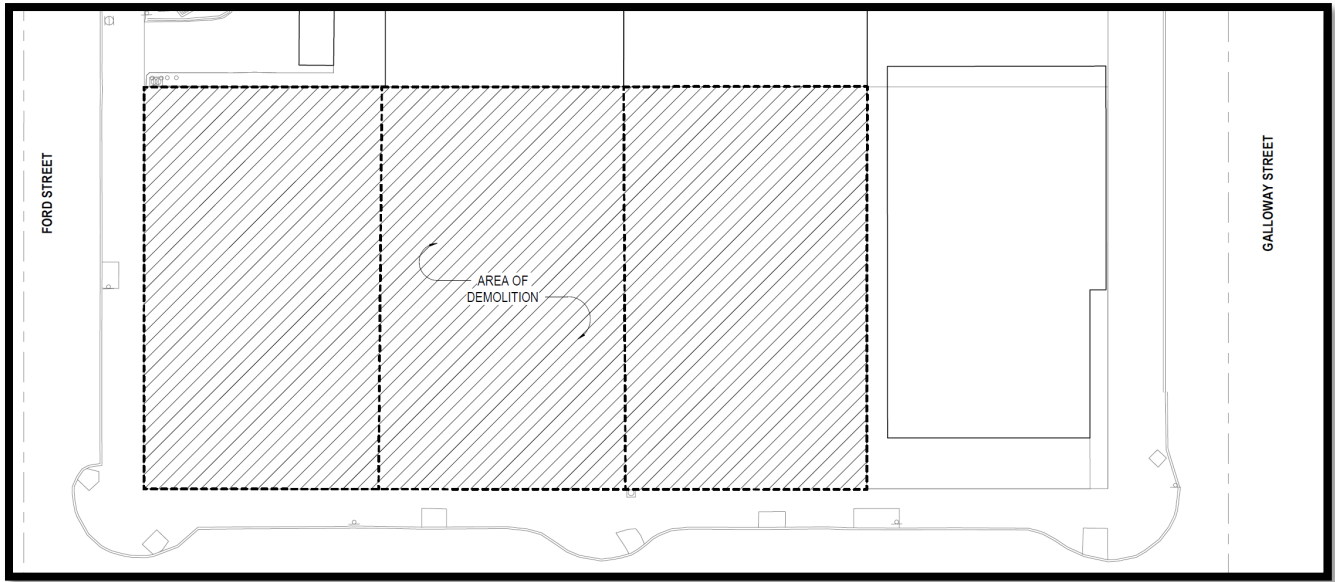
The site is at the northeast corner of NE 3<sup>rd</sup> Street and NE Ford Street and consists of three buildings: two tax lots addressed as 609 NE 3<sup>rd</sup> Street and 619 NE 3<sup>rd</sup> Street, and the southern portion of the tax lot addressed as 611 NE 3<sup>rd</sup> Street. All three tax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

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

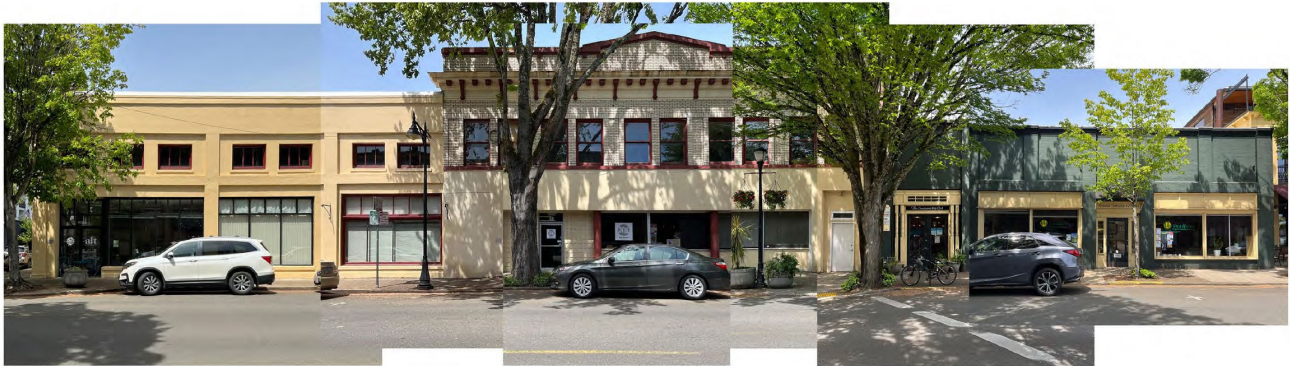




## Demolition Site



## Structures to be Demolished:

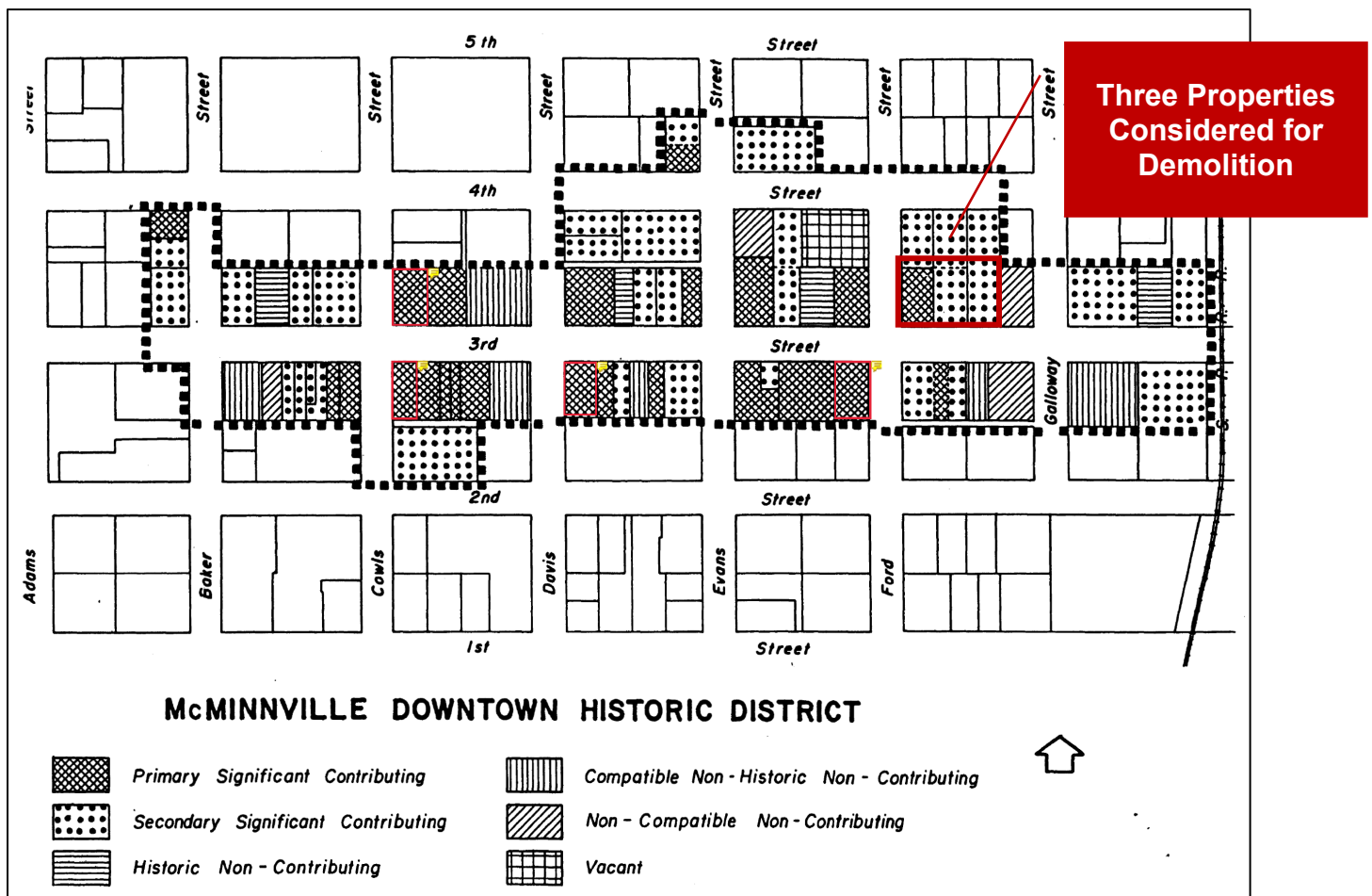


- 609 NE Third Street is considered a “Primary Significant Contributing” structure in the McMinnville Downtown Historic District and is listed as a B (Significant) resource on the McMinnville Historic Resources Inventory (B865).
- 611 NE Third Street is considered a “Secondary Significant Contributing” 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 3<sup>rd</sup> 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 (this was changed to 67 parking stalls with the modified design after the September 29 public hearing) is proposed. The garage ramp will be at the north end of the property, mid-block on Ford Street, to avoid interrupting the 3<sup>rd</sup> 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 (67 parking stalls).



**New Construction, Gwendolyn Hotel – Third Street Elevation:**



**View of Gwendolyn Hotel from Ford Street and Third Street**





## Mid-Block Street Perspective Along Third Street



*The application consists of:*

Dockets HL 6-22, HL 7-22, HL 8-22:

Original Submittal, August 9, 2022:

- *Project Narrative*
- *Project Structural Analysis (609, 611 and 619 NE Third Street)*
- *Project Site Plan and Concept Drawings*
- *Project Traffic Impact Analysis*
- *Memorandum of Compliance with Criteria*
- *Neighborhood Meeting Materials*

Supplemental Submittal, November 4, 2022

- *609 NE Third Street Response for Additional Information Memorandum, by OTAK, dated November 4, 2022*
- *611 NE Third Street Response for Additional Information Memorandum, by OTAK, dated November 4, 2022*

- *619 NE Third Street Response for Additional Information Memorandum*, by OTAK, dated November 4, 2022
- *Attachment 2: Historic Resources Assessment for 609, 611, and 619 NE Third Street* by *Architectural Resource Group*, dated November 2022.
- *Attachment 3: Contaminated Media Management Plan for 609, 611 and 619 NE Third Street*, by EVREN Northwest, dated October 13, 2022
- *Attachment 4: McMinnville Lease Rates* by Pacific Crest Real Estate Advisors, dated November 2, 2022
- *Attachment 5:*  
*609 NE Third Street Yamhill County Property Summary*, dated October 31, 2022  
*611 NE Third Street Yamhill County Property Summary*, dated October 31, 2022  
*619 NE Third Street Yamhill County Property Summary*, dated October 31, 2022
- *Attachment 6: Contractor Assessment, Existing Buildings*, by Hugh Construction, dated October 11, 2022
- *Attachment 7: Overview of Historic Preservation Incentives for 609, 611 and 619 NE Third Street*, by OTAK, dated October 31, 2022.
- *Attachment 8: Economic Value of Structures in Downtown McMinnville, Oregon*, by Johnson Economics, dated November 2, 2022

Supplemental Submittal, November 7, 2022

- *Gwendolyn Hotel HHPR Structure Report – Response to City of McMinnville Staff Report dated September 29, 2022*, by Harper Houf Peterson Righellis Inc., dated November 6, 2022.

Supplemental Submittal, December 15 and 19, 2022

- *Supplemental Findings for HL 6-22, HL 7-22, and HL 8-22*
  - *Exhibit 1, Historic Resources Assessment, Architectural Resource Group*, November 2022
  - *Exhibit 2, Existing Building Structural Summary, HHPR*, November 6, 2022
  - *Exhibit 3, Documentation of Existing Building Structures, HHPR*, July 29, 2022
  - *Exhibit 4, Contaminated Media Management Plan (Draft)*
  - *Exhibit 5, Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics*, November 2, 2022



- Exhibit 6, *Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings*, Hugh Construction, November 2022
- Exhibit 7, *McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins*, November 2, 2022
- Exhibit 8, *Memorandum Regarding Historic Preservation Incentives, Otak*, October 31, 2022.
- Exhibit 9, *2022 Tax Statements*
- Exhibit 10, *The Gwendolyn Financial Pro-Forma*, December 15, 2022
- Otak Letter, December 19, 2022, Responding to Public Comments

Docket DDR 2-22:

Original Submittal, August 9, 2022:

- *Project Narrative*
- *Project Site Plan and Concept Drawings*
- *Project Traffic Impact Analysis*
- *Memorandum of Compliance with Criteria*
- *Neighborhood Meeting Materials*

Supplemental Submittal, November 4, 2022

- *Revised Architectural Plans*
- *The Gwendolyn Hotel, Response for Additional Information Memorandum*, by OTAK, dated November 4, 2022
- Attachment 1: *Contaminated Media Management Plan for 609, 611 and 619 NE Third Street*, by EVREN Northwest, dated October 13, 2022
- Attachment 2: *Transportation Impact Analysis Addendum, Gwendolyn Hotel*, by OTAK, November 4, 2022

All documents associated with these dockets can be found on the project web page 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](#)

**Discussion:**

The City 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 City must factor into their decision a consideration of a series of factors but it does not state how the City must interpret these factors or balance them in order to render a decision.

**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).*

And just like the demolition criteria within the Oregon Administrative Rules, the City has discretion to interpret what is required in order to satisfy these standards, so long as that interpretation is plausible given the express code text, its context, purpose and policy.

In summary, factors to consider when balancing a decision of approval or denial of the demolition of a historic resource on the National Register of Historic Places are outlined below in the table:

| <b>State OAR 660 -023-0200</b> | <b>McMinnville Municipal Code, 17.65.050</b>   |
|--------------------------------|--|
| Condition                      | Comprehensive Plan Policies  |
| Historic Integrity             | Economic Use of the Historic Resource  |
| Age                            | Value and Significance of the Historic Resource  |
| Historic Significance          | Physical Condition of the Historic Resource  |
| Value to the Community         | Whether the Historic Resource is a Public Hazard   |
| Economic Consequences          | Whether the Historic Resource is a Deterrent to an Improvement Program Whose Benefit Substantially Overrides the Public Interest in Preservation                                       |
| Design or Construction Rarity  | Whether the Retention of the Historic Resource would Cause Financial Hardship to the Owner not Outweighed by the Public Interest in Preservation                                       |
| Comprehensive Plan Policies    | Whether Retention of the Historic Resource would be in the Best Interest of the Majority of the Citizens of the City and the Resource Could be Documented and Preserved in Another Way |

For the compliance of new construction within the Downtown Design Overlay District, the criteria and regulations are found in Chapter 17.65 of the McMinnville Municipal Code, "Downtown Design Guidelines and Standards", as provided below.

17.59.010 Purpose. *To provide for the protection, enhancement and preservation of buildings, structures, and other elements in the downtown core which contribute to its special historic and cultural value. Further, it is not the purpose of this ordinance to create a "themed" or artificial downtown environment. Rather, its purpose is to build on the "main street" qualities that currently exist within the downtown and to foster an organized, coordinated, and cohesive historic district that reflects the "sense of place," economic base, and history unique to McMinnville and the downtown core. (Ord. 4797 §1, 2003).*

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 4<sup>th</sup> Street, to the east by Kirby Street, and to the south by 1<sup>st</sup> Street. Lands immediately adjacent to the west of Adams Street, from 1<sup>st</sup> Street to 4<sup>th</sup> 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).*

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.*
    - 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.*

**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).*

**E. Appeal**

*An appeal of a decision by the Planning Director or Historic Landmarks Committee, including an appeal of conditions placed on the permit by the committee, may be made to the Planning Commission as outlined in Section 17.72.170. (Ord. 5034 §2, 2017; Ord. 4920, §4, 2010; Ord. 4797 §1, 2003).*

**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*
  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;*
    - 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*

- 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).

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.

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.
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.
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;
  - b. A bulkhead at the street level;
  - 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;
  - d. A recessed entry and transom with transparent door; and
  - e. Decorative cornice or cap at the roofline.
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.
5. The primary entrance to a building shall open on to the public right-of-way and should be recessed.
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.
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.
8. Buildings shall provide a foundation or base, typically from ground floor to the lower windowsills.

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.
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.
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. (Ord. 4797 §1, 2003).

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).*

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. (Ord. 4797 §1, 2003).*

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).*

Per the Historic Landmarks Committee's deliberation on January 5, 2023, findings documents were prepared denying the land-use applications for Certificate of Approvals for Demolition for 609, 611 and 619 NE Third Street, and the Gwendolyn Hotel as a new construction project in the Downtown Design Overlay District and voted on by the Historic Landmarks Committee at their meeting on January 26, 2023. The Historic Landmarks Committee voted 3 – 2 to deny all three requests for the demolition of the historic resources, and voted 4 – 1 to deny compliance of the new construction with the City's Downtown Design Standards and Guidelines.



**Attachments:**

- Appeal Submittal by HD McMinnville LLC
- Historic Landmarks Committee Decision Documents  
*(submitted as attachments to Appeal Submittal by HD McMinnville LLC)*
  - HL 6-22 (Demolition of Historic Resource at 609 NE Third Street)
  - HL 7-22 (Demolition of Historic Resource at 611 NE Third Street)
  - HL 8-22 (Demolition of Historic Resource at 619 NE Third Street)
  - DDR 2-22 (Downtown Design Review of New Construction – Gwendolyn Hotel)
- Supplemental Appeal by HD McMinnville LLC

February 10, 2023

**VIA E-MAIL**

Ms. Heather Richards, Director  
McMinnville Planning Department  
230 NE Second Street  
McMinnville, OR 97128

**Garrett H. Stephenson**

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

RE: Notice of Appeal: HL 6-22, HL 7-22, HL 8-22, and DDR 2-22

Dear Director Richards and Members of the Planning Commission:

This office represents HD McMinnville LLC, the “Appellant” in the above-referenced appeals. Enclosed with this letter are the following:

1. HL 6-22 - Signed Appeal Application Form;
2. HL 7-22 – Signed Appeal Application Form;
3. HL 8-22 – Signed Appeal Application Form;
4. DDR 2-22 – Signed Appeal Application Form;
5. Supplemental Appeals Narrative with Exhibits 1 and 2.

The Appellant has separately paid the \$1,095.00 appeal fee for each of the four appeals. I am the Appellant’s representative. As a result, please provide me with copies of all notices and correspondence related to these appeals.

Very truly yours,



Garrett H. Stephenson

GST:jmhi  
Enclosures

Cc: Mr. Andrew Clarke (*via email w/enclosures*)  
Mr. Mark Vuong (*via email w/enclosures*)  
Ms. Amanda Winter (*via email w/enclosures*)

PDX\137252\271814\HRW\35940952.1



Planning Department
231 NE Fifth Street o McMinnville, OR 97128
(503) 434-7311 Office o (503) 474-4955 Fax
www.mcminnvilleoregon.gov

Office Use Only:
File No. AP 1-23
Date Received 2/10/23
Fee \$1,095.00
Receipt No. 207495
Received by AW

569-23-000052-PLNG

Appeal Application

Applicant Information

Applicant is: [ ] Property Owner [x] Contract Buyer [ ] Option Holder [ ] Agent [ ] Other
[ ] Provided testimony prior to this appeal.

Applicant Name HD McMinnville LLC Phone

Contact Name Mark Vuong Phone (503) 308-0816
(If different than above)

Address 1619 NE Killingsworth Street, Suite A

City, State, Zip Portland, OR 97211

Contact Email mark@hughdev.com

Original Application Information

File No.: HL 6-22 Review Body: Historic Landmarks Committee

Decision: Denied Date of Decision: January 26, 2023

Date Decision Mailed: January 27, 2023 Appeal Date Deadline: February 13, 2023

Description of Original Application Request:
Applications HL 6-22, HL 7-22, and HL 8-22 requesting demolition of the existing historic buildings and construction of the Gwendolyn Hotel (DDR 2-22) on the combined sites of 609, 611 and 619 NE Third Street

Appeal of a decision made by the following review body is requested:

- [ ] PLANNING DIRECTOR (See Section 17.72.170 (Appeal from Ruling of Planning Director) of the Zoning Ordinance for further information.)
[x] PLANNING COMMISSION (See Section 17.72.180 (Appeal from Ruling of Planning Commission) of the Zoning Ordinance for further information.)





Planning Department
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Office Use Only:
File No. AP 2-23
Date Received 12/10/23
Fee \$1,095.00
Receipt No. 207493
Received by AW

569-23-000052-PLNG-01

Appeal Application

Applicant Information

Applicant is: [ ] Property Owner [x] Contract Buyer [ ] Option Holder [ ] Agent [ ] Other
[ ] Provided testimony prior to this appeal.

Applicant Name HD McMinnville LLC Phone

Contact Name Mark Vuong Phone (503) 308-0816
(If different than above)

Address 1619 NE Killingsworth Street, Suite A

City, State, Zip Portland, OR 97211

Contact Email mark@hughdev.com

Original Application Information

File No.: HL 7-22 Review Body: Historic Landmarks Committee

Decision: Denied Date of Decision: January 26, 2023

Date Decision Mailed: January 27, 2023 Appeal Date Deadline: February 13, 2023

Description of Original Application Request:
Applications HL 6-22, HL 7-22, and HL 8-22 requesting demolition of the existing historic buildings and construction of the Gwendolyn Hotel (DDR 2-22) on the combined sites of 609, 611 and 619 NE Third Street

Appeal of a decision made by the following review body is requested:

- [ ] PLANNING DIRECTOR (See Section 17.72.170 (Appeal from Ruling of Planning Director) of the Zoning Ordinance for further information.)
[x] PLANNING COMMISSION (See Section 17.72.180 (Appeal from Ruling of Planning Commission) of the Zoning Ordinance for further information.)





Planning Department
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Office Use Only:
File No. AP 3-23
Date Received 2/10/23
Fee \$1,095.00
Receipt No. 207494
Received by AW

569-23-000052-PLNG-02

Appeal Application

Applicant Information

Applicant is: [ ] Property Owner [x] Contract Buyer [ ] Option Holder [ ] Agent [ ] Other
[ ] Provided testimony prior to this appeal.

Applicant Name HD McMinnville LLC Phone

Contact Name Mark Vuong Phone (503) 308-0816
(If different than above)

Address 1619 NE Killingsworth Street, Suite A

City, State, Zip Portland, OR 97211

Contact Email mark@hughdev.com

Original Application Information

File No.: HL 8-22 Review Body: Historic Landmarks Committee

Decision: Denied Date of Decision: January 26, 2023

Date Decision Mailed: January 27, 2023 Appeal Date Deadline: February 13, 2023

Description of Original Application Request:
Applications HL 6-22, HL 7-22, and HL 8-22 requesting demolition of the existing historic buildings and construction of the Gwendolyn Hotel (DDR 2-22) on the combined sites of 609, 611 and 619 NE Third Street

Appeal of a decision made by the following review body is requested:

- [ ] PLANNING DIRECTOR (See Section 17.72.170 (Appeal from Ruling of Planning Director) of the Zoning Ordinance for further information.)
[x] PLANNING COMMISSION (See Section 17.72.180 (Appeal from Ruling of Planning Commission) of the Zoning Ordinance for further information.)







Planning Department
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(503) 434-7311 Office o (503) 474-4955 Fax
www.mcminnvilleoregon.gov

Office Use Only:
File No. AP 4-23
Date Received 2/10/23
Fee \$1,095.00
Receipt No. 207492
Received by AW

569-23-000052-PLNG-03

Appeal Application

Applicant Information

Applicant is: [ ] Property Owner [x] Contract Buyer [ ] Option Holder [ ] Agent [ ] Other
[ ] Provided testimony prior to this appeal.

Applicant Name HD McMinnville LLC Phone

Contact Name Mark Vuong Phone (503) 308-0816
(If different than above)

Address 1619 NE Killingsworth Street, Suite A

City, State, Zip Portland, OR 97211

Contact Email mark@hughdev.com

Original Application Information

File No.: DDR 2-22 Review Body: Historic Landmarks Committee

Decision: Denied Date of Decision: January 26, 2023

Date Decision Mailed: January 27, 2023 Appeal Date Deadline: February 13, 2023

Description of Original Application Request:
Applications HL 6-22, HL 7-22, and HL 8-22 requesting demolition of the existing historic buildings and construction of the Gwendolyn Hotel (DDR 2-22) on the combined sites of 609, 611 and 619 NE Third Street

Appeal of a decision made by the following review body is requested:

- [ ] PLANNING DIRECTOR (See Section 17.72.170 (Appeal from Ruling of Planning Director) of the Zoning Ordinance for further information.)
[x] PLANNING COMMISSION (See Section 17.72.180 (Appeal from Ruling of Planning Commission) of the Zoning Ordinance for further information.)



1 **BEFORE THE CITY OF MCMINNVILLE PLANNING COMMISSION**

2 HD McMinnville LLC,  
3 *Appellant*

NOTICE OF APPEAL  
HL 6-22, HL 7-22, HL 8-22, AND DDR 2-  
22 (GWENDOLYN HOTEL PROJECT -  
609, 611 AND 619 NE THIRD STREET,  
MCMINNVILLE OREGON)

5  
6 HD McMinnville LLC (“**Appellant**”) hereby appeals the City of McMinnville  
7 Historic Landmarks Committee’s (“**Committee**”) denial of four land use  
8 applications HL 6-22, HL 7-22, HL 8-22, and DDR 2-22 (“**Applications**”)  
9 requesting demolition of the existing historic buildings and design review of the  
10 proposed Gwendolyn Hotel on the combined sites of 609, 611 and 619 NE Third  
11 Street.

12 The first evidentiary hearing on the Applications was held on September 29,  
13 2022, and continued to December 8, 2022, and further continued to January 5, 2023,  
14 and further continued to January 26, 2023. The Applications were denied by the  
15 Committee on January 26, 2023, and written notice of the Committee’s denial was  
16 mailed to the Appellant on January 27, 2023.

17 **I. COMPLIANCE WITH APPEAL REQUIREMENTS**

18 The Appellant meets the appeal requirements of the McMinnville Zoning  
19 Ordinance (“**MZO**”) for each appeal. The MZO requirements are shown below in  
20 *italics* with responses following.

21 **A. Design Review Appeal (DDR 2-22)**

22 *MZO 17.59.030(E) – Appeal. An appeal of a decision by the Planning*  
23 *Director or Historic Landmarks Committee, including an appeal of conditions*  
24 *placed on the permit by the committee, may be made to the Planning Commission as*  
25 *outlined in Section 17.72.170.*

26 *///*

1           **RESPONSE:** The Appellant appeals the Committee’s decision to the  
2 Planning Commission. Satisfaction of MZO 17.72.170 is addressed below.

3           *MZO 17.72.170 - Appeal from Ruling of Planning Director. The applicant,*  
4 *property owner, or other parties that participated, may appeal a decision of the*  
5 *Director to the Planning Commission within 15 (fifteen) calendar days of the date*  
6 *the written notice of the decision is mailed. Written notice of the appeal shall be filed*  
7 *with the Planning Department and shall set forth in detail the basis for and issues*  
8 *raised in the appeal. If the appeal is not taken within the 15 (fifteen) day period, the*  
9 *decision of the Planning Director shall be final. If an appeal is filed, the Planning*  
10 *Commission shall receive a report and recommendation thereon from the Planning*  
11 *Director and shall hold a public hearing on the appeal subject to the procedure*  
12 *stated in Section 17.72.130. Notice of a Planning Commission hearing on an appeal*  
13 *of a decision of the Planning Director shall take the form of that provided for in*  
14 *Section 17.72.110(A).*

15           **RESPONSE:** The Appellant was the applicant in the underlying Committee  
16 decision and files this Notice of Appeal on February 10, 2023, within 15 days of the  
17 date the written notice of the decision was mailed on January 27, 2023. **Exhibit 1.**  
18 The Appellant sets forth in detail the basis for and issues raised in the appeal in  
19 Section II, below. The Appellant reserves the right and intends to add additional  
20 argument and, if the Planning Commission allows it, evidence, addressing the appeal  
21 issues below. The appeal application form is included at **Exhibit 2** and the Appellant  
22 has paid the fee for each individual appeal.

23 ///

24 ///

25 ///

26

1 ***B. Historic Landmarks Demolition Appeal (HL 6-22, HL 7-22,***  
2 ***HL 8-22)***

3 *MZO 17.65.080(A) - Appeals. Any appeal of a decision by the Historic*  
4 *Landmarks Committee, including an appeal of conditions placed on the approval of*  
5 *a Certificate of Approval by the committee, may be made to the City Planning*  
6 *Commission within fifteen (15) days of the date the written notice of the decision is*  
7 *mailed.*

8 *MZO 17.65.080(B) - If the appeal is filed, the Planning Commission shall*  
9 *receive a report and a recommendation from the Historic Landmarks Committee*  
10 *and shall hold a public hearing on the appeal consistent with the procedures in*  
11 *Section 17.72.120 of the McMinnville Zoning Ordinance.*

12 **RESPONSE:** The Appellant was the applicant in the underlying Committee  
13 decisions and appeals each decision to the Planning Commission. The Appellant  
14 files this Notice of Appeal on February 10, 2023, within 15 days of the date the  
15 written decision was mailed on January 27, 2023. **Exhibit 1.** The Appellant sets forth  
16 the issues raised in the appeal in Section II, below. The Appellant reserves the right  
17 and intends to add additional argument and, if the Planning Commission allows it,  
18 evidence, addressing the appeal issues below. The application form for each appeal  
19 is included at **Exhibit 2** and the Appellant has paid the fee for each appeal in the  
20 amount of \$1,095.00.

21 **II. BASIS FOR AND ISSUES RAISED IN APPEAL**

22 As required by MZO 17.72.170, the Appellant identifies issues raised in these  
23 appeals, but does not concede that the Planning Commission may limit its review to  
24 only these issues. As explained above, the Appellant reserves the right to further  
25 supplement the information provided in this Notice of Appeal prior to the Planning  
26

1 Commission’s hearing on the appeals. Please also note that the following list is not  
2 an exclusive recitation of particular arguments and that these arguments likely apply  
3 to all of the decisions at issue to some degree.

4 ***A. DDR 2-22 – 609, 611, and 619 NE Third Street***

5 The Committee denied application DDR 2-22 alleging failure to satisfy the  
6 following criteria: MZO 17.59.040(A)(3); MZO 17.59.030(D); and MZO  
7 17.59.050(B)(1)-(2). With respect to each of the foregoing criteria the Committee (i)  
8 unreasonably or incorrectly interpreted and applied the MZO; (ii) failed to issue  
9 adequate findings; and (iii) failed to reasonably weigh the evidence in the record  
10 such that its decision is not substantially supported by the evidence in the record.

11 In particular, the Committee’s observation that the building’s mass is  
12 inappropriate failed to account for changes made during the review process. In  
13 committing this error, the Committee incorrectly equated “height” to “building  
14 mass,” which is not supported by the text or context of the McMinnville Zoning  
15 Ordinance. The Committee also misapplied the word “similar” in this regard. The  
16 Committee erroneously rejected evidence offered by the Appellant showing the  
17 building step-back at NE 3<sup>rd</sup> and Ford. Finally, the Committee erred in taking the  
18 position that MZO 17.59.040 is not met because the Applicant did not request a  
19 waiver of MZO 17.59.050(B)(1) and (2); City staff was clear during the proceedings  
20 below that the language of the MZO does not require a waiver in this instance and  
21 the Appellant believes that staff was correct in this regard.

22 The findings in the Committee’s decision with regard to massing are also  
23 fairly conclusory and do not identify evidence upon which they rely. This is  
24 particularly so with regard to its findings on the “proportional bays” required under  
25 MZO 17.59.050.

26

1 ***B. HL 6-22 – 609 NE Third Street***

2 The Committee denied application HL 6-22 alleging failure to satisfy the  
3 following applicable criteria: OAR 660-203-0200(8)(a), Comprehensive Plan Vol.  
4 II, Goal III.2, MZO 17.65.010(A), MZO 17.65.010(D), MZO 17.65.050(B)(1)-(4),  
5 MZO 17.65.050(B)(6)-(8). With respect to each of the foregoing criteria the  
6 Committee (i) unreasonably or incorrectly interpreted and applied the MZO; (ii)  
7 failed to issue adequate findings; and (iii) failed to reasonably weigh the evidence in  
8 the record such that its decision is not substantially supported by the evidence in the  
9 record.

10 In addition to the reasons articulated with respect to HL 7-22 and HL 8-22,  
11 the Committee’s erroneous findings include (but are not limited to) the following  
12 particular findings.

- 13 • The Committee incorrectly weighed the factors set forth in OAR 660-  
14 203-0200(8)(a), and incorrectly interpreted and applied the purpose  
15 statement in MZO 17.03.020 and criteria at 17.65.050(B), and its  
16 findings for denial were not adequately supported by evidence.
- 17 • The Committee misapplied and misconstrued OAR 660-203-  
18 0200(8)(a) by impliedly interpreting the “condition of the property”  
19 factor to being met only if “remediating existing conditions is  
20 unreasonable or otherwise infeasible” or if the building “poses a  
21 significant or imminent public safety hazard,” or if the building “is so  
22 deteriorated as to require demolition.” Moreover, the Committee  
23 ignored the substantial weight in the record when making this  
24 determination.

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- 1           • The Committee’s finding that the building’s structural issues “should  
2           be alleviated through routine maintenance” is not based on evidence  
3           nor is it consistent with OAR 660-203-0200(8)(a).
- 4           • The Committee’s finding that “installation of stucco over the masonry  
5           façade did not impact the appearance of the building so as to undermine  
6           its integrity at the time of designation” misconstrued and misapplies  
7           OAR 660-203-0200(8)(a) by ignoring the evidence in the record and  
8           inappropriately setting the building’s historical significance at the time  
9           of designation, rather than the historical periods in the City’s Historic  
10          District Nominating Form. The Committee misconstrued and  
11          misapplied MZO 17.65.050(B)(3) for similar reasons, and its finding  
12          that the buildings convey a connection to the historic automotive  
13          industry are not supported by evidence in the record.
- 14          • The Committee’s finding that “[d]emolishing this primary contributing  
15          building, along with the two Secondary Contributing buildings to the  
16          east, would have the effect of eliminating all of the significant historic  
17          buildings on the north side of 3rd Street between Ford and Galloway”  
18          is not related to nor responsive to the “age of the property” factor in  
19          OAR 660-203-0200(8)(a).
- 20          • The Committee failed to characterize or balance the historic  
21          significance of this building against the other factors in OAR 660-203-  
22          0200(8)(a).
- 23          • The Committee inappropriately characterized the “value of the  
24          community” as indicated by opposition testimony.

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- 1 • The Committee’s findings regarding economic consequences of  
2 preservation and the costs of rehabilitation are not supported by  
3 evidence in the record, and the Committee’s interpretation of related  
4 policies, factors, and criteria include evidentiary requirements  
5 concerning past building maintenance that are not supported by those  
6 standards.
- 7 • The Committee wrongly interpreted certain Comprehensive Plan  
8 Goals as approval criteria rather than policies to be weighed.
- 9 • The Committee incorrectly interpreted and applied MZO 17.65.010(D)  
10 as equivalent to protection of historic resources rather than protection  
11 and enhancement of the City’s attractions for tourists and visitors.
- 12 • The Committee incorrectly interpreted consistency with Historic  
13 Preservation Plan Goal III Sub. 2 to require that a project be a  
14 “preservation/rehabilitation/restoration project.”
- 15 • The Committee incorrectly interpreted and applied MZO  
16 17.65.050(B)(2) as effectively requiring no future economic use case  
17 in order to be met, and its findings on this criterion are not supported  
18 by substantial evidence.
- 19 • The Committee’s finding that the building can still generate a  
20 reasonable economic return and its assumption that the buildings will  
21 grow in value by virtue of their preservation is not supported by  
22 evidence in the record.
- 23 • On MZO 17.65.050(B)(4), the Committee incorrectly found that the  
24 Applicant was required to bring evidence demonstrating that the owner

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26

1 has taken steps to protect the building and “avoid demolition by  
2 neglect.”

- 3 • The Committee’s findings regarding MZO 17.65.050(B)(6) that other  
4 sites that would be amenable for a hotel are not supported by evidence  
5 in the record and appear to be based on the personal views and  
6 knowledge of the Committee members themselves, which knowledge  
7 is not admissible as record evidence.
- 8 • The Committee’s finding under MZO 17.65.050(B)(7) regarding “the  
9 public interest in the resource’s preservation” misconstrues that  
10 balancing test as requiring a demonstration that the public interest is  
11 not served by preserving the buildings.
- 12 • The Committee erroneously equated the views of “the best interests of  
13 the majority of citizens” with the views of the individuals who testified  
14 in opposition. It is worth noting too, that under the Committee’s  
15 interpretation, MZO 17.65.050(B)(8) becomes little more than a call  
16 for a project popularity contest.

17 ***C. HL 7-22 – 611 NE Third Street***

18 The Committee denied application HL 7-22 alleging failure to satisfy the  
19 following applicable criteria: OAR 660-203-0200(8)(a), Comprehensive Plan Vol.  
20 II, Goal III.2, MZO 17.65.010(A), MZO 17.65.010(D), MZO 17.65.050(B)(1)-(4),  
21 MZO 17.65.050(B)(6)-(8). With respect to each of the foregoing criteria the  
22 Committee (i) unreasonably or incorrectly interpreted and applied the MZO; (ii)  
23 failed to issue adequate findings; and (iii) failed to reasonably weigh the evidence in  
24 the record such that its decision is not substantially supported by the evidence in the  
25 record.

26

1 In addition to the reasons articulated with respect to HL 6-22 and HL 8-22,  
2 the Committee’s erroneous findings include (but are not limited to) the following  
3 particular findings.

- 4 • The Committee incorrectly weighed the factors set forth in OAR 660-  
5 203-0200(8)(a), and incorrectly interpreted and applied the purpose  
6 statement in MZO 17.03.020 and criteria at 17.65.050(B), and its  
7 findings for denial were not adequately supported by evidence.
- 8 • The Committee misapplied and misconstrued OAR 660-203-  
9 0200(8)(a) by impliedly interpreting the “condition of the property”  
10 factor to being met only if “remediating existing conditions is  
11 unreasonable or otherwise infeasible” or if the building “presents a  
12 significant or imminent public safety hazard,” or if the building “is so  
13 deteriorated as to require demolition.” Moreover, the Committee  
14 ignored the substantial weight in the record when making this  
15 determination.
- 16 • The Committee’s finding that the building’s structural issues “should  
17 be alleviated through routine maintenance” is not based on evidence  
18 nor is it consistent with OAR 660-203-0200(8)(a).
- 19 • The Committee’s finding that the building’s “historic integrity remains  
20 intact” and that “modifications were not so significant to warrant  
21 exclusion of [611 NE Third Street]” misconstrued and misapplies OAR  
22 660-203-0200(8)(a) by ignoring the evidence in the record and  
23 inappropriately setting the building’s historical significance at the time  
24 of Third Street’s historical district designation, rather than the  
25 historical periods in the City’s Historic District Nominating Form.

1 Both this and the Committee’s observation that “the building has been  
2 significantly modified since its original construction” undermine its  
3 findings under OAR 660-203-0200(8)(a).

- 4 • The Committee misconstrued and misapplied MZO 17.65.050(B)(3)  
5 by basing its finding that the 611 NE Third Street building had value  
6 and significance as a historical resource due to its contribution to  
7 preserving the Third Street’s historical register designation rather than  
8 on the building’s individual merits. Similarly, the Committee’s finding  
9 that “[d]emolishing this primary contributing building, along with the  
10 two Secondary Contributing buildings to the east, would have the  
11 effect of eliminating all of the significant historic buildings on the north  
12 side of 3rd Street between Ford and Galloway” is not related to nor  
13 responsive to the “age of the property” factor in OAR 660-203-  
14 0200(8)(a).
- 15 • The Committee failed to characterize or balance the historic  
16 significance of this building against the other factors in OAR 660-203-  
17 0200(8)(a).
- 18 • The Committee inappropriately characterized the “value of the  
19 community” as indicated by opposition testimony.
- 20 • The Committee’s findings regarding economic consequences of  
21 preservation and the costs of rehabilitation are not supported by  
22 evidence in the record, and the Committee’s interpretation of related  
23 policies, factors, and criteria include evidentiary requirements  
24 concerning past building maintenance that are not supported by those  
25 standards.

- 1 • The Committee wrongly interpreted certain Comprehensive Plan  
2 Goals as approval criteria rather than policies to be weighed.
- 3 • The Committee incorrectly interpreted and applied MZO 17.65.010(D)  
4 as equivalent to protection of historic resources rather than protection  
5 and enhancement of the City’s attractions for tourists and visitors.
- 6 • The Committee incorrectly interpreted consistency with Historic  
7 Preservation Plan Goal III Sub. 2 to require that a project be a  
8 “preservation/rehabilitation/restoration project.”
- 9 • The Committee incorrectly interpreted and applied MZO  
10 17.65.050(B)(2) as effectively requiring no future economic use case  
11 in order to be met, and its findings on this criterion are not supported  
12 by substantial evidence.
- 13 • The Committee’s finding that the building can still generate a  
14 reasonable economic return and its assumption that the buildings will  
15 grow in value by virtue of their preservation is not supported by  
16 evidence in the record.
- 17 • On MZO 17.65.050(B)(4), the Committee incorrectly found that the  
18 Applicant was required to bring evidence demonstrating that the owner  
19 has taken steps to protect the building and “avoid demolition by  
20 neglect.”
- 21 • The Committee’s findings regarding MZO 17.65.050(B)(6) that other  
22 sites that would be amenable for a hotel are not supported by evidence  
23 in the record and appear to be based on the personal views and  
24 knowledge of the Committee members themselves, which knowledge  
25 is not admissible as record evidence.

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- 1
- 2 • The Committee’s finding under MZO 17.65.050(B)(7) regarding “the  
3 public interest in the resource’s preservation” misconstrues that  
4 balancing test as requiring a demonstration that the public interest is  
5 not served by preserving the buildings.
  - 6 • The Committee erroneously equated the views of “the best interests of  
7 the majority of citizens” with the views of the individuals who testified  
8 in opposition. It is worth noting too, that under the Committee’s  
9 interpretation, MZO 17.65.050(B)(8) becomes little more than a call  
10 for a popularity contest.

11 ***D. HL 8-22 – 619 NE Third Street***

12 The Committee denied application HL 8-22 alleging failure to satisfy the  
13 following applicable criteria: OAR 660-203-0200(8)(a), Comprehensive Plan Vol.  
14 II, Goal III.2, MZO 17.65.010(A), MZO 17.65.010(D), MZO 17.65.050(B)(1)-(4),  
15 MZO 17.65.050(B)(6)-(8). With respect to each of the foregoing criteria the  
16 Committee (i) unreasonably or incorrectly interpreted and applied the MZO; (ii)  
17 failed to issue adequate findings; and (iii) failed to reasonably weigh the evidence in  
18 the record such that its decision is not substantially supported by the evidence in the  
19 record.

20 In addition to the reasons articulated with respect to HL 6-22 and HL 7-22,  
21 Committee’s erroneous findings include (but are not limited to) the following  
22 particular findings.

- 23 • The Committee incorrectly weighed the factors set forth in OAR 660-  
24 203-0200(8)(a), and incorrectly interpreted and applied the purpose  
25 statement in MZO 17.03.020 and criteria at 17.65.050(B), and its  
26 findings for denial were not adequately supported by evidence.

- 1           • The Committee misapplied and misconstrued OAR 660-203-  
2           0200(8)(a) by impliedly interpreting the “condition of the property”  
3           factor to being met only if “remediating existing conditions is  
4           unreasonable or otherwise infeasible” or if the building “poses a  
5           significant or imminent public safety hazard,” or if the building “is so  
6           deteriorated as to require demolition.” Moreover, the Committee  
7           ignored the substantial weight in the record when making this  
8           determination.
- 9           • The Committee’s finding that the building’s structural issues “should  
10          be alleviated through routine maintenance” is not based on evidence  
11          nor is it consistent with OAR 660-203-0200(8)(a).
- 12          • The Committee’s incorrectly weighed the seven qualities contributing  
13          to historic integrity by giving too much weight to the location and  
14          setting factors in deciding the even though “the [619 building] lacks  
15          the historic integrity on its own,” its proximity to the historic district  
16          and adjacent buildings under demolition request embeds it with historic  
17          integrity.
- 18          • The Committee’s finding that “[d]emolishing three contributing,  
19          would have the effect of eliminating all of the significant historic  
20          buildings on the north side of 3rd Street between Ford and Galloway,  
21          creating the only block along 3rd where there are no contributing  
22          structures” is not related to nor responsive to the “age of the property”  
23          factor in OAR 660-203-0200(8)(a).

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- 1 • The Committee failed to characterize or balance the historic  
2 significance of this building against the other factors in OAR 660-203-  
3 0200(8)(a).
- 4 • The Committee incorrectly weighed the value to the community factor  
5 at OAR 660-203-0200(8)(a) by exaggerating “dozens” expressing  
6 concern as representative of the community and the Committee failed  
7 to account for the testimony it received in favor of Appellant’s proposal  
8 and the how the underutilized building is an economic inhibition. The  
9 Committee also incorrectly analyzed the value to the community factor  
10 in weighing the financial elements involved, incorrectly concluding  
11 that applicant need to prove that there were no other economically  
12 viable options that also retain the building’s historic value.
- 13 • The Committee’s findings regarding economic consequences of  
14 preservation and the costs of rehabilitation are not supported by  
15 evidence in the record, and the Committee’s interpretation of related  
16 policies, factors, and criteria include evidentiary requirements  
17 concerning past building maintenance that are not supported by those  
18 standards.
- 19 • The Committee wrongly interpreted certain Comprehensive Plan  
20 Goals as approval criteria rather than policies to be weighed.
- 21 • The Committee incorrectly interpreted and applied MZO 17.65.010(D)  
22 as equivalent to protection of historic resources rather than protection  
23 and enhancement of the City’s attractions for tourists and visitors.

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- 1           • The Committee incorrectly interpreted consistency with Historic  
2           Preservation Plan Goal III Sub. 2 to require that a project be a  
3           “preservation/rehabilitation/restoration project.”
- 4           • The Committee incorrectly interpreted and applied MZO  
5           17.65.050(B)(2) as effectively requiring no future economic use case  
6           in order to be met, and its findings on this criterion are not supported  
7           by substantial evidence.
- 8           • The Committee’s finding that the building can still generate a  
9           reasonable economic return and its assumption that the buildings will  
10          grow in value by virtue of their preservation is not supported by  
11          evidence in the record.
- 12          • On MZO 17.65.050(B)(4), the Committee incorrectly found that the  
13          Applicant was required to bring evidence demonstrating that the owner  
14          has taken steps to protect the building and “avoid demolition by  
15          neglect.”
- 16          • The Committee’s findings regarding MZO 17.65.050(B)(6) that other  
17          sites that would be amenable for a hotel are not supported by evidence  
18          in the record and appear to be based on the personal views and  
19          knowledge of the Committee members themselves, which knowledge  
20          is not admissible as record evidence.
- 21          • The Committee’s finding under MZO 17.65.050(B)(7) regarding “the  
22          public interest in the resource’s preservation” misconstrues that  
23          balancing test as requiring a demonstration that the public interest is  
24          not served by preserving the buildings and is not supported by evidence  
25          in the record.



**SENT VIA EMAIL**

January 27, 2023

HD McMinnville LLC  
c/o Cristina Haworth, OTAK  
808 SW Third Avenue, Ste 800  
Portland, OR 97204  
[Cristina.haworth@otak.com](mailto:Cristina.haworth@otak.com)

**RE: Dockets HL 6-22, HL 7-22, HL 8-22 and DDR 2-22; Certificates of Approval for Demolition of Historic Resources at 609, 611 and 619 NE Third Street, and compliance with Downtown Design Standards and Guidelines for the Gwendolyn Hotel.**

Dear Ms. Haworth:

This letter is to advise you that, at a meeting of the McMinnville Landmarks Committee on Thursday, January 26, 2023, your applications, for approval of a Certificate of Approval for Demolition of the historic resources at 609, 611 and 619 NE Third Street (HL 6-22, HL 7-22, and HL 8-22) and for the compliance of the Gwendolyn Hotel project with the City's Downtown Design Standards and Guidelines (DDR 2-22) were considered by the McMinnville Historic Landmarks Committee.

Based on the material submitted by the applicant, the testimony received, and material provided by the Planning Department, the Historic Landmarks Committee voted 3 to 2 to **DENY** your request for HL 6-22, HL 7-22, and HL 8-22 and voted 4 to 1 to **DENY** your request for DDR 2-22.

The Historic Landmarks Committee determined that your applications failed to meet the applicable criteria in state regulations and the McMinnville Municipal Code (MMC) per the attached decision documents.

Pursuant to Section 17.65.050(A) of the MMC, the decision of the Historic Landmarks Committee shall be final unless an appeal is filed.

Per Section 17.65.080 of the MMC, "Any appeal of a decision by the Historic Landmarks Committee, including an appeal of conditions placed on the approval of a Certificate of Approval by the committee, may be made to the City Planning Commission within fifteen (15) days of the

Exhibit 1  
Page 1 of 3

Letter Re: HL 6-22, HL 7-22, HL 8-22, DDR 2-22

Date: January 27, 2023

Page 2

date the written notice of the decision is mailed.” The appeal shall be filed with the Planning Department and shall identify the decision sought to be reviewed, including the date of the decision and a statement of interest from the person seeking review specifying that they were party to the initial proceedings. If the appeal is filed, the Planning Commission shall receive a report and a recommendation from the Historic Landmarks Committee and shall hold a public hearing on the appeal consistent with the procedures in Section 17.72.120 of the McMinnville Zoning Ordinance.

If no appeal is filed with the Planning Department on or before February 13, 2023, the Historic Landmark Committee’s decision is final.

If you have any questions or comments, you may reach me at (503) 434-7311.

Sincerely,



Heather Richards, PCED  
Community Development Director

HR

Attachments:

HL 6-22 Decision Document  
HL 7-22 Decision Document  
HL 8-22 Decision Document  
DDR -22 Decision Document

c: Kira Barsotti (sent via email)  
Shanna Dixon (sent via email)  
Marianne Mills (sent via email)  
Megan McCrossin (sent via email)  
Courtney Cunningham (sent via email)  
Jordan Robinson (sent via email)  
Phyllice Bradner (sent via email)  
Victoria Anderson (sent via email)  
Patti Webb (sent via email)  
Sylla McClellan (sent via email)  
Meg and Zach Hixson (sent via email)  
Sharon Julin (sent via email)  
Daniel Kiser (sent via email)  
Carol Dinger (sent via email)  
Katherine Huit (sent via email)  
Practice Hospitality (sent via email)  
Kellie Peterson (sent via email)  
JP and Ames Bierly

Exhibit 1  
Page 2 of 3

Letter Re: HL 6-22, HL 7-22, HL 8-22, DDR 2-22

Date: January 27, 2023

Page 3

Elizabeth Goings (sent via email)  
Abigail Neilan (sent via email)  
Ilsa Perse (sent via email)  
The Scott Family (sent via email)  
Mandee Tatum (sent via email)  
Crystal55dreams (sent via email)  
Peter and Linda Enticknap (sent via email)  
Karen Saxberg (sent via email)  
Jeb Bladine (sent via email)  
Nathan Coopriider (sent via email)  
Ernie Munch (sent via email)  
Marilyn Kosel (sent via email)  
Carol Paddock (sent via email)  
Michael Kofford (sent via email)  
Beth Caster (sent via email)  
Rachel Flores (sent via email)  
Margaret Cross (sent via email)

Exhibit 1  
Page 3 of 3

**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:** First evidentiary hearing, September 29, 2022, 3:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 859 9565 0539, Meeting Password: 661305

Hearing continued to December 8, 2022, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 892 5565 1124, Meeting Password: 257277

Hearing continued to January 5, 2023, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 831 7965 5545, Meeting

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*Attachments: (Located 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](#) and on file with the Planning Department)*

*Attachment 1: Application and Attachments (Provided August 9, 2022)  
Supplemental Materials (Provided November 4, 2022)  
Supplemental Materials (Provided December 15, 2022, and December 19, 2022)*

*Attachment 2: Department/Agency Comments*

*Attachment 3: Public Testimony*

Password: 725658. At the conclusion of this meeting, the record was closed to further testimony.

Meeting continued to January 26, 4:00 PM for Historic Landmarks Committee deliberation, a decision and adoption of written findings. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 885 9559 0268, Meeting Password: 925948.

**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, 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 17.59.030(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. The original 120-day deadline was January 5, 2023. Per an email dated September 29, 2022 from Garrett H. Stephenson, the applicant requested a 70-day extension to the 120 day decision deadline. As a result, the 120 deadline was extended to March 16, 2023. Per an email dated December 1, 2022 from Garrett H. Stephenson, the applicant requested an additional 30-day extension for a total of 100 days added to the 120 day decision deadline. The current deadline for taking final action on the application is April 15, 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.

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*Attachments: (Located 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](#) and on file with the Planning Department)*

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*Attachment 3: Public Testimony*





## **I. APPLICATION SUMMARY:**

The applicant has provided information in their application narrative and findings 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 Historic Landmarks Commission's findings.

### ***Proposed Project***

Below is an excerpt from the application describing the proposed improvement program. The applicant has filed applications 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.

*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 3<sup>rd</sup> 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 (reduced to 67 parking spaces per supplemental materials provided on November 4, 2022) 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 3<sup>rd</sup> Street pedestrian experience.*

**(Application Narrative, page 3)**

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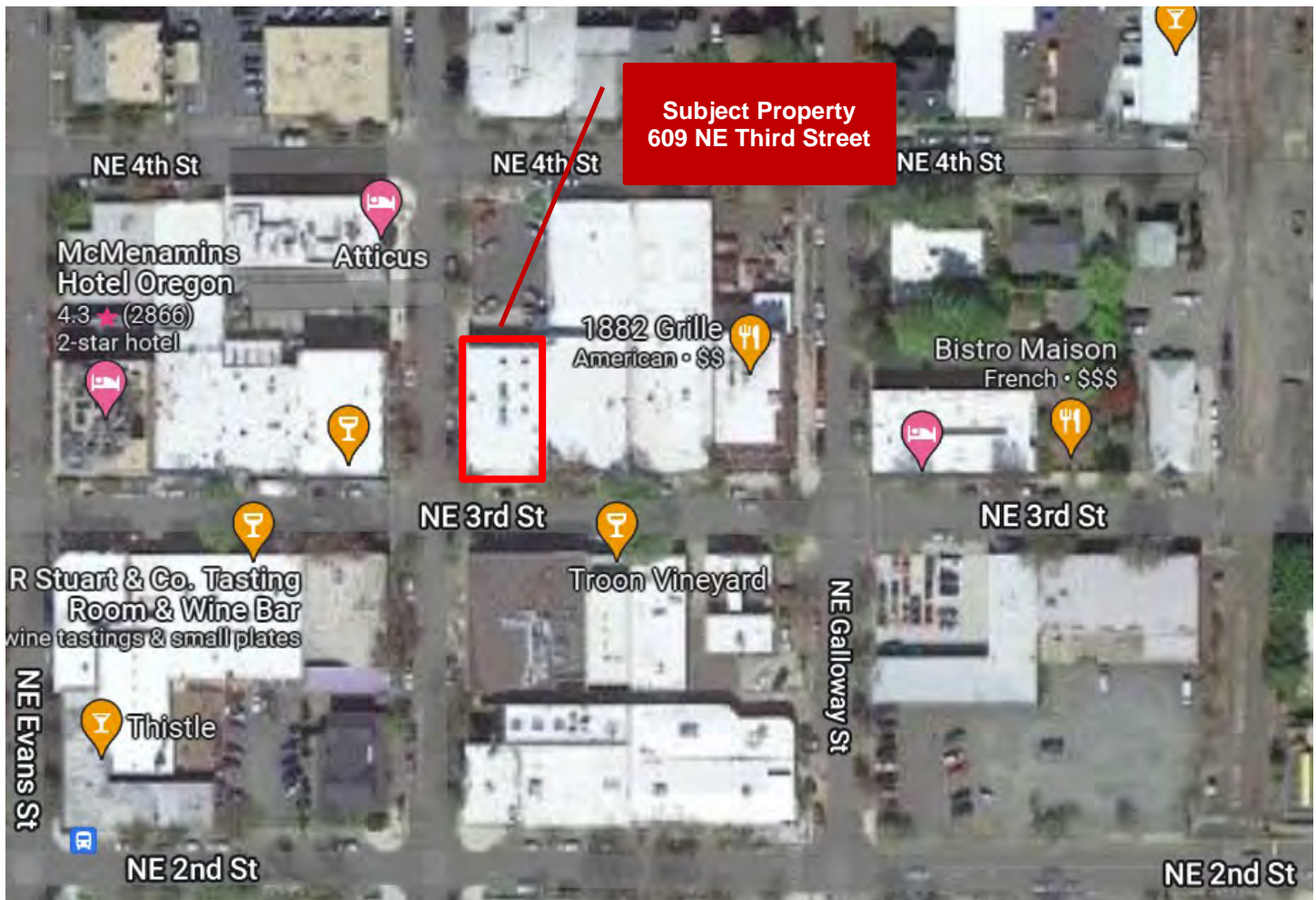
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**Subject Property & Request**

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)**



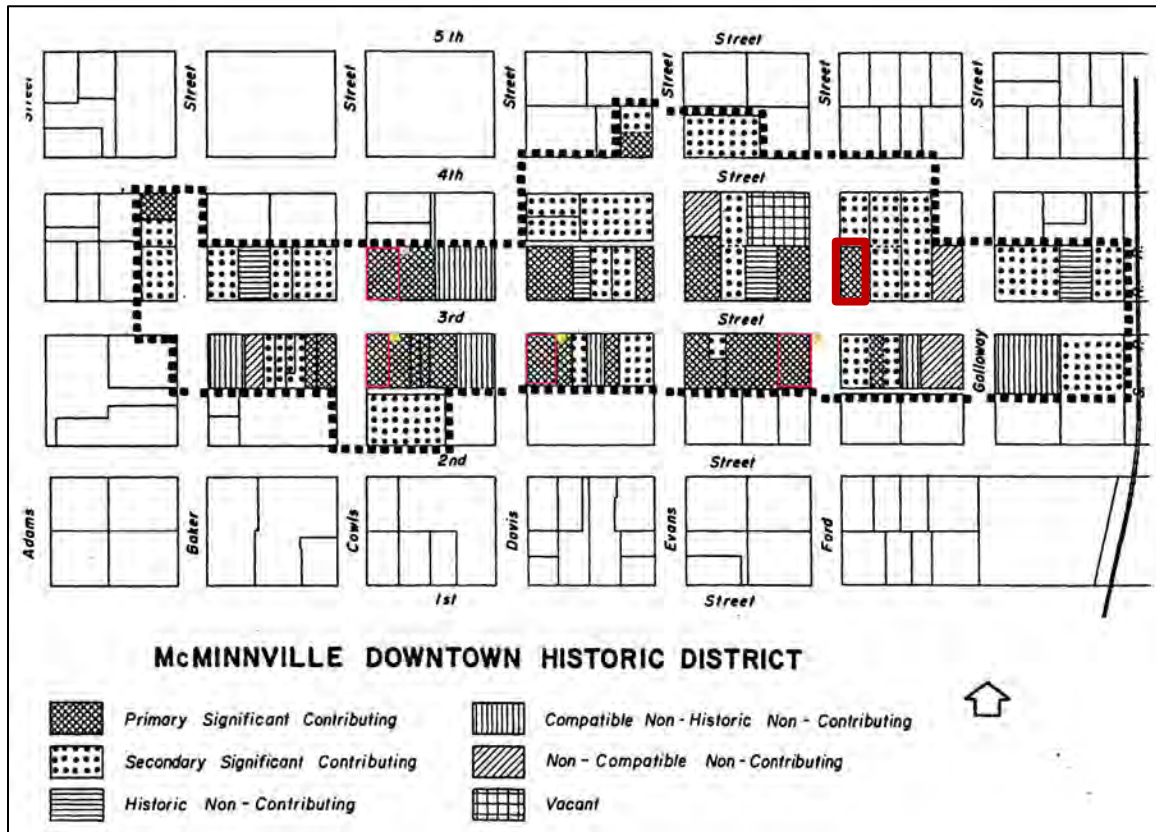
The existing building on the subject property is listed as a Primary Significant Contributing property in the McMinnville Downtown Historic District on the National Register of Historic Places. **See McMinnville Downtown Historic District Map (Figure 2) and Description of 609 NE Third Street in the McMinnville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

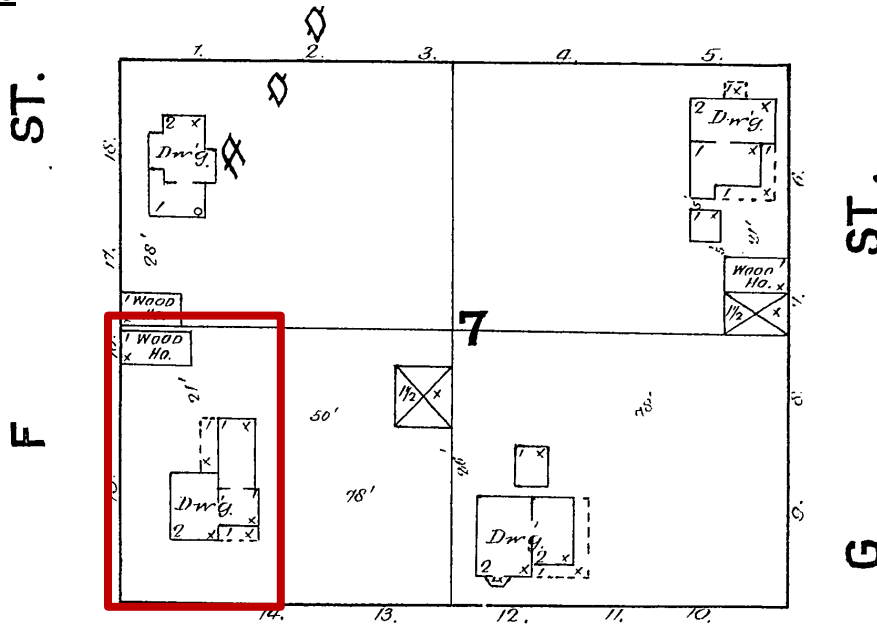
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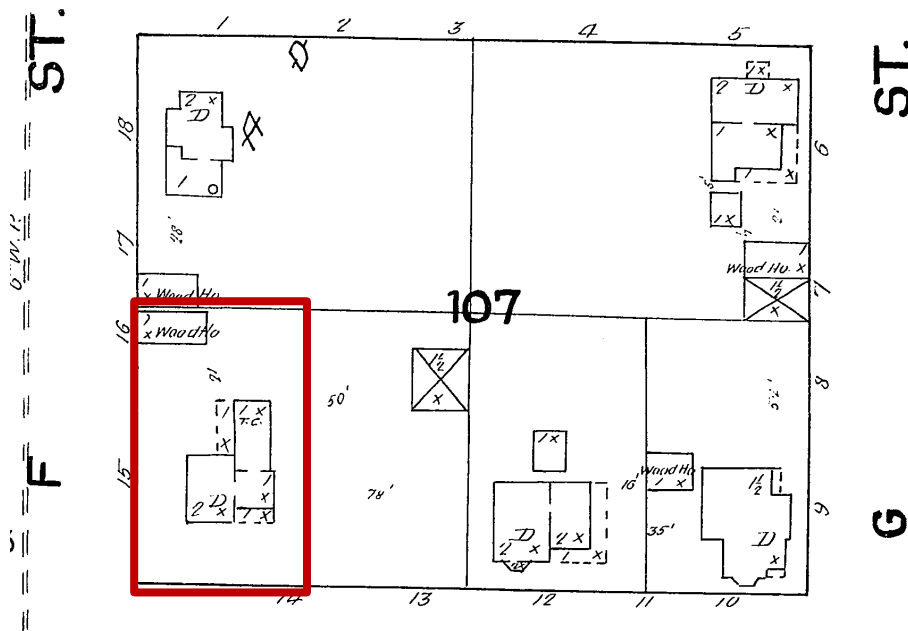
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Figure 5. Series of Sanborn Maps

**Sanborn Map, 1889**



**Sanborn Map, 1892**

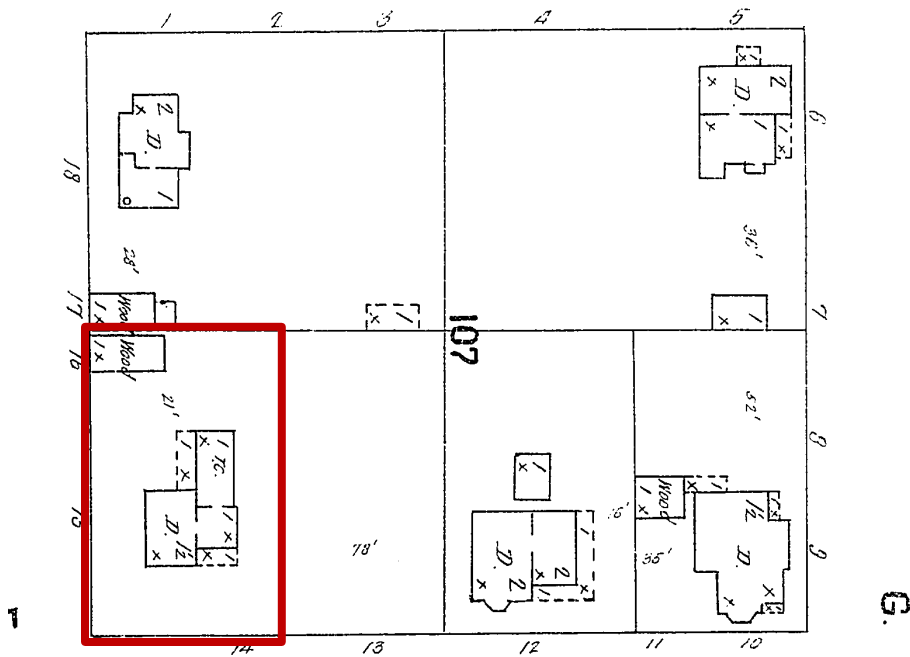


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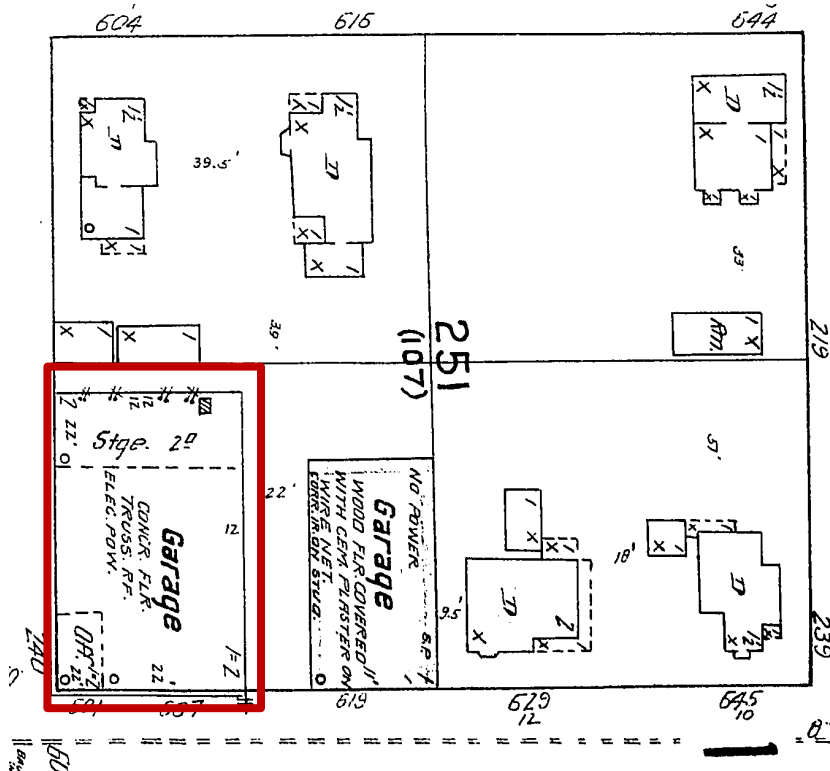
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**Sanborn Map, 1902**



**Sanborn Map, 1912**



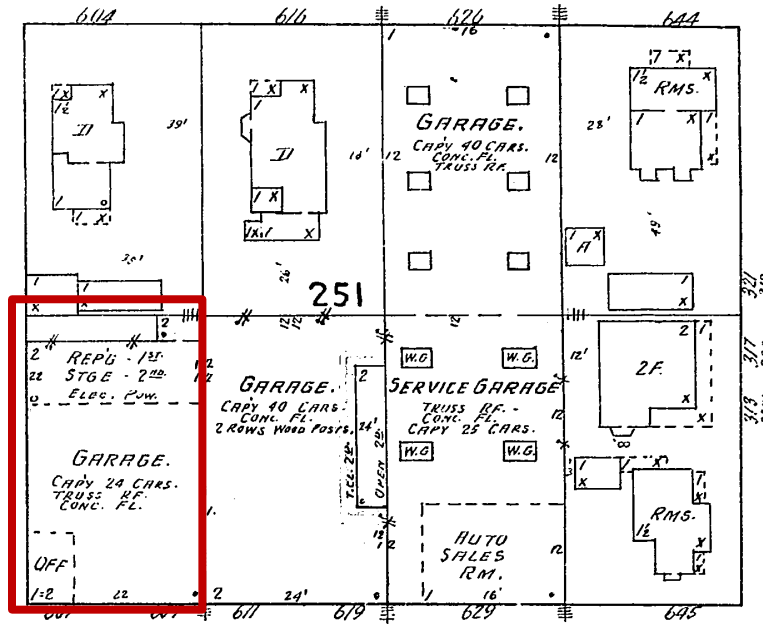
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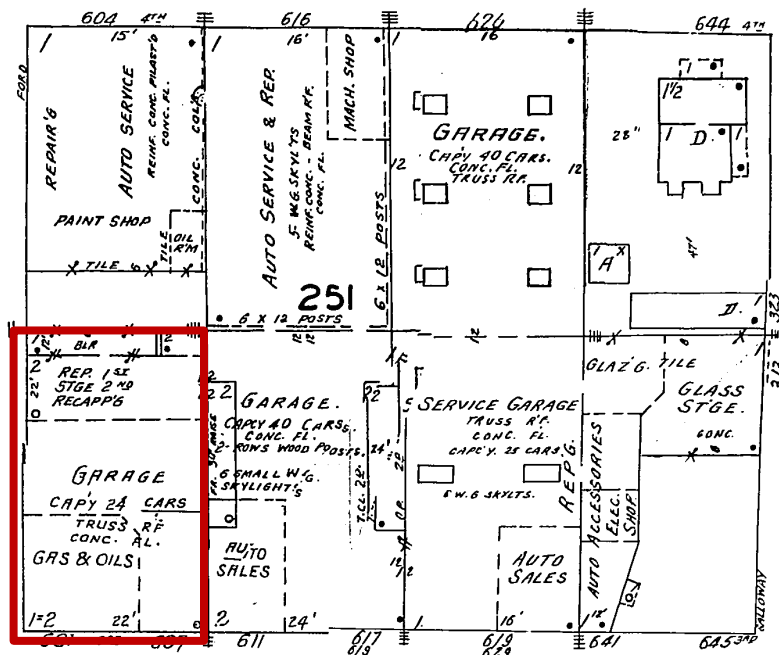
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**Sanborn Map, 1928**



**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. The McMinnville Downtown Historic district was designated for meeting Criteria A (“association with events that have made a significant contribution to the broad patterns of our history”) and C (“distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction”) and is “most noteworthy as the place where the community’s largest, best preserved and most noteworthy historic commercial buildings are concentrated.” (Nomination p 51). Although the nomination acknowledges the alteration of a number of the ground story storefronts including the addition of stucco, the nomination emphasizes the “density, common scale, materials and overall design elements” as providing visual continuity conveying the evolution of the downtown commercial core.

## 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*

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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).

The applicant has provided findings to support the request for a Certificate of Approval for Demolition and the HLC heard testimony from the public regarding the same. These will be discussed in detail in Section VI (Conclusionary Findings) below.

## II. ATTACHMENTS:

### ❖ HL 6-22 Application and Attachments

#### Original Submittal (August 9, 2022)

- Application Form
- Application Narrative
- Project Structural Analysis
- Project Site Plan and Concept Drawings
- Traffic Impact Analysis
- Memorandum

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- Neighborhood Meeting Materials

#### Supplemental Submittal (November 4, 2022)

- Approvability Memorandum
- Structural Report
- Historic Resources Assessment
- Contaminated Media Management Plan (October 13, 2022)
- MAC Lease Rates
- 609 NE Third Street Tax Statement
- Third Party Contractor Assessment
- Historic Preservation Incentives Memorandum
- Economic Report
- Architectural Plans
- Traffic Impact Analysis Addendum

#### Supplemental Submittal (December 15, 2022)

- Letter to City with Additional Findings
- Exhibit 1, Historic Resources Assessment, Architectural Resource Group, November 2022
- Exhibit 2, Existing Building Structural Summary, HHPR, November 6, 2022
- Exhibit 3, Documentation of Existing Building Structures, HHPR, July 29, 2022
- Exhibit 4, Contaminated Media Management Plan (Draft)
- Exhibit 5, Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, November 2, 2022
- Exhibit 6, Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022
- Exhibit 7, McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022
- Exhibit 8, Memorandum Regarding Historic Preservation Incentives, Otak, October 31, 2022.
- Exhibit 9, 2022 Tax Statements
- Exhibit 10, The Gwendolyn Financial Pro-Forma, December 15, 2022

❖ Department/Agency Comments

❖ Public Testimony

### **III. 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:

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McMinnville Engineering Department**TRANSPORTATION**

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

1. 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.
2. Study shows that queue lengths exceed storage length at the eastbound thru and westbound all of 2<sup>nd</sup> 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 & 3<sup>rd</sup> 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) – 3<sup>rd</sup> 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 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.
5. 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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6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.

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12. 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.

### **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
- Email from Sylla McClellan, 09.21.22
- Email from Meg and Zach Hixson, 09.22.22
- Email from Sharon Julin, 09.25.22
- Email from Daniel Kiser, 09.27.22
- Letter from Carol Dinger, 09.28.22
- Letter from Carol Paddock, 09.28.22
- Letter from Katherine Huit, 09.28.22

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- Letter from Jeb Bladine, 09.28.22
- Letter from Practice Hospitality, 09.28.22
- Email from Kellie Peterson, 09.28.22
- Letter from JP and Ames Bierly, 09.28.22
- Memo from Nathan Coopriider, 09.28.22
- Email from Elizabeth Goings, 09.29.22
- Email from Abigail Neilan, 09.29.22
- Letter from Ilsa Perse, 09.29.22
- Email from The Scott Family, 09.29.22
- Email from Mande Tatum, 10.05.22
- Email from Crystal55dreams, 10.25.22
- Email from Peter and Linda Enticknap, 11.22.22
- Letter from Karen Saxberg, 11.17,22
- Letter from Jeb Bladine, 11.29.22
- Letter from Nathan Coopriider, 11.29.22
- Letter from Ernie Munch, 11.30.22
- Letter from Marilyn Kosel, 11.30.22\
- Letter from Nathan Coopriider, 1.3.23
- Letter from Carol Paddock, 1.3.23
- Email from Daniel Kizer, 1.3.23
- Email from Michael Kofford, 1.3.23
- Email from Paul Lusignan, National Park Service, 1.3.23
- Email from Ernie Munch, 1.3.23
- Email from Beth Caster, 1.4.23
- Letter from Ernie Munch, 1.5.23

#### **IV. 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. The applicant twice extended the 120-day deadline and the new deadline is April 15, 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.

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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.
7. At the public hearing on September 29, 2022, the Historic Landmarks Committee chose to continue the public hearing to December 8, 2022. The applicant requested to extend the 120-day decision deadline by 70 days.
8. On November 4, 2022, the applicant provided supplemental application materials based on the requests from the Historic Landmarks Committee.
9. On December 1, 2022, the applicant requested, with the concurrence of city staff, to continue the public hearing from December 8, 2022, to January 5, 2023, and to extend the 120-day decision deadline by an additional 30 days for a total extension of 100 days.
10. On December 8, the Historic Landmarks Committee continued the public hearing to January 5, 2023.
11. On December 15, 2022, and December 19, 2022, the applicant provided supplemental materials per the request of city staff.
12. On January 5, 2023, the Historic Landmarks Committee hosted a public hearing, closed the public hearing, deliberated, and instructed staff to draft written findings of denial consistent with its deliberation for consideration at its meeting on January 26, 2023.
13. On January 26, the Historic Landmarks Committee voted to deny this application based on the following written findings.

## **V. 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.

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6. **Current Use:** Office
7. **Inventoried and Designated 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.

## **VI. 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.

### **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.*

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- (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 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

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*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.*
- (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.

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**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:** For the reasons explained below, consideration of the several factors addressed herein demonstrates that the value of these buildings to the historic character of the Historic District is relatively low, that the buildings' values with their current or similar uses are very limited and likely insufficient to provide for needed repairs, that the buildings cannot be economically seismically-retrofitted in their current configuration to allow for a hospitality or other adaptive re-use, and that the public interest in preserving them is outweighed by the public and private benefits achieved by construction of the proposed Gwendolyn Hotel.

The above provision requires local governments to consider a number of factors when deciding whether to allow demolition of structures that are located within National Historic Districts. However, the obligation of the City is to consider these factors; the applicant is not required to prove that one or all of them are "met" as would be the case with a mandatory criterion begging a "yes or no" question. *Frankton Neighborhood Association v. Hood River County*, 25 Or LUBA 386, 395 (1993); *Von Lubken v. Hood River County*, 18 Or LUBA 18, 21-22 (1989). No particular balancing of these factors is required, either. The Historic Landmarks Committee ("HLC") can find (1) that these factors have all been considered with respect to the three buildings proposed for demolition and (2) consideration of these factors supports the Applicant's demolition proposal for each building, which are addressed separately, below.

**FINDING:** 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 the significance of the district as a whole, in addition to the contribution offered by individual resources on their own. Although the rule lists "factors" that must be considered, the purpose of considering those factors is to ensure that National Register Resources are "protected." Just giving "consideration" to these factors but not using those considerations when making decisions about demolition of National Register Resources, as the applicant advocates, would not achieve the preservation objective provided. Rather, it is only through the weighing and consideration of the listed factors that the Commission can determine if demolition can occur without sacrificing protection. Per Figure 2 of this decision document, 609 NE Third Street is considered a Primary Significant Contributing resource in the McMinnville Downtown Historic District.

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**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 of the original application, the building at 609 NE 3<sup>rd</sup> 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 applicant is not requesting demolition of the property due to significant structural issues or imminent public safety hazards. However, additional information from the structural engineer has been provided in response to HLC requests. See Attachment 1 per the supplemental materials provided on November 4, 2022.

*Attachment 1 – Memo from Jason Dhanens PE SE, Structural Manager, Harper Houf Peterson Righellis Inc. (HHPR) dated November 6, 2022.*

**FINDING:** The structural analysis does not indicate any structural issues that pose a significant or imminent public safety hazard. The structural analysis provided by the applicant does not suggest that remediating existing conditions is unreasonable or otherwise infeasible. The Historic Landmarks Committee views this concern as one that, not only should be alleviated through routine maintenance, this condition does not offer any indication that the structure is in a physical condition that is so deteriorated as to require demolition. Further, the Historic Landmarks Committee rejects the proposition that historic masonry buildings are not structurally sound simply by virtue of being unreinforced. This would assume that all historic unreinforced masonry buildings that have not been maintained adequately are justification for demolition of historic resources.

**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 in vent ory.pdf](https://www.mcminnvilleoregon.gov/sites/default/files/archives/Historic%20Resources/B%20Book/b865%20in%20vent%20ory.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 resurfacing with stucco, reconfiguration and replacement of the storefronts on the ground floor 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.

In this context, the "Historic Integrity" of the building refers to features that existed within the date range of secondary significance. The building has been updated since 1983, when the Historic District was established. The Historic District Nominating Form did not identify any period after 1937 as historically significant; therefore, features added after that date are not considered historically significant.

The historic integrity of the building has been substantially compromised since it was originally constructed, based on the HRA report (Historic Resources Assessment, Architectural Resource Group, November 2022). The following is a list of alterations to the building since it was constructed:

- o Resurfacing with stucco.
- o Reconfiguration of the ground floor at the southwest corner of the building between 1928 and 1940 to a more open plan to accommodate gas pumps. Infill of these same bays (west two bays facing NE 3rd Street and south three bays facing NE Ford Street) after 1983.

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- o Storefront in fill of north bay of NE Ford Street.
- o Replacement of ground floor windows at easternmost bay (original transom windows remain above).
- o Loss of historic garage blade signage.
- o Addition of brick chimney at rear (north) elevation.
- o Likely addition of the one-story north bay at the rear of the building (its materials differ from the original structure, with stucco-covered concrete masonry unit walls, and steel windows).

The HRA Report goes on to conclude that the only "character defining features" confirmed to be remaining on the building<sup>1</sup> include the following:

- o Wood sash windows.
- o One wood storefront window and transom at the easternmost bay of NE 3rd Street, although the glass at the storefront unit was replaced and subdivided with metal mullions.
- o Two bays of wood storefront windows and transoms at the NE Ford Street Elevation.
- o Interior finishes, such as window mill work, remain at several second-floor offices at the south end of the building.

Note that the HRA, while helpful, does not address "historic integrity" specifically but only "character defining features." Even if the above are components of "historic integrity," these are far outweighed by the fact that the building has been reskinned, its corner removed and later replaced in a manner not reflective of its original historic character, windows have been replaced, a chimney added, and addition of a one-story garage bay at the north side of the building.

For the above reasons, the historic integrity of the building is minimal.

**FINDING:** "Historic integrity" is generally defined as the ability for a property or resource to convey its significance. Historic properties either retain integrity (that is, convey their significance) or they do not. Within the concept of integrity, the National Register criteria recognize seven aspects or qualities that, in various combinations, define integrity. These seven aspects include location, setting, design, materials, workmanship, feeling, and association. To retain historic integrity a property will always possess several, and usually most, of the aspects. OAR 660-0230-0200(8)(a) opens by noting that local governments have an obligation to protect National Register Resources, without regard to local designation. As a result, rather than rely on the HRI report which served as the basis for local designation, the National Register nomination identifies the relevant periods of significance and an evaluation of structural integrity. Historic structures were given the Primary Significant Contributing designation when they were built before 1912 during a time when railroad service prompted new development in the downtown area. In addition to the date of construction, common features distinguishing buildings of Primary Significance include their density, scale, materials, and overall design elements, particularly with respect to the second floors. For 609 NE

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<sup>1</sup> The Report also lists the building's location, massing, flat roof, and structural members (i.e. the building's existence) as "character-defining features," but loss of these features would only occur if the building had been demolished to some extent and are not properly considered part of the building's "historic integrity," as they indicate no more than that the building still exists with the same number of stories. Indeed, all of these characteristics would be the same even if the building had been gutted and refinished entirely. Regardless, the above factor concerns "historic integrity," not "character defining features."

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Third Street, there are several elements that are original to the building (several wood windows on the second floor Third Street elevation and the storefronts on the ground floor of the NE Ford Street elevation and some on the Third Street elevation, with respect to the overall form and the massing.)

All of these elements work to reinforce the two-story commercial store front character that signifies the District.



South Elevation facing NE Third Street, illustrating original features (ARG, October 2022).



West Elevation facing NE Ford Street, illustrating original features (ARG, October 2022).

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*The bays at the corner of the ground floor have been infilled with the current street-facing storefront; three original storefront bays remain (ARG, October 2022).*

The two-story scale, the overall form, the longstanding commercial use and its association with a prominent McMinnville attorney are the basis for finding that 609 NE Third Street retains historic integrity and contributes to the primary period of significance. Substantial alterations to the ground floor including removal of the two westernmost storefront bays to accommodate a drive-through service station in 1928 and in 1948, and the installation of stucco over the masonry façade, did not impact the appearance of the building so as to undermine its integrity at the time of designation. It is important to note that there are other buildings within the District boundaries that were so altered that they no longer contributed to the integrity of the District suggesting that the modifications were not so significant to warrant exclusion of this building.

The Historic Landmarks Committee finds that the historic integrity of the structure at 609 NE Third Street warrants preservation for the community.

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

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

The building was constructed in 1904. While this is within the 1881-1912 date range for a "primary contributing resource," it is the latter end of that range. Other than its age qualifying it as a contributing resource in the Historic District, its build year does not convey significance.

**FINDING:** The National Register evaluation factors do not place greater importance on resources constructed early in the period of significance over those that may have been created later. Demolishing this primary contributing building, along with the two Secondary Contributing buildings to the east, would have the effect of eliminating all of the significant historic buildings on the north side of 3<sup>rd</sup> Street between Ford and Galloway, creating the only block along 3<sup>rd</sup> where there are no

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contributing structures. As noted above, this building does not show any greater “signs of its age” than any other historic building within the District.

**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.
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

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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 3<sup>rd</sup> 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.

The City's Historic District's 1983 statement of historic significance is as follows:

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 first paragraph explains how the building looked in 1983. The second paragraph explains who constructed the building and describes a photograph of the building taken in 1904. The third paragraph explains which businesses operated in the building (a battery shop, Plymouth dealership, and auto shop) between 1904 and 1933.

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"Historic Significance" is not defined in OAR 660-033-023. However, OAR 660-033-023(5)(a) explains that the "evaluation of significance" should be based on the following<sup>2</sup>:

*"(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. "*

With respect to (A), the Historic District's significance statement does not connect the building with any significant events. With respect to (B), while the building's original owner was identified as prominent attorney Frank W. Fenton, the statement of significance does not explain how Mr. Fenton's life was particularly significant to local, regional, state or national history. It is also notable that by at least 1912 it was an automobile garage and dealership. With respect to (C), there is no evidence that the building possessed a particularly distinctive or notable design, artistic values, "or represents a significant and distinguishable entity whose components may lack individual distinction." Even if it did, the substantial changes to the building would have eliminated any such distinctiveness. With respect to (D), given the substantial changes to the building since Mr. Fenton built it, there is nothing about this building that "yields information important in prehistory or history." Assuming that Mr. Fenton was important to local history, the building's appearance and use as an auto-shop for most of its existence does nothing to evoke his importance to history, unlike the other building he constructed in the Historic District, which is not proposed for demolition.<sup>3</sup> Finally, with respect to (E) the Historic District's nominating form describes the local historic context for primary contributing buildings as follows:

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

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<sup>2</sup> Note that these are virtually identical to the National Register's "Criteria for Evaluation."

<sup>3</sup> Mr. Fenton built the Fenton Building at 448 E Third Street, which is the only building in the District bearing his name, and which (according to the Historic District Nomination Form), is considered to be his "masterpiece."

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According to its nomination form, the building was included because it was built before 1912, not because it "reflects the building styles, traditions or patterns of structures constructed before this date." Therefore, it appears to be a "primary contributing" building by virtue of its date of construction alone.

**FINDING:** Both the National Register of Historic Places and the City of McMinnville have adopted provisions that identify the property as historically significant. Under the National Register, the district was deemed to qualify under Criteria A and C. The City of McMinnville's classification of the property as a "B" (Significant) historic resource on the McMinnville Historic Landmarks Inventory.

Although, if reviewed now, the property could be classified differently, that does not negate the policy action that has occurred. With that said, the assigned historic significance is not a stand-alone factor for preservation or demolition. Rather, all of the factors must be considered

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.

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.

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:

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### *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.<sup>5</sup>

Population growth continued between 1910 and 1940, increasing from 2,767 in 1920 to 3,706 in 1940.<sup>6</sup> 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)*

However, based on the methodology at the time, 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 Landmarks Committee finds that although 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 property was deemed to contribute to the overall commercial character of the district. The Historic Landmarks Committee concludes that the building retains historic significance, either as part of the primary period of significance or to the automobile boom period that followed.

### **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 3<sup>rd</sup> 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.

Within living memory the building has been used as an automotive repair shop, gas station, and more recently, as offices of the New Register and small retail space, which occupies only the bottom floor. The building is not associated with any particularly meaningful community history, has never

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been used as a community gathering place, and does not appear to have any value to the community beyond its inclusion in the Historic District.

**FINDING:** The HLC received testimony from dozens of city residents expressing concern over the loss of these buildings. The testimony from Ernie Munch, an architect, provided evidence suggesting that the value of this building to the community is not just in its post-railroad two-story, storefront commercial design as set forth in the National Register documentation but also its conversion to a service-station early on to serve the burgeoning auto-focused culture of the late 1920s and 1930s.

Several people also testified that the height, mass, and form of the building contributed to the overall sense of place of Third Street, which as McMinnville’s award-winning Main Street, is the heart and soul of the community.

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 applicant argues that the underutilization of the building for revenue-generating commercial uses undercuts the value of the building to the community. Although this might be true in the abstract, the HLC did not hear this concern voiced in the testimony it received. Further, the Historic Landmarks Commission concludes that the building is only financially infeasible to rehabilitate because the applicant assumes that the only viable economic solution includes either doing nothing, restoring the building including full seismic upgrades or the most intense development that might be allowed in the zone. The Historic Landmarks Commission believes that there may be other options that the applicant did not fully explore that would retain the preservation value of this building and also allow for a greater return on investment.

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**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. 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.

**FINDING:** The replacement plan for a multi-story hotel and ground floor retail may benefit McMinnville economically but the Historic Landmarks Committee also finds that it is the historic district, its historic charm and coziness, that have made this downtown an economic success. 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. This long-time disinvestment cannot be used as a basis to claim economic hardship.

**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; 200<sup>3</sup> (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.

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The building is not identified as being rare at all in terms of design or construction.

**FINDING:** 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.**

**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.*

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:*

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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 advance all the City's Comprehensive Plan goals while avoiding negative impacts to "Distinctive" buildings elsewhere in the downtown.

**FINDING: 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, 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. That said, the Historic Landmarks Committee finds that these goals are not mutually exclusive and, in fact, it is the historic protections offered by the Downtown Historic District, that have contributed to its economic success. Existing commercial land exists in the downtown area, both within and outside of the Historic District, to accommodate a luxury hotel, including many of the amenities identified by the applicant. This building has been occupied with numerous different uses since construction, all resulting in neighborhood-serving uses and there is no reason to believe that either these uses, or new uses other than a 6-story hotel, could not be pursued in the future.

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

**OVERALL FINDING:** 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 condition and does appear to retain some historic integrity, components that are still extant from its original condition or historic significance. The applicant has tried to make the case that the economic value realized from a new 6-story luxury hotel outweighs what they have identified as limited historic integrity. The Historic Landmarks Commission finds that this presents

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a false choice with respect to both the economic value and the historic integrity. The District enjoys economic vitality today because of the choices made to preserve it. This building has generated a reasonable economic return for generations, as evidenced by its variety of uses, and there is no evidence to believe such return would be foreclosed in the future, but for this long-standing owner's failure to maintain the building in a state commensurate with other owners along NE Third Street.

The value to the community could be described in two ways – historic value and overall value. The applicant has argued that the historic value has been compromised as an individual structure but this determination fails to consider the contribution this building, in conjunction with the other two, makes to the overall McMinnville downtown historic district and building fabric. When considering all of the factors in OAR 660-023-0200(8)(a) together, the Historic Landmarks Commission finds that demolition of 609 NE Third Street is not appropriate.

*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.** In adopting the criteria for demolition in 17.65.050, the City adopted protection measures as provided by this requirement.

*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.*

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(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:** As explained in these findings, the demolition request is not approved and the building will remain on the McMinnville Historic Resources Inventory.

(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, 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:** A draft Contaminated Media Management Plan (CMMP) that addresses all three properties has been included (Contaminated Media Management Plan, October 13, 2022). The CMMP is a requirement of the Prospective Purchaser Agreement between the Applicant and Oregon Department of Environmental Quality ("DEQ"). As a practical matter, former automotive shops and fuel stations are routinely redeveloped and there is nothing about these buildings that presents a unique risk. The draft CMMP requires

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removal and safe disposal of any contaminated media (i.e. soil or ground water), and recommends only standard protective measures to mitigate the limited identified risk of petroleum contamination.

This is sufficient to satisfy Goal II of the City's Comprehensive Plan, which implements Statewide Planning Goal 6. Goal 6 requires that the local government establish that there is a reasonable expectation that the use for which land use approval is requested will also be able to comply with the state and federal environmental quality standards that it must satisfy to be built. *Hess v. City of Corvallis*, 70 Or LUBA 283 (2014). The City's comprehensive plan does not address soil contamination, and with respect to water, Policy 10.00 of the Comprehensive Plan provides that "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." The Applicant's ongoing work with DEQ through the PPA process is evidence not only that DEQ will provide sufficient oversight to ensure the safety of workers and the public, but also demonstrates that the Application will be able to comply with DEQ's standards.

**FINDING.** 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.

### **FINDING: SATISFIED WITH CONDITION OF APPROVAL**

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***If approved, the following condition of approval would be necessary:*** 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.** 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).

***If approved, the following condition of approval would be necessary:*** 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.** 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).

***If approved, the following condition of approval would be necessary:*** 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.

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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.

**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 the value and significance of the building, its condition, the owner's failure to maintain the building commensurate with other owners and contributing to any modest economic returns, and its overall contribution to the significance to the District all work against approving this request for demolition. 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 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:

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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<sup>6</sup> (Area Plan), the 2013 Economic Opportunities Analysis (EOA), the 2019 MAC-Town 2032 Economic Development Strategic Plan<sup>7</sup> (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 3<sup>rd</sup> 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.”<sup>8</sup> 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

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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:** 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.

***If approved, the following condition of approval would be necessary:*** 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.

***If approved, the following condition of approval would be necessary:*** Prior to submittal for building demo permit provide Engineering with detailed demolition plans for review and approval.

- 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.*

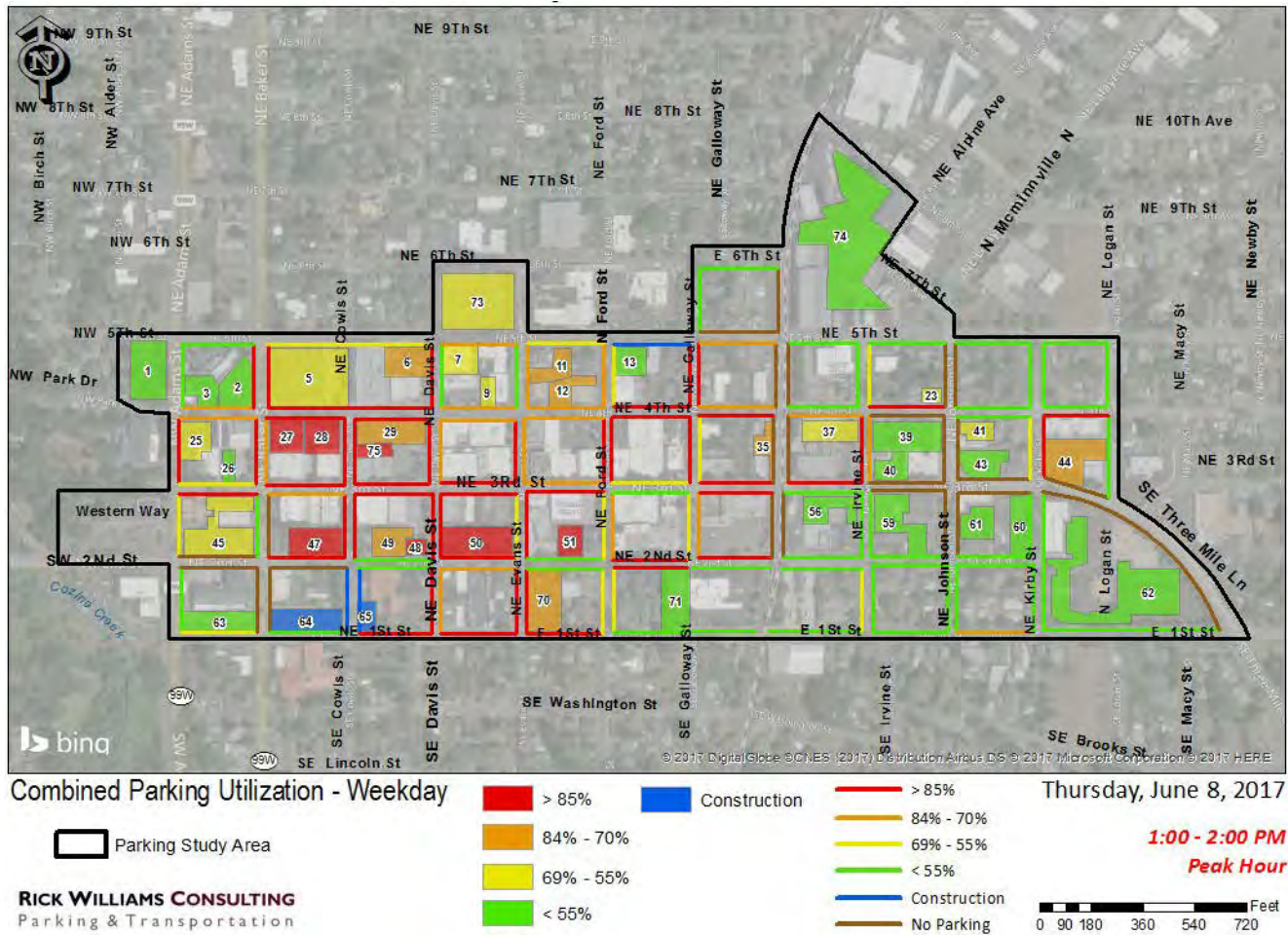
**FINDING: SATISFIED.** The replacement plan project will be located in the Central Business District. The Transportation Impact Analysis provided as part of the application indicates that all intersections studied perform within mobility standards with the project as developed. No mitigation measures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

Parking in the core downtown area is limited. However, a utilization study conducted in 2017 identified that parking on Ford Street between 3<sup>rd</sup> and 4<sup>th</sup> 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 67 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)

**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,*

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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.

- 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 67 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 67 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)*

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**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:**

***If approved, the following condition of approval would be necessary:*** 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:**

***If approved, the following condition of approval would be necessary:*** he 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:*

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:**

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***If approved, the following condition of approval would be necessary:*** 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.

### **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.

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**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 <sup>rd</sup> Street     | \$515,480           | \$664,643              |
| 611 NE 3 <sup>rd</sup> Street     | \$742,760           | \$1,010,601            |
| 611 NE 3 <sup>rd</sup> Street BPP | \$41,333            | \$41,333               |
| 619 NE 3 <sup>rd</sup> Street     | \$482,993           | \$556,964              |
| <b>Total</b>                      | <b>\$1,782,566</b>  | <b>\$2,273,541</b>     |

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 609 NE 3<sup>rd</sup> 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.** 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.

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**If approved, the following condition of approval would be necessary:** Prior to the issuance of a building permit, the applicant will need to meet with the McMinnville Downtown Association to develop a program that will educate local citizens on the benefits associated with an active historic preservation program, that will then be approved by the Planning Director.

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 3<sup>rd</sup> and Ford streets and complement the three-story buildings on each corner.

**FINDING: NOT SATISFIED.** As the findings for the replacement plan project explain, the new construction fails to be compatible with the nearby buildings with respect to massing and overall building width. As such, it does not 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.*

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**APPLICANT RESPONSE:** The proposal includes the demolition of a historic landmark (609 NE 3<sup>rd</sup> 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.

**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 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:

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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.

Per the analysis above, this application achieves some of the purpose statements but not all of them. This is a demolition project and not a preservation/rehabilitation/restoration project and therefore, does not satisfy the policies directed at protecting historic resources.

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 the structure at 609 NE Third Street retains historic integrity, contributes to the significance of the District, and has an economic use that favors continued preservation and protection. Therefore the demolition is denied.

**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.

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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

APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022): The applicant has provided the following additional information as described in Attachments 4-8:

- Phillip Higgins, a licensed commercial real estate broker, has provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memo includes high-level profit and loss information. See Attachment 4.
- 2022 Yamhill County Tax Assessor data including Assessed Value, Taxable Value, and Real Market Value and property taxes paid between 2018 and 2022 has been provided. See Attachment 5.
- An estimate of the cost of rehabilitation of the property from Hugh Construction, which is an entity separate from Hugh Development, provided the enclosed pro-forma showing the costs and likely returns from rehabilitation of the three structures. While no other contractors could provide an estimate without a more developed renovation plan set, the contractors Hugh consulted confirmed that Hugh Construction’s estimate was reasonable. See Attachment 6.
- A report of available economic incentives for rehabilitation of the existing buildings is included as Attachment 7.
- A report by Johnson Economics comparing the economic value of the project vs. preservation of the buildings is enclosed as Attachment 8.

The following table, provided by Hugh Construction, further defines the findings included in Attachment 6:

|                            | Current Results | Ideal Results<br>(Gwendolyn Hotel) |
|----------------------------|-----------------|------------------------------------|
| <b>Cash on Cash return</b> | 3%              | 23%                                |
| <b>Unlevered IRR</b>       | -9.10%          | 13%                                |
| <b>Levered IRR</b>         | 0%              | 26.80%                             |
| <b>Equity Multiple</b>     | 0.82x           | 4.11x                              |

The Application proposes demolition of the three structures discussed above in order to allow it to construct the Gwendolyn Hotel. The economic value of the three buildings and their future use case are substantially limited. When compared to the potential economic value of the proposed hotel, the economic factors weight in favor of demolition for all three buildings.

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While certainly not a model of linguistic clarity, 17.65.050(8)(2) appears to get at the comparative economic value when compared to the historic value of the buildings proposed for demolition. It appears to also evaluate the comparative economic value of the buildings if preserved or renovated.

The potential economic value of the Gwendolyn Hotel is addressed in Exhibit 5 (Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, November 2, 2022), and can be summarized as follows:

- Total project value: \$59,735,000
- Construction cost: \$36,500,000
- Annualized property tax project: \$576,197 (2026), \$590,602 (2027), \$605,367 (2028).

In comparison, a preservation use case (with similar occupancies and no renovation) are of very limited future value. Phillip Higgins, a licensed commercial real estate broker, has provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memorandum includes projected profit and loss information. Exhibit 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022). Mr. Higgins findings are summarized below:

"Combined rents across all 3 properties are \$11,365 (assuming fully occupied) or \$136,380 annual gross. The owners did not report taxes, insurance, utility costs, but an easy assumption is that a buildings operating costs are 45-55% of the gross revenue. Using the lower ratio: \$243,280 -45% = \$75,009 Net operating income. At a 6% CAP rate this would result in a [current] Market Value of \$1,250,150."

Mr. Higgins notes that the lease rates result in a net operating income is roughly \$75,000 annually, before any loan service, tenant improvements, or major repairs:

"The Current Market Valuation excludes any debt service, excludes tenant improvements, excludes any cost to bring the buildings up to current occupancy standards/ code compliance, with the addition of these line items the [net operating income] would shrink significantly below lender underwriting standards for OCR/ Debt Coverage Ratios for income to payments."

Based on this analysis, the buildings in their current form are of little or no net economic value to a new owner, given the need to service acquisition debt at their current value. Stated simply, the cost of debt and tenant improvements is likely so near the net operating income that a sound financial institution is unlikely to lend on such an acquisition with an as-is use case.

Even so, the July 29, 2022 HPR Report (Exhibit 3) demonstrates that significant work must be done on these buildings in order for them to remain viable even for this use case. Necessary repairs would include the following:

- "The 2nd level of the 609 Building would require repair and remediation should that space be occupied.
- The 2nd level of the 611 Building would require repair and remediation should that space be occupied.

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- As noted in the General Conditions section, each of the three buildings have structural conditions that we recommend be further analyzed for possible remedial actions should they remain.
  - o This includes the roof truss node that is out of plane in the 609 Building, the removed built up floor beam in the 611 Building, and the rotten truss bearing in the 619 Building.
- Additionally, all three buildings have sections of the roof framing that is deteriorated and requires repair."

While there are some grants and historic preservation tax credits that may be available, work to bring the buildings back into a sound condition is likely in the hundreds of thousands of dollars. The primary historic tax benefit, the "Special Assessment of Historic Property Program" is no longer available for the 609 and 611 Buildings. The most beneficial available federal program, the Federal Historic Tax Preservation Tax Incentive Program, provides a 20% income tax credit. With a current federal income tax rate of 21%, this would yield only about \$5,700 per year for all three buildings collectively, and this assumes that the gross income from these properties would otherwise be fully taxable. State grants for particular historic buildings generally yield a maximum \$20,000. Exhibit 8 (Memorandum Regarding Historic Preservation Incentives, Otak, October 31, 2022.) All of this assumes successful competition for such grants, which is certainly not a guarantee given the diminished historic character of these buildings. In summary, there is no reason to believe that historic grant programs and tax credits will be even close to sufficient to provide the repairs identified in the HHPR report.

Upgrading the buildings to a different use would almost certainly require seismic upgrades. To explore an alternative use case that would preserve but reuse the buildings for a hotel, the Applicant engaged its subsidiary Hugh Construction Company to prepare a financial pro-forma for re-use of the buildings as a hotel with ground-floor retail.<sup>4</sup> This is enclosed as Exhibit 6 (Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022). The key findings are as follows:

- The base construction costs are anticipated to be \$11,430,000, with a total project cost of roughly \$20,000,000, excluding land acquisition.
- The total construction costs, along with soft costs and land acquisition costs are anticipated to be \$24,994,838.
- Due to the limited number of rooms, high cost of historic rehabilitation and retrofit, and debt service, the total net operating income from the project will be approximately \$813,419, with an annual cash flow of only \$516,922. Note that this is before debt service. Net cash flow from the property as a whole is negative, with cash investments in the negative throughout the period to fiscal year 2032, as demonstrated by the cash income statement on pg. 8 of Exhibit 6 (Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022).

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4 While no other contractors could provide an estimate without a more developed renovation plan set, the contractors Hugh consulted confirmed that Hugh Construction's estimate was reasonable.

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Considering this alternative program, the Johnson Economic Study dated Nov. 2, 2022 analyzed the potential returns as follows:

"Renovation of the site for lodging uses would require a significant investment in restoration to bring the structure into conformance with current code. The estimated current costs to develop this program is just under \$20 million in current dollars (excluding acquisition), with an overall cost of roughly \$25 million. The projected net operating income at stabilization is estimated at \$580,500, representing a 2.3% return on cost."

"The estimated capitalization rate for this type of project is likely in the 6.5% to 7.5% range. Assuming a 7.0% cap rate, the estimated value of the project would only be \$8.3 million in this configuration, roughly a third of estimated costs."

While the assumptions may shift, renovation of the current structure for retail and hotel space is highly unfeasible."

"Renovation of the structure does not provide the owner with a "reasonable economic use". There would be no expectation that the property owner or a rational developer would pursue this project as a renovation."

The upshot of the above discussions is that there is no rational economic value to a rehabilitation and re-use case for the buildings.

**FINDING:** The focus of this criterion is on the "economic use of the historic resource", the proposed action, and "their relationship to the historic resource preservation or renovation." Nothing about this criterion contemplates ensuring the owner the highest and best use or the greatest economic anticipated return on their property. Rather, the focus is on whether the proposed demolition is "reasonable" given the current and projected economic use. Although it would not be "reasonable" to put money into improvements that are unlikely to realize a return, the Historic Landmarks Commission disagrees with the applicant's assumptions that serve to foreclose other preservation options. For example, in its current condition, the building is safe to occupy, functions and is able to generate an economic use just as it has for generations. The applicant's desire for greater profit does not make the existing economic use in its historic condition unreasonable.

The Historic Landmarks Committee disagrees with the applicant's premise that restoration, including a full seismic upgrade, is the only reasonable alternative for preservation or that the "do nothing" option necessarily means making no capital improvements or changing the use in order to generate greater revenue as a reasonable commercial owner might do. All parties agree that the popularity of NE Third Street in attracting and accommodating tourists has transformed this area in recent years, making these properties more valuable. It is likely that this popularity, as a direct result of preserving the unique character of an intact historic district, will continue. This natural pace of development suggests that rents in this area will continue to increase. The fact that owners are making choices to rehabilitate their Third Street historic structures, particularly properties that are adjacent to this property, suggests that such restoration is profitable and therefore, "reasonable." The Committee also notes that there are likely alternative uses or less expensive design changes that may alter the profit margins that should be considered before concluded that the historic resource has no economic use.

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Further, although there may be some cost in building out the space converting from office to tourist-focused uses, those same costs affect any building owner within the Historic District equally and do not justify demolition in this particular case. The rehabilitation cost includes seismic retrofitting, which the Committee finds is not a necessary cost to rehabilitation. The only structural deficiency noted by the applicant's expert, an out of plane roof truss, can be repaired and it is not clear how much of the \$11 million dollars relates to that particular repair over other restoration expenses. Moreover, the applicant's expert economics analysis does not disclose how much the applicant expended on building maintenance and interior upgrades in the past so that the Committee can determine how much of these repairs are the result of deferred maintenance. Evaluating economic reasonableness with respect to preservation alternatives requires some evaluation of the lengths to which a property owner tried to protect the value of its investment over time.

In conclusion, the Historic Landmarks Committee was not convinced that the only reasonable economic choice was demolition. There may be not less expensive and more profitable alternatives that would include preservation of the existing structure. For this reason, this criterion is not satisfied.

**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

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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 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 plat 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

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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."

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:** 609 NE Third Street was designated on the City's HRI and the National Register of Historic Places as a primary significant resource in its contribution to the Historic District. As explained above, this was based on the time of building construction but also its two-story scale, some original components on the second story and its association with Frank W. Fenton, a prominent attorney and well-known family within McMinnville. The primary period of significance between 1881 -1912, reflects the growth of the commercial main street, made possible by the railroad, to which this building contributes, notwithstanding major modifications to the ground floor. The building still conveys these historic circumstances, making it worthy of saving. The Historic Landmarks Committee further finds that the testimony from Architect Ernie Munch compelling where he makes the case for finding an additional basis for significance under criterion (A) and (C) for the contribution that this building made to the burgeoning auto industry as both an Overland car dealership and the Odell's Garage, a gasoline service station.

Demolition of this building alone, and when coupled with the other two proposed for removal, would create the first (and only) block along Third Street to have no contributing historic structures. Allowing demolition of this building would erode the historic integrity of the District as a whole.

For these reasons, the Historic Landmarks Committee finds that the historic value and significance of the resource does not support demolition.

**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.

HHPR 's Existing Building Summary identified a number of structural issues with these buildings, which are explained in detail below. Its general conclusions are that the buildings need significant work soon: "If we were in a position to advise the building owner, we would recommend that these items be addressed in the very near future." Exhibit 2 (Existing Building Structural Summary, HHPR, November 6,

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2022). This is just to get the building back to something resembling their original design structural capacity. All have significant structural issues. For example, the 609 Building has a major truss that must be replaced. The 611 Building has load-bearing laminated beams that have been cut. Most of the roof trusses in the 619 Building are rotten where they intersect the party wall along the 611 Building. All of these conditions must be addressed.

The buildings are also all constructed of unreinforced masonry. Exhibit 2 (Existing Building Structural Summary, HHPR, November 6, 2022) provides a detailed literature review explaining why seismic reinforcement of these buildings is advisable, and concludes as follows:

"Like other similar URM buildings, the three buildings under review in this report would have the potential for similar failure points. Generally, these failure points could be attributed to the lack of ductility associated with URM construction and the lack of positive connections between the floor and roof framing and the walls of the structure. The anticipated failure points could be:

- In plane shear failure of the URM walls
- Out of plane bending failure of the URM walls
- URM walls pulling away from the roof or floor framing resulting in roof or floor collapse

Given their higher risk profile, URM buildings represent a unique and complicated challenge to the structural engineering community, to the building owners and to the community at large."

It is important to recognize that any significant changes to these buildings (such as significant tenant improvement) would likely trigger seismic retrofit to some degree. This is a likely scenario, for example, if the upper floors of the 609 and 611 Buildings are put back into use and qualify as an "alteration." Also, changes in occupancy and structural alterations (such as those required to address the buildings' identified structural problems) would likely trigger additional upgrades under the Existing Building Structural Code, as adopted by the State Building Codes division.

The costs of such upgrades are likely infeasible for these buildings in their current occupancy; as explained by the Western States Seismic Policy Council, "upgrading existing buildings to resist earthquake forces is more expensive than meeting code requirements for new construction." <https://www.wsspc.org/public-policy/legislation/oregon/>. This is also demonstrated by the memorandum provided by Mr. Higgins (Exhibit 7, McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022), which demonstrates that such improvements are not financially feasible.

The physical condition of certain building elements-particularly those from the historic period of significance-is provided in the HRA. Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022). However, the HRA does not characterize the general condition of the buildings as a whole. The physical condition of the buildings is explained below:

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609 E 3rd Street. The condition of the building in general was not characterized by the HRA. Condition of the original features of the building are described as follows:

- o "The three original wood storefront windows and transoms, and south, west, and north elevation second-floor windows, are in fair to good condition.
- o The second-floor interior, at the south side of the building, is vacant and has been unused for a significant time period. As noted previously, the windows are in fair to good condition, including original mill work surrounds. Where plaster remains, it is in poor condition.
- o Original wood trusses at the interior appear to be in good condition."

It is notable, however, that a return of the ground-floor facade to its historic character is likely very difficult:

"The brick may have been scarified for application of the stucco, and there may also be areas of wire mesh, wood blocking or other materials added to infill the original corbelled brick configuration. If a return to the original brick appearance were desired, the removal of the stucco would likely require substantial if not full replacement of the underlying brick."

The HPR Existing Building Summary (Exhibit 2, Existing Building Structural Summary, HPR, November 6, 2022) identifies the following structural deficiency in the building:

"The most southern roof truss in the 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."

HPR's initial structural review of the building, dated July 29, 2022 (Exhibit 3), identified the following identified the following issues:

- o "The roof framing over the original 2nd level offices is significantly deteriorated in several locations.
- o The south brick wall at the 2nd level offices is deteriorating and the mortar is no longer sound.
- o There are multiple diagonal cracks following the mortar lines at the 2nd level offices.
- o The 1st truss from the south elevation is displaced over 6 inches horizontally at the top which represents a significant structural concern."

The July 29, 2022 HPR report describes the general condition of the buildings as follows:

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- o "Each of the three buildings has portions of brick wall that are in poor condition that would require significant work to remediate including new mortar and the replacement of bricks.
- o Each of the three buildings has portions of the roof structure that are rotting and are in poor condition. While it may be that the roofing has been repaired, it does not appear that in certain areas the supporting structure has been repaired. These areas also coincide with areas of the brick wall that are in poor condition
- o 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
- o The removed floor beams distributing roof load in the 611 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain.
- o The rotting bearing points of the roof trusses in the 619 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain."

Based on the information provided in Exhibits 1 (Historic Resources Assessment, Architectural Resource Group, November 2022), 2 (Existing Building Structural Summary, HHPR, November 6, 2022), and 3 (Documentation of Existing Building Structures, HHPR, July 29, 2022), the general condition of the buildings is best characterized as poor or marginal at best, depending on the proposed use case. While the buildings are not "dangerous" (which condition would require removal of the existing tenants), it is clear that significant work must be undertaken to ensure these buildings' future preservation, even if they are not seismically upgraded. Bear in mind that this is the requirement for continued use of the buildings for ground-floor retail or limited-occupancy offices; any more intensive uses will require substantially more structural upgrades. It is also important to note that, under both state and local criteria, the buildings need not be considered "dangerous" in order for their condition to be a major factor in allowing their demolition.

**FINDING:** The applicant argues that the combination of structural issues associated with a lack of building maintenance and investment and the structural costs of reinforcing unreinforced masonry buildings is a significant cost burden for a one or two-story building to overcome. And the city concurs. However, unreinforced masonry buildings are rehabilitated all of the time and lack of maintenance should not be justification for demolition of a historic resource.

The Historic Landmarks Committee finds that the applicant's identification of an out-of-plane roof truss, brick scarification as a result of applying stucco, mortar failure between bricks or diagonal cracks following mortar lines are not physical conditions that are uncommon to historic buildings or circumstances that are so extreme as to justify demolition rather than restoration. Further, the record

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does not reflect what steps the owner has taken to protect the building and avoid demolition by neglect, which the Committee finds is directly relevant to evaluating how a building's poor physical condition might serve as a basis for demolition.

**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 are 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
- 67 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.*

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- *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.

As noted in the land use application narrative dated August 6, 2022, the MAC-Town 2032 Economic Development Strategic Plan includes several relevant goals. The application to these goals focused on the potential of the proposed new Gwendolyn Hotel to implement the MAC-Town 2032 Plan.

Per staff’s request, these addition responses focus on how the existing buildings could, or could not, implement the Plan.

**Goal 6 : *Be a leader in hospitality and place-based tourism***

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.*

[...]

Following the adoption of the MAC-Town 2032 plan, the City revised its off-street parking and site landscaping requirements to exempt large portions of downtown, allowing more efficient use of the limited area in the downtown core.

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Staff does not dispute that the current 1- and 2-story buildings do not represent the highest and best use of the site. The C-3 zone is applied to downtown McMinnville and other commercial areas, and includes a height allowance of 80 ft. The zero setback requirements, off-street parking exemptions, and landscaping exemptions encourage buildings that occupy the entire site. The proposed development will intensify the use of the corner of NE Third and Ford streets and will offer the highest and best use for the site under current zoning regulations.

*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.

“Hospitality” generally includes housing and entertaining visitors, including lodging, food and drink, and activities. Likewise, “local opportunities” typically refer to available properties with willing sellers.

The proposed development includes hotel, restaurant, and retail uses, as well as a rooftop deck and lap pool. The rooftop space will be available for rent for special events and gatherings, filling an identified need in downtown McMinnville.

The existing buildings are available for sale by willing sellers. They do not currently include hospitality uses and cannot be upgraded to accommodate them without triggering substantial seismic and building code upgrades.

As noted in Attachment 6, upgrading the buildings to add 13 hotel guestrooms would cost almost \$25 million, which is not financially feasible. The building could be converted to a wine tasting or food service use, which would trigger the same seismic and building code upgrades noted above and would provide even less income.

*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.*

The current buildings include small meeting areas to serve the tenants. They do not include conference space or lodging for conference attendees. In order to accommodate conference space, the existing uses would need to be removed or downsized.

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The HLC can find that this factor favors demolition for the following reasons.

- As explained in detail in response to OAR 660-023-0200(8)(a), the buildings are listed as contributing to the district primarily due to their dates of construction. All appear to have been constructed (or at least re-constructed) for use as automobile garages and a car dealership and, in the case of the 609 Building, a gas station. The buildings were designed and adapted to this purpose. The buildings have each lost at least half of their historic facades (indeed, the 609 Building has lost its entire original facade), and the upper floors of the 609 and 611 Buildings are unoccupied and have few remaining interior historic finishes. Remaining historic features generally include some window casings on the 609 Building, the parapets on the 611 and 619 Buildings, and some interior features. Otherwise, their remaining characteristics are simply their masses and structural elements. For this reason, their historic value is low after having been substantially compromised prior to establishment of the Downtown Historic District.

There is no evidence that any of these buildings are connected with important historical events. While the 609 Building was built by McMinnville resident Frank W. Fenton, Mr. Fenton was a developer and built several buildings, and there is no evidence that he made personal use of the building for long, if at all. And, this building does not resemble at all its original exterior during the period in which Mr. Fenton might have made use of it. There is also no evidence that these buildings served as community gathering spaces during their periods of historic significance.

Based on the above, the public interest in preservation of these buildings is confined to the fact that they are listed as contributing structures within the Historic District. There are no other factors that reasonably weigh in favor of preservation. On the other hand, they are not remarkable in relation to the other contributing buildings within the Historic District and they retain very little of their respective historically-relevant features, most of which have been covered with stucco or removed. For all of the above reasons, the HLC can find that the public interest in their preservation is low.

- The buildings will require substantial structural repairs to continue to be used for the limited retail and office uses they have been used for since the establishment of the Historic District. Seismic retrofit of the buildings is unaffordable if their current configuration is maintained, and there is no positive return on investment if they were to be rehabilitated for use as a hotel.
- As explained in the HRA, the primary historical value of these buildings is their location, massing, and roof configuration. Assuming that the buildings' massing must be retained for that reason, no owner will be able to meaningfully intensify their uses. This is a further headwind against any substantial repair or seismic upgrade. Therefore, the economic value of the buildings to the City is represented by their current uses, with a Current Market Value of \$1,250,150 for all three buildings, collectively. Exhibit 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022). This is less than the combined assessed value of the buildings, noted below. Even excluding debt service obligations and tenant improvements, the collective market value of the buildings is only \$2,230,066. On the other hand, the projected market value of the Gwendolyn after construction and occupancy in FY 2025 is roughly \$64M after an investment of approximately \$61 M. Exhibit 10 (The Gwendolyn Financial Pro-Forma, December 15, 2022).

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Attachments: (Located 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](#) and on file with the Planning Department)

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The combined assessed value of all three buildings in 2022 is \$1,793,470; at a combined rate of 16.4925 these collectively generate roughly \$29,500 in annual property tax revenue, with roughly \$10,670 of that amount going to the City of McMinnville. Exhibit 9 (2022 Tax Statements). Assuming a standard rate (non-historic) of 16.5854, property taxes after completion and occupancy of the Gwendolyn in 2025 would be \$327,917. Exhibit 10 (The Gwendolyn Financial Pro-Forma, December 15, 2022).

Construction of the Gwendolyn will be a significant draw to McMinnville's downtown, increasing traffic to businesses within the Historic District. Given that this will increase the value of the other buildings in the Historic District, construction of the hotel is likely not only a benefit to the City from a financial perspective, but also a long-term benefit to the district itself. According to the Nov. 2, 2022 Johnson Economics Report, "[t]he proposed new hotel would provide significant economic value on the site, supporting the ongoing positive investment patterns in downtown McMinnville. Keeping the existing structures would effectively preclude new investment on the site, and result in underutilization of the parcels while yielding no economic return.'

- For the above reasons, the HLC can find that the proposed Gwendolyn Hotel is an "an improvement program of substantial benefit to the City." Preservation of these buildings presents a substantial barrier to this program because these buildings must be removed to allow for construction of the Gwendolyn, because they have little to no economic viability for adaptive re-use, and because their value under their current use case is miniscule compared to the proposed development. It is also worth considering that the value of the buildings is likely to decline even in their current or similar tenancies unless structural repairs are made; as explained above, such repairs are likely not financially rational without a more intensive use case for the buildings, which itself may trigger seismic upgrades.

**FINDING:** The Historic Landmarks Committee finds that, although the Gwendolyn Hotel would further the economic development interests identified in the Comprehensive Plan, the subject property is not the only location in which to accomplish these objectives. For example, there are non-contributing and/or non-historic structures on the corner of Galloway Street and NE Third Street that might be able to accommodate a hotel with many of the high-end luxury accommodations that the applicant seeks. Further, there are other uses that could be accomplished within the existing structures that would move the needle in attracting tourists and greater businesses downtown. The Historic Landmarks Committee notes that it received dozens of statements from residents expressing a desire to see these buildings preserved which serves as substantial evidence that there is a strong interest in seeing these buildings preserved and the significance of retaining the historic integrity of the district.

For these reasons, the Committee finds that denying this demolition request is not a deterrent to achieving other public interest objectives.

**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

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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.

The public interest in the resource's preservation is not clearly articulated in any adopted document. However, the HLC can find that the public interest in preservation of these buildings is related to their ability to reflect their historical period of significance. As explained above, these buildings do so to only a limited degree because their facades have been largely replaced. Therefore, the public interest in their preservation should be viewed as reduced as compared to buildings that have not been substantially altered, and such interest is largely a factor of their year of construction.

The public interest in their preservation must necessarily include their ability to serve an economic function to McMinnville's historic Downtown. As explained above, the current economic viability of these buildings and their future prospects are poor. Adaptive re-use is not a realistic option because of the significant structural upgrades that would be required, and re-use of the buildings for the hotel use proposed by the Applicant is not economically feasible.

In view of both of these factors, the public's interest in these buildings' preservation seems limited at best, and low when compared to buildings in the District which have better future economic use prospects or better reflect their original appearance, or both.

The question posed by this criterion was directly evaluated in the Johnson Economics Report (Exhibit 5). This report concludes as follows:

"Keeping the buildings in their current use would negate the requirement to upgrade the structures but would also limit the amount of investment that could be made within triggering the requirement. The buildings have structural deficiencies and obvious deterioration that would need to be addressed prior to re-tenanting in any of the buildings.

Building the hotel above the existing structures would require a complete seismic upgrade of the structures, and new columns to support the hotel would need to penetrate the structures. The cost of this type of structure would be substantially higher than new construction and the resulting development would be significantly less efficient.

As a result of these myriad factors, the retention of the existing structures would cause substantial financial hardship to the owners. Based on our previous experience, the likely cost of the necessary improvements and upgrades would render the cost of space to likely be hundreds of dollars more per square foot than new construction. If the redevelopment was not done and the buildings were kept in their current use without significant upgrades, they would pose a life safety hazard and may not be insurable. The structures are depreciated to a point in which Investments in the structures would be unlikely over time as they would not yield an economic return. As a result the properties would be likely to face an extended period of declining condition and underutilization for the foreseeable future."

This conclusion is consistent with the other information discussed above, which generally demonstrates that the buildings are not likely to generate a meaningful return for Hugh Development with a current or similar tenant mix. This is reflected by the fact that the actual market value when accounting for debt service is actually less than the assessed value of the property. See Exhibits 7 (McMinnville Lease rates,

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609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022) and 9 (2022 Tax Statements).

For the above reasons, the HLC can find that retention of the buildings in their current configurations would not just be a financial hardship to the owner, but will likely result in the eventual degradation of the buildings to the point where demolition for safety reasons becomes increasingly likely. These practical headwinds against continued use of the buildings in their current configurations far outweigh the buildings' relative contribution to the objectives of the Historic District, as discussed above, and therefore outweighs the public's interest in preservation.

**FINDING:** The Historic Landmarks Committee disagrees with the applicant's premise in response to this criterion that "the public interest in the resource's preservation is not clearly articulated in any adopted document." First, Comprehensive Plan Goal III 2 requires that the "preserve and protect...structures....of historical, [or] architectural...significance to the City of McMinnville. This significance is well established by the HRI and the National Register designation documentation set forth in the record. This is not just the building's age, but its scale, roof, and original 2<sup>nd</sup> floor elements. The Historic Landmarks Committee further rejects the idea the public interest is not served in protecting , as well as the other two buildings for their contribution to the Historic District. Therefore, this criterion is not satisfied.

**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.

For the above reasons, the HLC can find that the retention of these three buildings would not be in the best interests of the citizens of the City. These reasons can be summarized as follows:

- The buildings do not reflect their appearance or use during their respective periods of significance.

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- The building have few remaining residual historic features charactering the Historic District, aside from their masses, structural frames, and roof lines.
- The buildings have limited value under current uses.
- Current or similar uses are probably unable to generate sufficient value to repair the buildings.
- Adaptive re-use would require seismic upgrades and the buildings cannot be economically used for hospitality.

On the other hand, the economic opportunity for the Historic District presented by the proposed Gwendolyn Hotel far outweighs the limited benefits of building preservation, as discussed above.

Historic features identified by the HRA, such as belt courses and cornices, are emulated by the proposed architectural design of the Gwendolyn. Any moveable historic features of these buildings, such as windows, can be incorporated into the proposed building. The remaining characteristics of the buildings—their massing and roof line—can be easily documented with photographs.

For these reasons, the HLC can find that on balance, retention of these buildings would not be in the best interest of the City's citizens when weighed against the benefits of the proposed Gwendolyn Hotel.

**FINDING:** Although the applicant relies on expert consultants to downplay the importance of the resource, the Commission findings that determining what is the “best interests of a majority of the citizens of the City is best represented by the testimony of those who testified which overwhelmingly favored denying this application. It is because these buildings retain the historic integrity that made them suitable for designation, communicate a historic significance of automobile culture that is not reflected in those designations and the claimed economic hardship particular to this owner is not established, the Commission finds that demolition is not in the best interests of the citizens.

#### **17.65.070 Public Notice.**

- After the adoption of the initial inventory, all new additions, deletions, or changes to the inventory shall comply with subsection (c) of this section.*
- Any Historic Landmarks Committee review of a Certificate of Approval application for a historic resource or landmark shall comply with subsection (c) of this section.*
- 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.

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**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.
  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

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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.**

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;

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- 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 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:** First evidentiary hearing, September 29, 2022, 3:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 859 9565 0539, Meeting Password: 661305

Hearing continued to December 8, 2022, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 892 5565 1124, Meeting Password: 257277

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Hearing continued to January 5, 2023, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 831 7965 5545, Meeting Password: 725658. At the conclusion of this meeting, the record was closed to further testimony.

Meeting continued to January 26, 4:00 PM for Historic Landmarks Committee deliberation, a decision and adoption of written findings. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 885 9559 0268, Meeting Password: 925948.

**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, 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 17.59.030(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. The original 120-day deadline was January 5, 2023. Per an email dated September 29, 2022 from Garrett H. Stephenson, the applicant requested a 70-day extension to the 120 day decision deadline. As a result, the 120 deadline was extended to March 16, 2023. Per an email dated December 1, 2022 from Garrett H. Stephenson, the applicant requested an additional 30-day extension for a total of 100 days added to the 120 day decision deadline. The current deadline for taking final action on the application is April 15, 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.

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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 Certificate of Approval for the demolition of the structure at 611 NE Third Street (HL 7-22).

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**DECISION:**     **APPROVAL**     **APPROVAL WITH CONDITIONS**     **DENIAL**  
////////////////////////////////////

Historic Landmarks Committee:   
John Mead, Chair

Date: 1/26/23

Planning Department:   
Heather Richards, Community Development Director

Date: 1.26.23

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## **I. APPLICATION SUMMARY:**

The applicant has provided information in their application narrative and findings 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 Historic Landmarks Commission'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 3<sup>rd</sup> 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 (reduced to 67 parking spaces per supplemental materials provided on November 4, 2022) 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 3<sup>rd</sup> Street pedestrian experience.*

**(Application Narrative, page 3)**

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Attachments: (Located 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 and on file with the Planning Department)

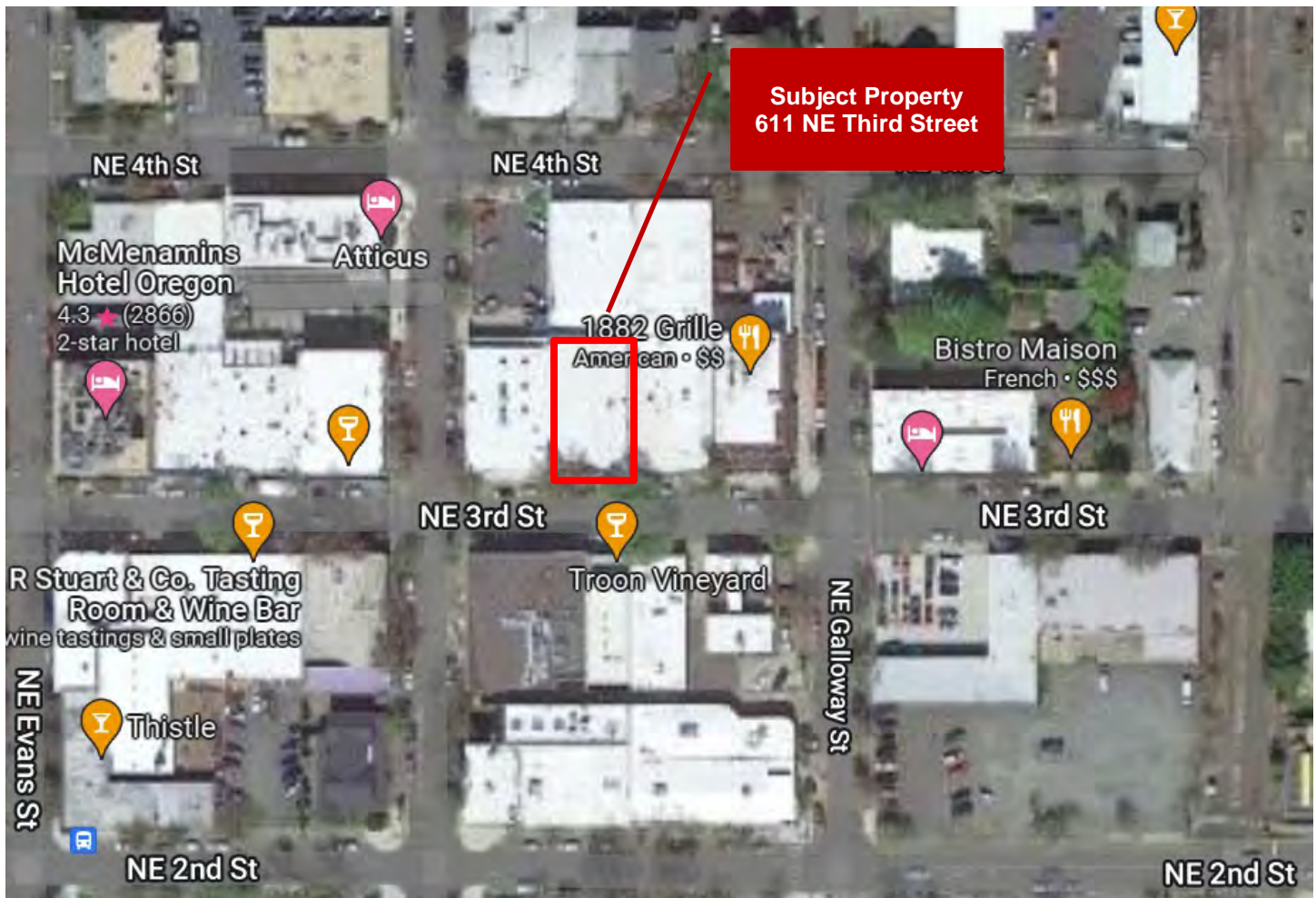
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**Subject Property & Request**

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)**



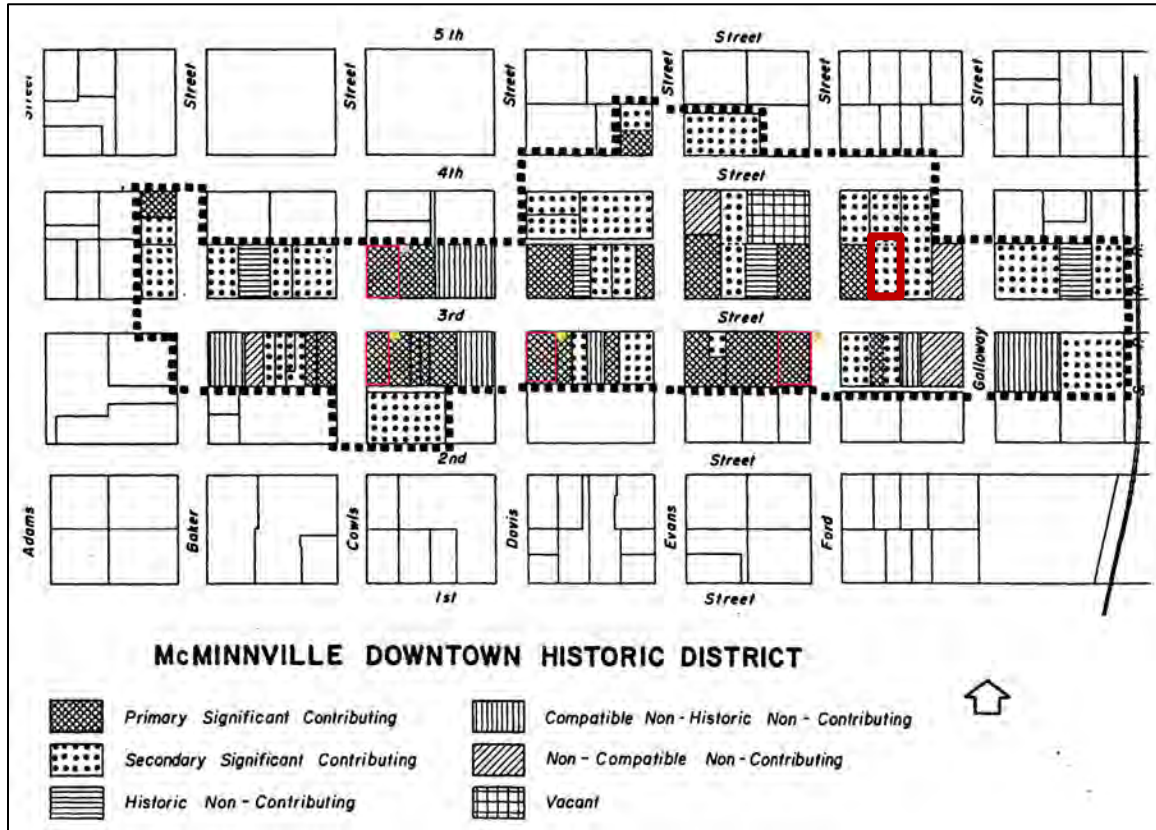
The existing building on the subject property is listed as a Primary Significant Contributing property in the McMinnville Downtown Historic District on the National Register of Historic Places. **See McMinnville Downtown Historic District Map (Figure 2) and Description of 611 NE Third Street in the McMinnville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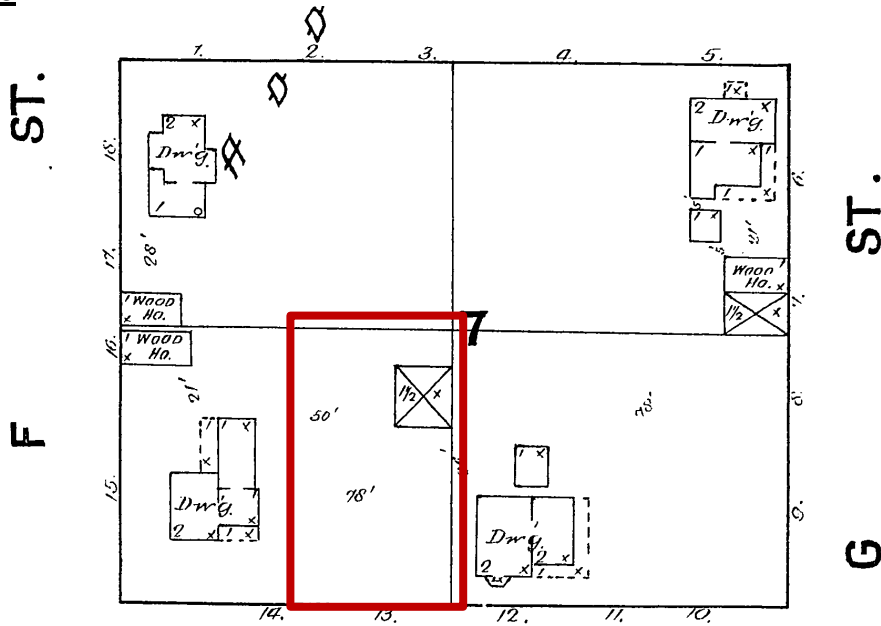
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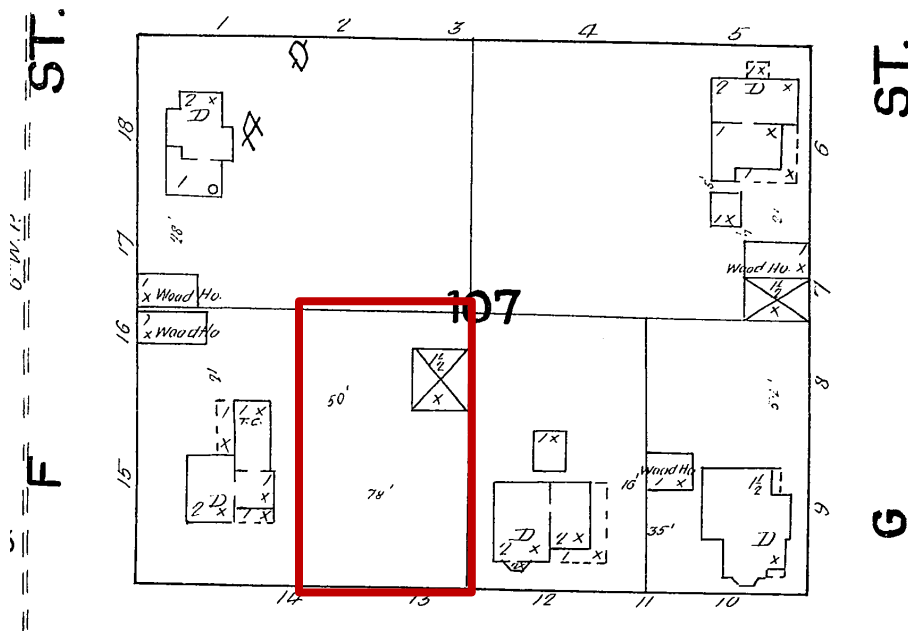
*Attachment 3: Public Testimony*

Figure 5. Series of Sanborn Maps

Sanborn Map, 1889



Sanborn Map, 1892



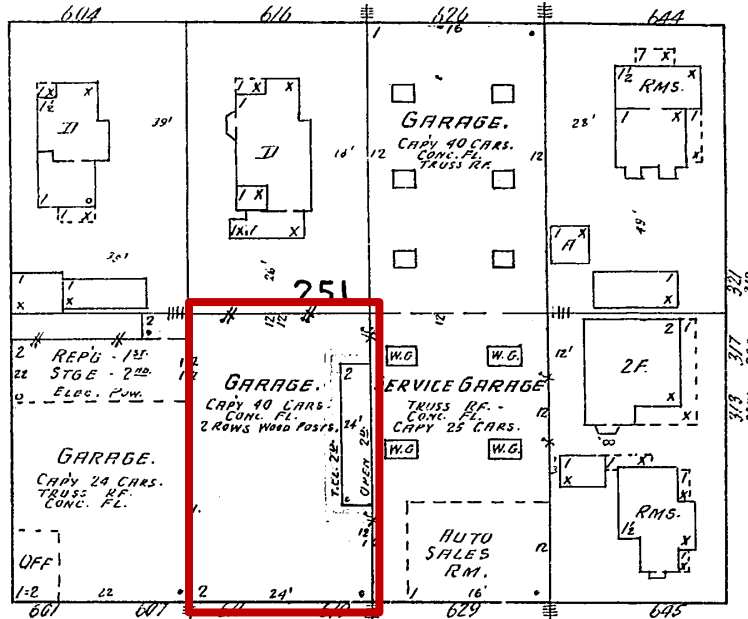
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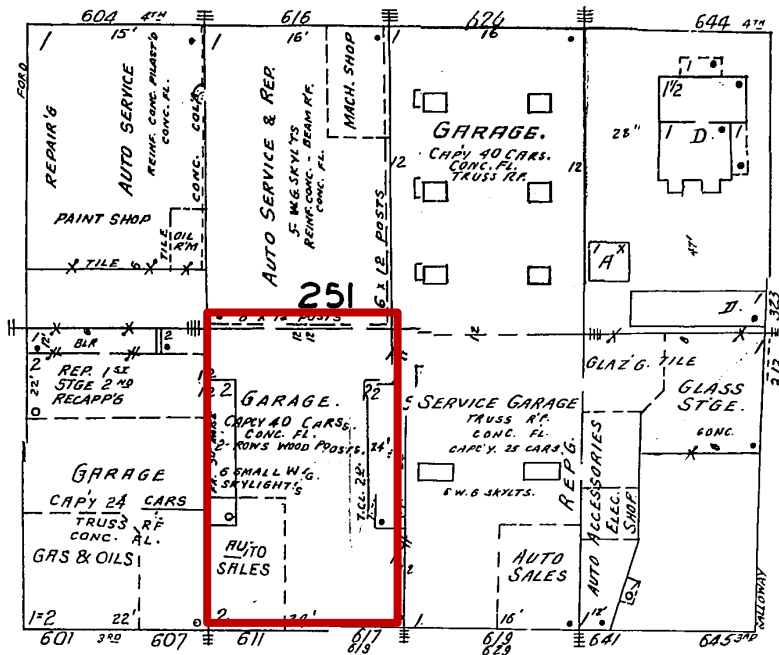




**Sanborn Map, 1928**



**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. The McMinnville Downtown Historic district was designated for meeting Criteria A (“association with events that have made a significant contribution to the broad patterns of our history”) and C (“distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction”) and is “most noteworthy as the place where the community’s largest, best preserved and most noteworthy historic commercial buildings are concentrated.” (Nomination p 51). Although the nomination acknowledges the alteration of a number of the ground story storefronts including the addition of stucco, the nomination emphasizes the “density, common scale, materials and overall design elements” as providing visual continuity conveying the evolution of the downtown commercial core.

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## 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.

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*

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*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, moldings 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 and the HLC heard testimony from the public regarding the same. These will be discussed in detail in Section VI (Conclusionary Findings) below.

## **II. ATTACHMENTS:**

### ❖ HL 7-22 Application and Attachments

#### Original Submittal (August 9, 2022)

- Application Form
- Application Narrative
- Project Structural Analysis
- Project Site Plan and Concept Drawings
- Traffic Impact Analysis
- Memorandum
- Neighborhood Meeting Materials

#### Supplemental Submittal (November 4, 2022)

- Approvability Memorandum
- Structural Report
- Historic Resources Assessment
- Contaminated Media Management Plan (October 13, 2022)
- MAC Lease Rates
- 611 NE Third Street Tax Statement
- Third Party Contractor Assessment
- Historic Preservation Incentives Memorandum
- Economic Report
- Architectural Plans
- Traffic Impact Analysis Addendum

#### Supplemental Submittal (December 15, 2022)

- Letter to City with Additional Findings
- Exhibit 1, Historic Resources Assessment, Architectural Resource Group, November 2022
- Exhibit 2, Existing Building Structural Summary, HHPR, November 6, 2022

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- Exhibit 3, Documentation of Existing Building Structures, HHPR, July 29, 2022
- Exhibit 4, Contaminated Media Management Plan (Draft)
- Exhibit 5, Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, November 2, 2022
- Exhibit 6, Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022
- Exhibit 7, McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022
- Exhibit 8, Memorandum Regarding Historic Preservation Incentives, Otak, October 31, 2022.
- Exhibit 9, 2022 Tax Statements
- Exhibit 10, The Gwendolyn Financial Pro-Forma, December 15, 2022

❖ Department/Agency Comments

❖ Public Testimony

### **III. 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. 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.
2. Study shows that queue lengths exceed storage length at the eastbound thru and westbound all of 2<sup>nd</sup> 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 & 3<sup>rd</sup> 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

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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) – 3<sup>rd</sup> 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 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.
5. 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.
6. 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.
7. 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.
8. 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.
- 9. 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.
- 10. 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.
- 11. 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.
- 12. 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
- Email from Sylla McClellan, 09.21.22
- Email from Meg and Zach Hixson, 09.22.22
- Email from Sharon Julin, 09.25.22
- Email from Daniel Kiser, 09.27.22
- Letter from Carol Dinger, 09.28.22
- Letter from Carol Paddock, 09.28.22
- Letter from Katherine Huit, 09.28.22
- Letter from Jeb Bladine, 09.28.22
- Letter from Practice Hospitality, 09.28.22
- Email from Kellie Peterson, 09.28.22
- Letter from JP and Ames Bierly, 09.28.22
- Memo from Nathan Coopriider, 09.28.22
- Email from Elizabeth Goings, 09.29.22
- Email from Abigail Neilan, 09.29.22
- Letter from Ilsa Perse, 09.29.22
- Email from The Scott Family, 09.29.22
- Email from Mande Tatum, 10.05.22
- Email from Crystal55dreams, 10.25.22
- Email from Peter and Linda Enticknap, 11.22.22
- Letter from Karen Saxberg, 11.17,22
- Letter from Jeb Bladine, 11.29.22
- Letter from Nathan Coopriider, 11.29.22
- Letter from Ernie Munch, 11.30.22
- Letter from Marilyn Kosel, 11.30.22\
- Letter from Nathan Coopriider, 1.3.23
- Letter from Carol Paddock, 1.3.23
- Email from Daniel Kizer,1.3.23
- Email from Michael Kofford, 1.3.23
- Email from Paul Lusignan, National Park Service, 1.3.23

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- Email from Ernie Munch, 1.3.23
- Email from Beth Caster, 1.4.23
- Letter from Ernie Munch, 1.5.23

#### **IV. 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. The applicant twice extended the 120-day deadline and the new deadline is April 15, 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.
7. At the public hearing on September 29, 2022, the Historic Landmarks Committee chose to continue the public hearing to December 8, 2022. The applicant requested to extend the 120-day decision deadline by 70 days.
8. On November 4, 2022, the applicant provided supplemental application materials based on the requests from the Historic Landmarks Committee.
9. On December 1, 2022, the applicant requested, with the concurrence of city staff, to continue the public hearing from December 8, 2022, to January 5, 2023, and to extend the 120-day decision deadline by an additional 30 days for a total extension of 100 days.
10. On December 8, the Historic Landmarks Committee continued the public hearing to January 5, 2023.

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11. On December 15, 2022, and December 19, 2022, the applicant provided supplemental materials per the request of city staff.
12. On January 5, 2023, the Historic Landmarks Committee hosted a public hearing, closed the public hearing, deliberated, and rendered a decision.
13. On January 26, the Historic Landmarks Committee voted to deny this application based on the following written findings.

## **V. 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.

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## **VI. 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.

### **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

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- (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 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:

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- (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.
- (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;

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**APPLICANT’S RESPONSE:** For the reasons explained below, consideration of the several factors addressed herein demonstrates that the value of these buildings to the historic character of the Historic District is relatively low, that the buildings' values with their current or similar uses are very limited and likely insufficient to provide for needed repairs, that the buildings cannot be economically seismically-retrofitted in their current configuration to allow for a hospitality or other adaptive re-use, and that the public interest in preserving them is outweighed by the public and private benefits achieved by construction of the proposed Gwendolyn Hotel..

The above provision requires local governments to consider a number of factors when deciding whether to allow demolition of structures that are located within National Historic Districts. However, the obligation of the City is to consider these factors; the applicant is not required to prove that one or all of them are "met" as would be the case with a mandatory criterion begging a "yes or no" question. *Frankton Neighborhood Association v. Hood River County*, 25 Or LUBA 386, 395 ( 1993); *Von Lubken v. Hood River County*, 18 Or LUBA 18, 21-22 ( 1989). No particular balancing of these factors is required, either. The Historic Landmarks Committee ("HLC") can find (1) that these factors have all been considered with respect to the three buildings proposed for demolition and (2) consideration of these factors supports the Applicant's demolition proposal for each building, which are addressed separately, below.

The property at 611 NE 3rd Street is classified as a "Secondary Significant Contributing" building in the Downtown Historic District. Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) explains that property was developed sometime between 1912 and 1919 as an automobile garage, but it does not appear on Sanborn Fire Insurance Maps until 1928. At all times within the secondary historic period, the property was used as an automobile garage and by 1940 was used as a car dealership.

According to Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022), while the building's second story and parapet remains intact, the ground floor has been significantly modified.

**FINDING:** 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 the significance of the district as a whole, in addition to the contribution offered by individual resources on their own. Although the rule lists “factors’ that must be considered, the purpose of considering those factors is to ensure that National register Resources are “protected.” Just giving “consideration” to these factors but not using those considerations when making decisions about demolition of National Register Resources, as the applicant advocates, would not achieve the preservation objective provided. Rather, it is only through weighing and consideration of the listed factors that the Commission can determine if demolition can occur without sacrificing protection. Per Figure 2 of this decision document, 611 NE Third Street is considered a Secondary Significant Contributing resource in the McMinnville Downtown Historic District.

### **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 3<sup>rd</sup> Street have more significant challenges, including interior water damage, a shared wall between the two, and deterioration of the exterior wall.

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

The applicant is not requesting demolition of the property due to significant structural issues or imminent public safety hazards. However, additional information from the structural engineer has been provided in response to HLC requests. See Attachment 1.

*Attachment 1 – Memo from Jason Dhanens PE SE, Structural Manager, Harper Houf Peterson Righellis Inc. (HHPR) dated November 6, 2022.*

**FINDING:** The structural analysis does not indicate any structural issues that pose a significant or imminent public safety hazard. The structural analysis provided by the applicant does not suggest that remediating existing conditions is unreasonable or otherwise infeasible.

Below is the detail for 611 NE Third Street.

- 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

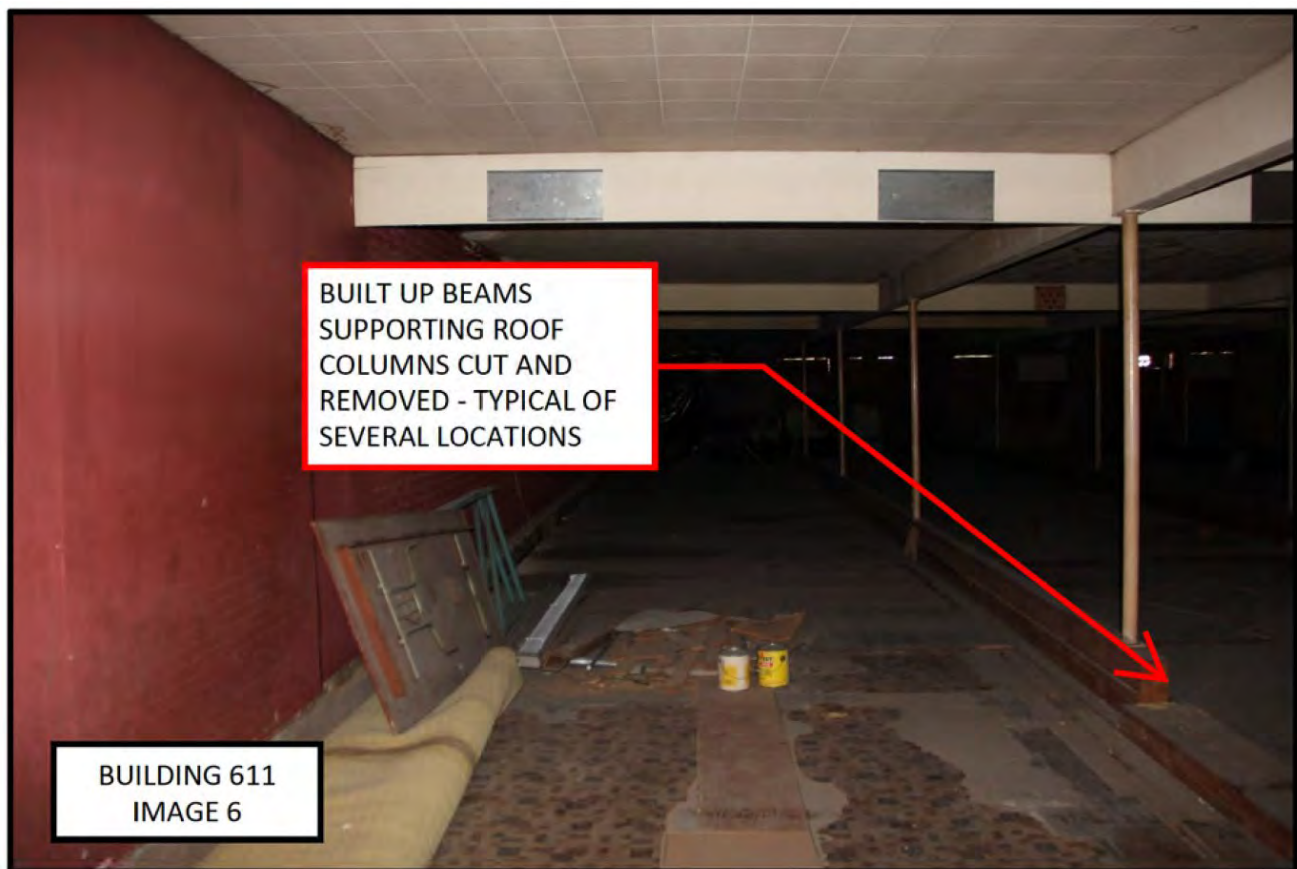
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The report also examines three options for preserving the historic resources: 1) retain existing buildings and construct a new hotel over the top of the existing buildings; 2) retain and maintain the existing buildings and relocate the existing buildings.

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.

The Historic Landmarks Committee views this concern as one that, not only should be alleviated through routine maintenance, this condition does not offer any indication that the structure is in a physical condition that is so deteriorated as to require demolition. Further, the Historic Landmarks Committee rejects the proposition that historic masonry buildings are not structurally sound simply by virtue of being unreinforced. This would assume that all historic unreinforced masonry buildings that have not been maintained adequately are justification for demolition of historic resources.

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**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 3<sup>rd</sup> 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.

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.

In this context, the "Historic Integrity" of the building refers to features that existed within the date range of secondary significance. While the building is largely in the same configuration as it was in 1983 when the Historic District was established, the Historic District Nominating Form did not identify any period after 1937 as historically significant; therefore, features added after that date are not considered historically significant.

As explained in Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) and the Staff Report, the historic integrity of the building has been substantially compromised since it was originally constructed, principally due to:

- o Reconfiguration of the ground floor interior.
- o Replacement of the entire ground floor between 1928 and 1948 to include a car auto sales office, as shown in the Sanborn Maps.

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- o Removal and replacement of all original ground-floor windows and window openings and re-cladding of the ground floor in stucco.
  - o Construction of a new inset facade with round columns.

Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) goes on to identify the following "character defining features" confirmed to be remaining with the building<sup>1</sup> include the following:

- o Second Story
  - Buff colored brick cladding with dark grey pigmented mortar joints.
  - Parapet with central pediment, with copings surfaced with painted stucco.
  - Pressed metal entablature with modillions and brackets.
  - Five bays of paired wood one-over-one windows surrounded by a brick soldier course and squares of cast stone.
  - Low relief belt course at windowsills.
- o Interior
  - Southeast entry stair to second floor, with pair of dual-swing doors at stair landing.
  - Portions of the ornamental wood flooring at the rear area of the second floor.

Note that the Report, while helpful, does not address "historic integrity" specifically but only "character defining features." Even if the above are components of "historic integrity," these features pertain almost exclusively to the second floor, which is unoccupied. The entire first floor of the building has lost virtually all of its historic integrity.

**FINDING:** "Historic integrity" is generally defined as the ability for a property or resource to convey its significance. Historic properties either retain integrity (that is, convey their significance) or they do not. Within the concept of integrity, the National Register criteria recognize seven aspects or qualities that, in various combinations, define integrity. These seven aspects include location, setting, design, materials, workmanship, feeling, and association. To retain historic integrity a property will always possess several, and usually most, of the aspects. OAR 660-0230-0200(8)(a) opens by noting that local governments have an obligation to protect National Register Resources, without regard to local designation. As a result, rather than rely on the HRI report which served as the basis for local designation, the National Register nomination identifies the relevant periods of significance and an evaluation of structural integrity. Historic structures were given the Secondary Significant Contributing designation when they were built between 1913 and 1937 during a secondary period of construction encouraged by the proliferation of the automobile. In addition to the date of construction, common features distinguishing buildings of Secondary Significance include their density, scale, materials, and overall design elements, particularly with respect to the second floors. For 611 NE Third Street, there are several elements that are original to the building

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<sup>1</sup> The Report also lists the building's massing and number of stories as "character-defining features," but loss of these features would only occur if the building had been demolished to some extent and are not properly considered part of the building's "historic integrity," as they indicate no more than that the building still exists with the same number of stories. Indeed, all of these characteristics would be the same even if the building had been gutted and refinished entirely. Regardless, the above factor concerns "historic integrity," not "character defining features."

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including a pedimented parapet with a raised stucco or cast stone cornice with dentils, a large projecting pressed metal frieze with modillions and original double-hung windows on the second floor. All of these elements work to reinforce the two-story commercial store front character that signifies the District.

The building today looks very much the same as it did in 1984, when the district was created. According to the nomination, “moderate” alterations occurring in 1976 included replacement of the ground floor storefronts and covering the first floor with stucco. The historic integrity remains intact. It is important to note that there are other buildings within the District boundaries that were so altered that they no longer contributed to the integrity of the District suggesting that the modifications were not so significant to warrant exclusion of this building.

The Historic Landmarks Committee finds that the historic integrity of the structure at 611 NE Third Street warrants preservation for the community.



Original wood windows,  
frames and sash  
Original brick and cast  
concrete elements  
Original pressed metal  
cornice

611 NE 3rd Street, current view (ARG, October 2022)

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

**APPLICANT RESPONSE:** The actual date of construction is unknown, the Historic District Nominating Form identifies its construction year as between 1912 and 1928. A photo dated 1919 included in the application materials show the building nearing completion.

**FINDING:** The National Register evaluation factors do not place greater importance on resources constructed early in the period of significance over those that may have been created later. Demolishing this primary contributing building, along with the two Secondary Contributing buildings to the east, would have the effect of eliminating all of the significant historic buildings on the north side of 3<sup>rd</sup> Street between Ford and Galloway, creating the only block along 3<sup>rd</sup> where there are no

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contributing structures. As noted above, this building does not show any greater “signs of its age” than any other historic building within the District.



Original Structure, circa 1919



Current Structure

### **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*

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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).*

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 3<sup>rd</sup> 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.

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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 statement of significance explains the original physical characteristics of the buildings, but notes that the first-floor facade was "extensively altered" with stucco cladding and has been "cutaway to expose two pillars." The photos below illustrate the scope of how the building's facade was altered after its period of significance:

### 1 611 NE 3rd Street (1948)



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**2) 611 NE 3rd Street (1983)**

"Historic Significance" is not defined in OAR 660-033-023. However, OAR 660-033-023(5)(a) explains that the "evaluation of significance" should be based on the following<sup>2</sup>:

*"(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*

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<sup>2</sup> Note that these are virtually identical to the National Register's "Criteria for Evaluation."

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*(E) Relevance within the local historic context and priorities described in the historic preservation plan. "*

With respect to (A), the Historic District's significance statement does not connect the building with any significant events. With respect to (B), the building is not noted as being associated with any particular person significant to local, regional, state, or national history. With respect to (C), there is no evidence that the building possessed a particularly distinctive or notable design, artistic values, "or represents a significant and distinguishable entity whose components may lack individual distinction." With respect to (D), given the substantial changes to the building, only the second-floor facade is indicative of historic character, but it is not clear how this "yields information important in prehistory or history."

Finally, with respect to (E) the Historic District's nominating form describes the local historic context for primary contributing buildings as follows:

"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."

All that is required to qualify a building as Secondary-Significant is construction within the date range above. According to its nomination form, the building was included because it was built sometime between 1912 and 1928.

**FINDING:** Both the National Register of Historic Places and the City of McMinnville have adopted provisions that identify the property as historically significant. Under the National Register, the district was deemed to qualify under Criteria A and C. The City of McMinnville's classification of the property as a "B" (Significant) historic resource on the McMinnville Historic Landmarks Inventory.

Although, if reviewed now, the property could be classified differently, that does not negate the policy action that has occurred. With that said, the assigned historic significance is not a stand-alone factor for preservation or demolition. Rather, all of the factors must be considered.

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 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.<sup>5</sup>

Population growth continued between 1910 and 1940, increasing from 2,767 in 1920 to 3,706 in 1940.<sup>6</sup> 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)

However, based on the methodology at the time, 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 Landmarks Committee finds that although the historic integrity of the building has been significantly modified since its original construction but those modifications do not compromise the original character reflected in the original parts of the building, particularly in the 2<sup>nd</sup> floor, that remains. Further, the two story-massing with a parapet contributes to the commercial style that characterizes the district.

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**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 3<sup>rd</sup> 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 3<sup>rd</sup> 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.

Within living memory the building has been used as an automotive repair shop, car dealership, and as an office of the New Register and small retail space, which occupies only the bottom floor. The building is not associated with any particularly meaningful community history, has never been used as a community gathering place, and does not appear to have any value to the community beyond its inclusion in the downtown historic district.

**FINDING:** The HLC received testimony from dozens of city residents expressing concern over the loss of these buildings. The testimony from Ernie Munch, an architect, provided evidence suggesting that the value of this building to the community is not just in its Victorian Italianate detailing, but also that it was built as a garage to serve the burgeoning auto-focused culture of the late 1920s and 1930s.

Several people also testified that the height, mass, and form of the building contributed to the overall sense of place of Third Street, which as McMinnville’s award-winning Main Street, is the heart and soul of the community.

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 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.*

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*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 applicant argues that the underutilization of the building for revenue-generating commercial uses undercuts the value of the building to the community. Although this might be true in the abstract, the HLC did not hear this concern voiced in the testimony it received. Further, the Historic Landmarks Commission concludes that the building is only financially infeasible to rehabilitate because the applicant assumes that the only viable economic solution includes either doing nothing, restoring the building including full seismic upgrades or the most intense development that might be allowed in the zone. The Historic Landmarks Commission believes that there may be other options that the applicant did not fully explore that would retain the preservation value of this building and also allow for a greater return on investment.

### **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. 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.

**FINDING:** The replacement plan for a multi-story hotel and ground floor retail would benefit McMinnville economically but the Historic Landmarks Committee also finds that it is the historic district, its historic charm and coziness, that have made this downtown an economic success. McMinnville needs more Class A office space, especially in its city center. However, due to long-

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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. This long-time disinvestment cannot be used as a basis to claim economic hardship.

**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; 200<sup>3</sup> (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.

The building is not identified as being rare at all in terms of design or construction.

**FINDING:** 611 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 second floor exterior façade’s 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.**

**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.*

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.*

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**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 advance all the City's Comprehensive Plan goals while avoiding negative impacts to "Distinctive" buildings elsewhere in the downtown.

**FINDING: 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. That said, the Historic Landmarks Committee finds that these goals are not mutually exclusive and, in fact, it is the historic protections offered by the Downtown Historic District, that have contributed to its economic success. Existing commercial land exists in the downtown area, both within and outside of the Historic District, to accommodate a luxury hotel, including many of the amenities identified by the applicant. This

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building has been occupied with numerous different uses since construction, all resulting in neighborhood-serving uses and there is no reason to believe that either these uses, or new uses other than a 6-story hotel, could not be pursued in the future.

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

**OVERALL FINDING:** 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 not lost all of its historic integrity as the second floor and roofline appear to be historically original to the building. The applicant has tried to make the case that the economic value realized from a new 6-story luxury hotel outweighs what they have identified as limited historic integrity. The Historic Landmarks Commission finds that this presents a false choice with respect to both the economic value and the historic integrity. The District enjoys economic vitality today because of the choices made to preserve it. This building has generated a reasonable economic return for generations, as evidenced by its variety of uses, and there is no evidence to believe such return would be foreclosed in the future, but for this long-standing owner's failure to maintain the building in a state commensurate with other owners along NE Third Street.

The value to the community could be described in two ways – historic value and overall value. The applicant has argued that the historic value has been compromised as an individual structure but this determination fails to consider the contribution this building, in conjunction with the other two, makes to the overall McMinnville downtown historic district and building fabric. When considering all of the factors in OAR 660-023-0200(8)(a) together, the Historic Landmarks Commission finds that demolition of 611 NE Third Street is not appropriate.

#### *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.** In adopting the criteria for demolition in 17.65.050, the City adopted protection measures as provided by this requirement.

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## 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:** As explained in these findings, the demolition request is not approved and the building will remain on the McMinnville Historic Resources Inventory.

- (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.

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## **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:** A draft Contaminated Media Management Plan (CMMP) that addresses all three properties has been included (Contaminated Media Management Plan, October 13, 2022). The CMMP is a requirement of the Prospective Purchaser Agreement between the Applicant and Oregon Department of Environmental Quality ("DEQ"). As a practical matter, former automotive shops and fuel stations are routinely redeveloped and there is nothing about these buildings that presents a unique risk. The draft CMMP requires removal and safe disposal of any contaminated media (i.e. soil or ground water), and recommends only standard protective measures to mitigate the limited identified risk of petroleum contamination.

This is sufficient to satisfy Goal II of the City's Comprehensive Plan, which implements Statewide Planning Goal 6. Goal 6 requires that the local government establish that there is a reasonable expectation that the use for which land use approval is requested will also be able to comply with the state and federal environmental quality standards that it must satisfy to be built. *Hess v. City of Corvallis*, 70 Or LUBA 283 (2014). The City's comprehensive plan does not address soil contamination, and with respect to water, Policy 10.00 of the Comprehensive Plan provides that "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." The Applicant's ongoing work with DEQ through the PPA process is evidence not only that DEQ will provide sufficient oversight to ensure the safety of workers and the public, but also demonstrates that the Application will be able to comply with DEQ's standards.

### **FINDING: SATISFIED WITH CONDITION OF APPROVAL**

***If approved, the following condition of approval would be necessary:*** 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.*

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**APPLICANT RESPONSE:** None

**FINDING: SATISFIED WITH CONDITION OF APPROVAL.**

***If approved, the following condition of approval would be necessary:*** 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.**

***If approved, the following condition of approval would be necessary:*** 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 the value and significance of the building, its condition, the owner’s failure to maintain the building commensurate with other owners and contributing to any modest economic returns,

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and its overall contribution to the significance of the District all work against approving this request for demolition. 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 Plan<sup>7</sup> (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 3<sup>rd</sup> 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.”<sup>8</sup> 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.** 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.

***If approved, the following condition of approval would be necessary:*** 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.

***If approved, the following condition of approval would be necessary:*** Prior to submittal for building demo permit provide Engineering with detailed demolition plans for review and approval.

- 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.

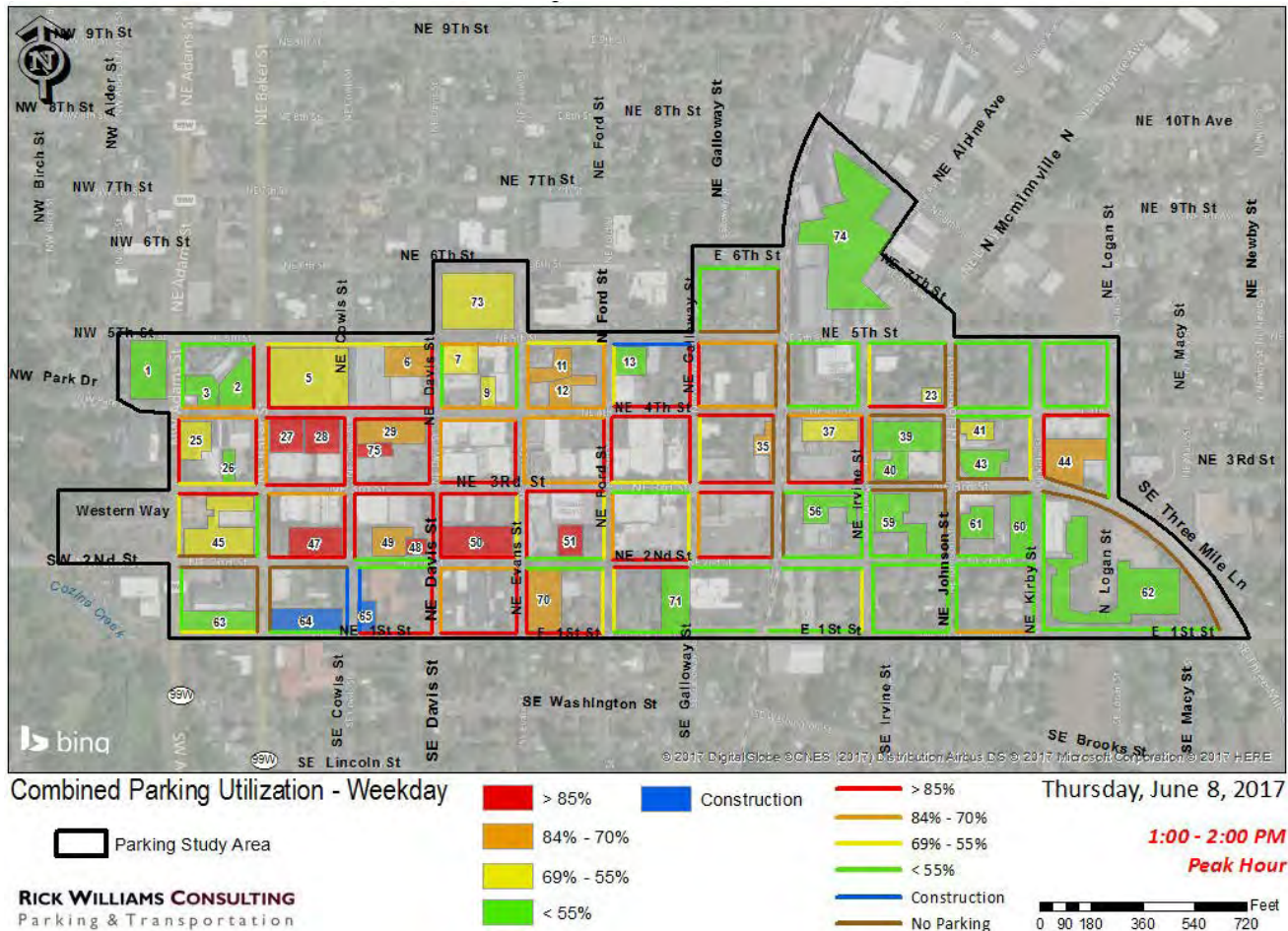
Parking in the core downtown area is limited. However, a utilization study conducted in 2017 identified that parking on Ford Street between 3<sup>rd</sup> and 4<sup>th</sup> Streets was maximized at the peak hour of a weekday. Although the McMinnville Municipal Code does not require the provision of off-street parking for new developments on this site, the replacement project is providing 67 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)

**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,*

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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.

- 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 67 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 67 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)*

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**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:**

***If approved, the following condition of approval would be necessary:*** 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:**

***If approved, the following condition of approval would be necessary:*** 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:*

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:**

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***If approved, the following condition of approval would be necessary:*** 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.

**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.

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**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 <sup>rd</sup> Street     | \$515,480           | \$664,643              |
| 611 NE 3 <sup>rd</sup> Street     | \$742,760           | \$1,010,601            |
| 611 NE 3 <sup>rd</sup> Street BPP | \$41,333            | \$41,333               |
| 619 NE 3 <sup>rd</sup> Street     | \$482,993           | \$556,964              |
| <b>Total</b>                      | <b>\$1,782,566</b>  | <b>\$2,273,541</b>     |

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 3<sup>rd</sup> 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.** 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.

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***If approved, the following condition of approval would be necessary:*** Prior to the approval of a demolition permit, the applicant will need to meet with the McMinnville Downtown Association to develop a program that will educate local citizens on the benefits associated with an active historic preservation program, that will then be approved by the Planning Director.

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 3<sup>rd</sup> and Ford streets and complement the three-story buildings on each corner.

**FINDING: NOT SATISFIED.** As the findings for the replacement plan project explain, the new construction fails to be compatible with the nearby buildings with respect to massing and overall building width. As such, it does not 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*

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*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 3<sup>rd</sup> 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 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 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:*

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**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 the structure at 611 NE Third Street retains historic integrity, contributes to the significance of the District, and has an economic use that favors continued preservation and protection. Therefore, the demolition is denied.

**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.

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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

APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022): The applicant has provided the following additional information as described in Attachments 4-8:

- Phillip Higgins, a licensed commercial real estate broker, has provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memo includes high-level profit and loss information. See Attachment 4.
- 2022 Yamhill County Tax Assessor data including Assessed Value, Taxable Value, and Real Market Value and property taxes paid between 2018 and 2022 has been provided. See Attachment 5.
- An estimate of the cost of rehabilitation of the property from Hugh Construction, which is an entity separate from Hugh Development, provided the enclosed pro-forma showing the costs and likely returns from rehabilitation of the three structures. While no other contractors could provide an estimate without a more developed renovation plan set, the contractors Hugh consulted confirmed that Hugh Construction's estimate was reasonable. See Attachment 6.
- A report of available economic incentives for rehabilitation of the existing buildings is included as Attachment 7.
- A report by Johnson Economics comparing the economic value of the project vs. preservation of the buildings is enclosed as Attachment 8.

The following table, provided by Hugh Construction, further defines the findings included in Attachment 6:

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|                     | Current Results | Ideal Results<br>(Gwendolyn Hotel) |
|---------------------|-----------------|------------------------------------|
| Cash on Cash return | 3%              | 23%                                |
| Unlevered IRR       | -9.10%          | 13%                                |
| Levered IRR         | 0%              | 26.80%                             |
| Equity Multiple     | 0.82x           | 4.11x                              |

**APPLICANT'S RESPONSE (December 15, 2022):** The Application proposes demolition of the three structures discussed above in order to allow it to construct the Gwendolyn Hotel. The economic value of the three buildings and their future use case are substantially limited. When compared to the potential economic value of the proposed hotel, the economic factors weight in favor of demolition for all three buildings.

While certainly not a model of linguistic clarity, 17.65.050(8)(2) appears to get at the comparative economic value when compared to the historic value of the buildings proposed for demolition. It appears to also evaluate the comparative economic value of the buildings if preserved or renovated.

The potential economic value of the Gwendolyn Hotel is addressed in Exhibit 5 (Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, November 2, 2022), and can be summarized as follows:

- Total project value: \$59,735,000
- Construction cost: \$36,500,000
- Annualized property tax project: \$576,197 (2026), \$590,602 (2027), \$605,367 (2028).

In comparison, a preservation use case (with similar occupancies and no renovation) are of very limited future value. Phillip Higgins, a licensed commercial real estate broker, has provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memorandum includes projected profit and loss information. Exhibit 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022). Mr. Higgins findings are summarized below:

"Combined rents across all 3 properties are \$11,365 (assuming fully occupied) or \$136,380 annual gross. The owners did not report taxes, insurance, utility costs, but an easy assumption is that a buildings operating costs are 45-55% of the gross revenue. Using the lower ratio: \$243,280 -45% = \$75,009 Net operating income. At a 6% CAP rate this would result in a [current] Market Value of \$1,250,150."

Mr. Higgins notes that the lease rates result in a net operating income is roughly \$75,000 annually, before any loan service, tenant improvements, or major repairs:

"The Current Market Valuation excludes any debt service, excludes tenant improvements, excludes any cost to bring the buildings up to current occupancy standards/ code compliance,

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with the addition of these line items the [net operating income] would shrink significantly below lender underwriting standards for OCR/ Debt Coverage Ratios for income to payments."

Based on this analysis, the buildings in their current form are of little or no net economic value to a new owner, given the need to service acquisition debt at their current value. Stated simply, the cost of debt and tenant improvements is likely so near the net operating income that a sound financial institution is unlikely to lend on such an acquisition with an as-is use case.

Even so, the July 29, 2022 HHPR Report (Exhibit 3) demonstrates that significant work must be done on these buildings in order for them to remain viable even for this use case. Necessary repairs would include the following:

- "The 2nd level of the 609 Building would require repair and remediation should that space be occupied.
- The 2nd level of the 611 Building would require repair and remediation should that space be occupied.
- As noted in the General Conditions section, each of the three buildings have structural conditions that we recommend be further analyzed for possible remedial actions should they remain.
  - o This includes the roof truss node that is out of plane in the 609 Building, the removed built up floor beam in the 611 Building, and the rotten truss bearing in the 619 Building.
- Additionally, all three buildings have sections of the roof framing that is deteriorated and requires repair."

While there are some grants and historic preservation tax credits that may be available, work to bring the buildings back into a sound condition is likely in the hundreds of thousands of dollars. The primary historic tax benefit, the "Special Assessment of Historic Property Program" is no longer available for the 609 and 611 Buildings. The most beneficial available federal program, the Federal Historic Tax Preservation Tax Incentive Program, provides a 20% income tax credit. With a current federal income tax rate of 21%, this would yield only about \$5,700 per year for all three buildings collectively, and this assumes that the gross income from these properties would otherwise be fully taxable. State grants for particular historic buildings generally yield a maximum \$20,000. Exhibit 8 (Memorandum Regarding Historic Preservation Incentives, Otak, October 31, 2022.) All of this assumes successful competition for such grants, which is certainly not a guarantee given the diminished historic character of these buildings. In summary, there is no reason to believe that historic grant programs and tax credits will be even close to sufficient to provide the repairs identified in the HHPR report.

Upgrading the buildings to a different use would almost certainly require seismic upgrades. To explore an alternative use case that would preserve but reuse the buildings for a hotel, the Applicant engaged its subsidiary Hugh Construction Company to prepare a financial pro-forma for re-use of the buildings as a hotel with ground-floor retail.<sup>3</sup> This is enclosed as Exhibit 6 (Construction Cost Estimate and Financial

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<sup>3</sup> While no other contractors could provide an estimate without a more developed renovation plan set, the contractors Hugh consulted confirmed that Hugh Construction's estimate was reasonable.

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Model for Re-Use of Historic Buildings, Hugh Construction, November 2022). The key findings are as follows:

- The base construction costs are anticipated to be \$11,430,000, with a total project cost of roughly \$20,000,000, excluding land acquisition.
- The total construction costs, along with soft costs and land acquisition costs are anticipated to be \$24,994,838.
- Due to the limited number of rooms, high cost of historic rehabilitation and retrofit, and debt service, the total net operating income from the project will be approximately \$813,419, with an annual cash flow of only \$516,922. Note that this is before debt service. Net cash flow from the property as a whole is negative, with cash investments in the negative throughout the period to fiscal year 2032, as demonstrated by the cash income statement on pg. 8 of Exhibit 6 (Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022).

Considering this alternative program, the Johnson Economic Study dated Nov. 2, 2022 analyzed the potential returns as follows:

"Renovation of the site for lodging uses would require a significant investment in restoration to bring the structure into conformance with current code. The estimated current costs to develop this program is just under \$20 million in current dollars (excluding acquisition), with an overall cost of roughly \$25 million. The projected net operating income at stabilization is estimated at \$580,500, representing a 2.3% return on cost."

"The estimated capitalization rate for this type of project is likely in the 6.5% to 7.5% range. Assuming a 7.0% cap rate, the estimated value of the project would only be \$8.3 million in this configuration, roughly a third of estimated costs."

While the assumptions may shift, renovation of the current structure for retail and hotel space is highly unfeasible."

"Renovation of the structure does not provide the owner with a "reasonable economic use". There would be no expectation that the property owner or a rational developer would pursue this project as a renovation."

The upshot of the above discussions is that there is no rational economic value to a rehabilitation and re-use case for the buildings.

**FINDING:** The focus of this criterion is on the "economic use of the historic resource", the proposed action, and "their relationship to the historic resource preservation or renovation." Nothing about this criterion contemplates ensuring the owner the highest and best use or the greatest economic anticipated return on their property. Rather, the focus is on whether the proposed demolition is "reasonable" given the current and projected economic use. Although it would not be "reasonable" to put money into improvements that are unlikely to realize a return, the Historic Landmarks Commission disagrees with the applicant's assumptions that serve to foreclose other preservation options. For example, in its current condition, the building is safe to occupy, functions and is able to generate an economic use just as it has

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for generations. The applicant's desire for greater profit does not make the existing economic use in its historic condition unreasonable.

The Historic Landmarks Committee also disagrees with the applicant's premise that restoration, including a full seismic upgrade, is the only reasonable alternative for preservation or that the "do nothing" option necessarily means making no capital improvements or changing the use in order to generate greater revenue as a reasonable commercial owner might do. All parties agree that the popularity of NE Third Street in attracting and accommodating tourists has transformed this area in recent years, making these properties more valuable. It is likely that this popularity, as a direct result of preserving the unique character of an intact historic district, will continue. This natural pace of development suggests that rents in this area will continue to increase. The fact that owners are making choices to rehabilitate their Third Street historic structures, particularly properties that are adjacent to this property, suggests that such restoration is profitable and therefore, "reasonable." The Committee also notes that there are likely alternative uses or less expensive design changes that may alter the profit margins that should be considered before concluded that the historic resource has no economic use.

Further, although there may be some cost in building out the space converting from office to tourist-focused uses, those same costs affect any building owner within the Historic District equally and do not justify demolition in this particular case. The rehabilitation cost includes seismic retrofitting, which the Committee finds is not a necessary cost to rehabilitation. The only structural deficiency noted by the applicant's expert, missing built-up beams, can be repaired and it is not clear how much of the \$11 million dollars relates to that particular repair over other restoration expenses. Moreover, the applicant's expert economics analysis does not disclose how much the applicant expended on building maintenance and interior upgrades in the past so that the Committee can determine how much of these repairs are the result of deferred maintenance. Evaluating economic reasonableness with respect to preservation alternatives requires some evaluation of the lengths to which a property owner tried to protect the value of its investment over time.

In conclusion, the Historic Landmarks Committee was not convinced that the only reasonable economic choice was demolition. There may be less expensive and more profitable alternatives that would include preservation of the existing structure. For this reason, this criterion is not satisfied.

**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

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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 3<sup>rd</sup> 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*

#### 611 NE Third Street

The building at 611 NE 3<sup>rd</sup> 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 3<sup>rd</sup> 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:** 611 NE Third Street was designated on the City's HRI and the National Register of Historic Places as a secondary significant resource for its contribution to the Historic District. As explained above, this was based on the time of building construction as well as the original design elements in the roof and the second floor. Although the first floor has been remodeled, the building still conveys these historic circumstances, making it worthy of saving.

Demolition of this building alone, and when coupled with the other two proposed for removal, would create the first (and only) block along Third Avenue to have no contributing historic structures. Allowing demolition of this building would erode the historic integrity of the District as a whole.

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For these reasons, the Historic Landmarks Committee finds that the historic value and significance of the resource does not support demolition.

**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.

HHPR 's Existing Building Summary identified a number of structural issues with these buildings, which are explained in detail below. Its general conclusions are that the buildings need significant work soon: "If we were in a position to advise the building owner, we would recommend that these items be addressed in the very near future." Exhibit 2 (Existing Building Structural Summary, HHPR, November 6, 2022). This is just to get the building back to something resembling their original design structural capacity. All have significant structural issues. For example, the 609 Building has a major truss that must be replaced. The 611 Building has load-bearing laminated beams that have been cut. Most of the roof trusses in the 619 Building are rotten where they intersect the party wall along the 611 Building. All of these conditions must be addressed.

The buildings are also all constructed of unreinforced masonry. Exhibit 2 (Existing Building Structural Summary, HHPR, November 6, 2022) provides a detailed literature review explaining why seismic reinforcement of these buildings is advisable, and concludes as follows:

"Like other similar URM buildings, the three buildings under review in this report would have the potential for similar failure points. Generally, these failure points could be attributed to the lack of ductility associated with URM construction and the lack of positive connections between the floor and roof framing and the walls of the structure. The anticipated failure points could be:

- In plane shear failure of the URM walls
- Out of plane bending failure of the URM walls
- URM walls pulling away from the roof or floor framing resulting in roof or floor collapse

Given their higher risk profile, URM buildings represent a unique and complicated challenge to the structural engineering community, to the building owners and to the community at large."

It is important to recognize that any significant changes to these buildings (such as significant tenant improvement) would likely trigger seismic retrofit to some degree. This is a likely scenario, for example, if the upper floors of the 609 and 611 Buildings are put back into use and qualify as an "alteration." Also, changes in occupancy and structural alterations (such as those required to address the buildings' identified structural problems) would likely trigger additional upgrades under the Existing Building Structural Code, as adopted by the State Building Codes division.

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The costs of such upgrades are likely infeasible for these buildings in their current occupancy; as explained by the Western States Seismic Policy Council, "upgrading existing buildings to resist earthquake forces is more expensive than meeting code requirements for new construction." <https://www.wsspc.org/public-policy/legislation/oregon/>. This is also demonstrated by the memorandum provided by Mr. Higgins (Exhibit 7, McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022), which demonstrates that such improvements are not financially feasible.

The physical condition of certain building elements-particularly those from the historic period of significance-is provided in the HRA. Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022). However, the HRA does not characterize the general condition of the buildings as a whole. The physical condition of the building is explained below:

611 E 3rd Street: Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) described the second floor elevation as being in good condition, but the building appears to be in marginal condition overall. Its upper parapet and roof system are intact. However, the HRA identifies a number of issues:

- o "No original portions of the original ground floor storefront were visible at the interior side of the storefront.
- o Significant areas of damaged ceiling finishes and areas of water infiltration are visible at the north end of the second floor, but it is unknown if water infiltration is active or if it pre-dates the roofing replacement.
- o The roof surface drains to a drain at the rear, NW corner of the building, with an overflow scupper to an external leader emptying to the lower roof of 609 NE 3rd Street below. The roof drain is completely clogged, and it is therefore likely that during rain events water pools at this area of roofing, possibly infiltrating to the interior before reaching the overflow scupper.
- o The second-floor interior is vacant and has been unused for a significant period of time. Little of the original finishes remains. Finishes at the northern portion of the second floor are in poor condition. Outlines of removed partitions are visible in the remaining finish floor. Round pipe columns supported on added wood beams appear to have been added throughout to shore up the wood joists above and to distribute the load to joists below. The underside of the roof deck was not visible. Windows at the north elevation have been removed, and the openings enclosed with plywood with visible daylight at the perimeter, allowing air and water infiltration."

The HPR Existing Building Summary (Exhibit 2, Existing Building Structural Summary, HPR, November 6, 2022) identifies the following structural deficiency in the building:

"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. 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."

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HHPR's initial structural review of the building, dated July 29, 2022 {Exhibit 3}, identified the following issues:

- o "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.
- o 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.
- o The north elevation has a series of old window openings along the 2nd level that have been filled in, however the condition of the wall and infill is poor with a significant amount of water entering the building and debris from bird nests."

The July 29, 2022 HHPR report describes the general condition of the buildings as follows:

- o "Each of the three buildings has portions of brick wall that are in poor condition that would require significant work to remediate including new mortar and the replacement of bricks.
- o Each of the three buildings has portions of the roof structure that are rotting and are in poor condition. While it may be that the roofing has been repaired, it does not appear that in certain areas the supporting structure has been repaired. These areas also coincide with areas of the brick wall that are in poor condition
- o 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
- o The removed floor beams distributing roof load in the 611 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain.
- o The rotting bearing points of the roof trusses in the 619 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain."

Based on the information provided in Exhibits 1 (Historic Resources Assessment, Architectural Resource Group, November 2022), 2 (Existing Building Structural Summary, HHPR, November 6, 2022), and 3 (Documentation of Existing Building Structures, HHPR, July 29, 2022), the general condition of the buildings is best characterized as poor or marginal at best, depending on the proposed use case. While the buildings are not "dangerous" (which condition would require removal of the existing tenants), it is clear that significant work must be undertaken to ensure these buildings' future preservation, even if they are not seismically upgraded. Bear in mind that this is the requirement for continued use of the buildings for ground-floor retail or limited-occupancy offices;

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any more intensive uses will require substantially more structural upgrades. It is also important to note that, under both state and local criteria, the buildings need not be considered "dangerous" in order for their condition to be a major factor in allowing their demolition.

**FINDING:** The applicant argues that the combination of structural issues associated with a lack of building maintenance and investment and the structural costs of reinforcing unreinforced masonry buildings is a significant cost burden for a one or two-story building to overcome. And the city concurs. However, unreinforced masonry buildings are rehabilitated all of the time and lack of maintenance should not be justification for demolition of a historic resource.

The physical condition of the building is not a stand-alone reason to allow demolition of the property but however it is part of a collective consideration. The Historic Landmarks Committee finds that the applicant's identification of removal of a number of floor beams are not physical conditions that are uncommon to historic buildings or circumstances that are so extreme as to justify demolition rather than restoration. Further, the record does not reflect what steps the owner has taken to protect the building and avoid demolition by neglect, which the Committee finds is directly relevant to evaluating how a building's poor physical condition might serve as a basis for demolition.

**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
- 67 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 3<sup>rd</sup> 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.

**APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022):** As noted in the land use application narrative dated August 6, 2022, the MAC-Town 2032 Economic Development Strategic Plan includes several relevant goals. The application to these goals focused on the potential of the proposed new Gwendolyn Hotel to implement the MAC-Town 2032 Plan.

Per staff’s request, these addition responses focus on how the existing buildings could, or could not, implement the Plan.

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**Goal 6 : Be a leader in hospitality and place-based tourism**

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.*

[...]

Following the adoption of the MAC-Town 2032 plan, the City revised its off-street parking and site landscaping requirements to exempt large portions of downtown, allowing more efficient use of the limited area in the downtown core.

Staff does not dispute that the current 1- and 2-story buildings do not represent the highest and best use of the site. The C-3 zone is applied to downtown McMinnville and other commercial areas, and includes a height allowance of 80 ft. The zero setback requirements, off-street parking exemptions, and landscaping exemptions encourage buildings that occupy the entire site. The proposed development will intensify the use of the corner of NE Third and Ford streets and will offer the highest and best use for the site under current zoning regulations.

*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.*

“Hospitality” generally includes housing and entertaining visitors, including lodging, food and drink, and activities. Likewise, “local opportunities” typically refer to available properties with willing sellers.

The proposed development includes hotel, restaurant, and retail uses, as well as a rooftop deck and lap pool. The rooftop space will be available for rent for special events and gatherings, filling an identified need in downtown McMinnville.

The existing buildings are available for sale by willing sellers. They do not currently include hospitality uses and cannot be upgraded to accommodate them without triggering substantial seismic and building code upgrades.

As noted in Attachment 6, upgrading the buildings to add 13 hotel guestrooms would cost almost \$25 million, which is not financially feasible. The building could be converted to a wine tasting or food service use, which would trigger the same seismic and building code upgrades noted above and would provide even less income.

*Goal 6.4: Market and promote McMinnville.*

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[...]

*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.*

The current buildings include small meeting areas to serve the tenants. They do not include conference space or lodging for conference attendees. In order to accommodate conference space, the existing uses would need to be removed or downsized.

The HLC can find that this factor favors demolition for the following reasons.

- As explained in detail in response to OAR 660-023-0200(8)(a), the buildings are listed as contributing to the district primarily due to their dates of construction. All appear to have been constructed (or at least re-constructed) for use as automobile garages and a car dealership and, in the case of the 609 Building, a gas station. The buildings were designed and adapted to this purpose. The buildings have each lost at least half of their historic facades (indeed, the 609 Building has lost its entire original facade), and the upper floors of the 609 and 611 Buildings are unoccupied and have few remaining interior historic finishes. Remaining historic features generally include some window casings on the 609 Building, the parapets on the 611 and 619 Buildings, and some interior features. Otherwise, their remaining characteristics are simply their masses and structural elements. For this reason, their historic value is low after having been substantially compromised prior to establishment of the Downtown Historic District.

There is no evidence that any of these buildings are connected with important historical events. While the 609 Building was built by McMinnville resident Frank W. Fenton, Mr. Fenton was a developer and built several buildings, and there is no evidence that he made personal use of the building for long, if at all. And, this building does not resemble at all its original exterior during the period in which Mr. Fenton might have made use of it. There is also no evidence that these buildings served as community gathering spaces during their periods of historic significance.

Based on the above, the public interest in preservation of these buildings is confined to the fact that they are listed as contributing structures within the Historic District. There are no other factors that reasonably weigh in favor of preservation. On the other hand, they are not remarkable in relation to the other contributing buildings within the Historic District and they retain very little of their respective historically-relevant features, most of which have been covered with stucco or removed. For all of the above reasons, the HLC can find that the public interest in their preservation is low.

- The buildings will require substantial structural repairs to continue to be used for the limited retail and office uses they have been used for since the establishment of the Historic District. Seismic retrofit of the buildings is unaffordable if their current configuration is maintained, and there is no positive return on investment if they were to be rehabilitated for use as a hotel.
- As explained in the HRA, the primary historical value of these buildings is their location, massing, and roof configuration. Assuming that the buildings' massing must be retained

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for that reason, no owner will be able to meaningfully intensify their uses. This is a further headwind against any substantial repair or seismic upgrade. Therefore, the economic value of the buildings to the City is represented by their current uses, with a Current Market Value of \$1,250,150 for all three buildings, collectively. Exhibit 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022). This is less than the combined assessed value of the buildings, noted below. Even excluding debt service obligations and tenant improvements, the collective market value of the buildings is only \$2,230,066. On the other hand, the projected market value of the Gwendolyn after construction and occupancy in FY 2025 is roughly \$64M after an investment of approximately \$61 M. Exhibit 10 (The Gwendolyn Financial Pro-Forma, December 15, 2022).

The combined assessed value of all three buildings in 2022 is \$1,793,470; at a combined rate of 16.4925 these collectively generate roughly \$29,500 in annual property tax revenue, with roughly \$10,670 of that amount going to the City of McMinnville. Exhibit 9 (2022 Tax Statements). Assuming a standard rate (non-historic) of 16.5854, property taxes after completion and occupancy of the Gwendolyn in 2025 would be \$327,917. Exhibit 10 (The Gwendolyn Financial Pro-Forma, December 15, 2022).

Construction of the Gwendolyn will be a significant draw to McMinnville's downtown, increasing traffic to businesses within the Historic District. Given that this will increase the value of the other buildings in the Historic District, construction of the hotel is likely not only a benefit to the City from a financial perspective, but also a long-term benefit to the district itself. According to the Nov. 2, 2022 Johnson Economics Report, "[t]he proposed new hotel would provide significant economic value on the site, supporting the ongoing positive investment patterns in downtown McMinnville. Keeping the existing structures would effectively preclude new investment on the site, and result in underutilization of the parcels while yielding no economic return.'

- For the above reasons, the HLC can find that the proposed Gwendolyn Hotel is an "an improvement program of substantial benefit to the City." Preservation of these buildings presents a substantial barrier to this program because these buildings must be removed to allow for construction of the Gwendolyn, because they have little to no economic viability for adaptive re-use, and because their value under their current use case is miniscule compared to the proposed development. It is also worth considering that the value of the buildings is likely to decline even in their current or similar tenancies unless structural repairs are made; as explained above, such repairs are likely not financially rational without a more intensive use case for the buildings, which itself may trigger seismic upgrades.

**FINDING:** The Historic Landmark Committee finds that, although the Gwendolyn Hotel would further the economic development interests identified in the Comprehensive Plan, the subject property is not the only location in which to accomplish these objectives. For example, there are non-contributing and/or non-historic structures on the corner of Galloway Street and NE Third Street that might be able to accommodate a hotel with many of the high-end luxury accommodations that the applicant seeks. Further, there are other uses that could be accomplished within the existing structures that would move the needle in attracting tourists and greater businesses downtown. The Historic Landmarks Committee notes that it received dozens of statements from residents expressing a desire to see these buildings

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preserved which serves as substantial evidence that there is a strong interest in seeing these buildings preserved and the significance of retaining the historic integrity of the district.

For these reasons, the Committee finds that denying this demolition request is not a deterrent to achieving other public interest objectives.

**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.

The public interest in the resource's preservation is not clearly articulated in any adopted document. However, the HLC can find that the public interest in preservation of these buildings is related to their ability to reflect their historical period of significance. As explained above, these buildings do so to only a limited degree because their facades have been largely replaced. Therefore, the public interest in their preservation should be viewed as reduced as compared to buildings that have not been substantially altered, and such interest is largely a factor of their year of construction.

The public interest in their preservation must necessarily include their ability to serve an economic function to McMinnville's historic Downtown. As explained above, the current economic viability of these buildings and their future prospects are poor. Adaptive re-use is not a realistic option because of the significant structural upgrades that would be required, and re-use of the buildings for the hotel use proposed by the Applicant is not economically feasible.

In view of both of these factors, the public's interest in these buildings' preservation seems limited at best, and low when compared to buildings in the District which have better future economic use prospects or better reflect their original appearance, or both.

The question posed by this criterion was directly evaluated in the Johnson Economics Report (Exhibit 5). This report concludes as follows:

"Keeping the buildings in their current use would negate the requirement to upgrade the structures but would also limit the amount of investment that could be made within triggering the requirement. The buildings have structural deficiencies and obvious deterioration that would need to be addressed prior to re-tenanting in any of the buildings.

Building the hotel above the existing structures would require a complete seismic upgrade of the structures, and new columns to support the hotel would need to penetrate the structures. The cost of this type of structure would be substantially higher than new construction and the resulting development would be significantly less efficient.

As a result of these myriad factors, the retention of the existing structures would cause substantial financial hardship to the owners. Based on our previous experience, the likely cost of the necessary improvements and upgrades would render the cost of space to likely be

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hundreds of dollars more per square foot than new construction. If the redevelopment was not done and the buildings were kept in their current use without significant upgrades, they would pose a life safety hazard and may not be insurable. The structures are depreciated to a point in which Investments in the structures would be unlikely over time as they would not yield an economic return. As a result the properties would be likely to face an extended period of declining condition and underutilization for the foreseeable future."

This conclusion is consistent with the other information discussed above, which generally demonstrates that the buildings are not likely to generate a meaningful return for Hugh Development with a current or similar tenant mix. This is reflected by the fact that the actual market value when accounting for debt service is actually less than the assessed value of the property. See Exhibits 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022) and 9 (2022 Tax Statements).

For the above reasons, the HLC can find that retention of the buildings in their current configurations would not just be a financial hardship to the owner, but will likely result in the eventual degradation of the buildings to the point where demolition for safety reasons becomes increasingly likely. These practical headwinds against continued use of the buildings in their current configurations far outweigh the buildings' relative contribution to the objectives of the Historic District, as discussed above, and therefore outweighs the public's interest in preservation.

**FINDING.** The Historic Landmarks Committee disagrees with the applicant's premise in response to this criterion that "the public interest in the resource's preservation is not clearly articulated in any adopted document." First, Comprehensive Plan Goal III 2 requires that the "preserve and protect...structures....of historical, [or] architectural...significance to the City of McMinnville. This significance is well established by the HRI and the National Register designation documentation set forth in the record. This is not just the building's age, but its scale, roof, and original 2<sup>nd</sup> floor elements. The Historic Landmarks Committee further rejects the idea the public interest is not served in protecting this building, as well as the other two buildings for their contribution to the Historic District. Therefore, this criterion is not satisfied.

**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.

For the above reasons, the HLC can find that the retention of these three buildings would not be in the best interests of the citizens of the City. These reasons can be summarized as follows:

- The buildings do not reflect their appearance or use during their respective periods of significance.
- The building have few remaining residual historic features charactering the Historic District, aside from their masses, structural frames, and roof lines.
- The buildings have limited value under current uses.
- Current or similar uses are probably unable to generate sufficient value to repair the buildings.
- Adaptive re-use would require seismic upgrades and the buildings cannot be economically used for hospitality.

On the other hand, the economic opportunity for the Historic District presented by the proposed Gwendolyn Hotel far outweighs the limited benefits of building preservation, as discussed above.

Historic features identified by the HRA, such as belt courses and cornices, are emulated by the proposed architectural design of the Gwendolyn. Any moveable historic features of these buildings, such as windows, can be incorporated into the proposed building. The remaining characteristics of the buildings—their massing and roof line—can be easily documented with photographs.

For these reasons, the HLC can find that on balance, retention of these buildings would not be in the best interest of the City's citizens when weighed against the benefits of the proposed Gwendolyn Hotel.

**FINDING:** Although the applicant relies on expert consultants to downplay the importance of the resource, the Commission findings that determining what is the “best interests of a majority of the citizens of the City” is best represented by the testimony of those who testified which overwhelmingly favored denying this application. It is because these buildings retain the historic integrity that made them suitable for designation, communicate a historic significance of automobile culture – as set forth in the January 4, 2023 letter from Ernie Munch – that is not reflected in those designations, and the claimed economic hardship particular to this owner is not established, the Commission finds that demolition is not in the best interests of the citizens.

#### **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*

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*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:*
  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.*

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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.
  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.

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- 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:** First evidentiary hearing, September 29, 2022, 3:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 859 9565 0539, Meeting Password: 661305

Hearing continued to December 8, 2022, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 892 5565 1124, Meeting Password: 257277

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Hearing continued to January 5, 2023, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 831 7965 5545, Meeting Password: 725658. At the conclusion of this meeting, the record was closed to further testimony.

Meeting continued to January 26, 4:00 PM for Historic Landmarks Committee deliberation, a decision and adoption of written findings. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 885 9559 0268, Meeting Password: 925948.

**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, 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 17.59.030(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. The original 120-day deadline was January 5, 2023. Per an email dated September 29, 2022 from Garrett H. Stephenson, the applicant requested a 70-day extension to the 120 day decision deadline. As a result, the 120 deadline was extended to March 16, 2023. Per an email dated December 1, 2022 from Garrett H. Stephenson, the applicant requested an additional 30-day extension for a total of 100 days added to the 120 day decision deadline. The current deadline for taking final action on the application is April 15, 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.

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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 Certificate of Approval for the demolition of the structure at 619 NE Third Street (HL 8-22).

////////////////////////////////////  
**DECISION:**     **APPROVAL**     **APPROVAL WITH CONDITIONS**     **DENIAL**  
////////////////////////////////////

Historic Landmarks Committee:   
John Mead, Chair

Date: 1/20/23

Planning Department:   
Heather Richards, Community Development Director

Date: 1.26.23

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## **I. APPLICATION SUMMARY:**

The applicant has provided information in their application narrative and findings 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 Historic Landmarks Commission'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 3<sup>rd</sup> 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 (reduced to 67 parking spaces per supplemental materials provided on November 4, 2022) 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 3<sup>rd</sup> Street pedestrian experience.*

**(Application Narrative, page 3)**

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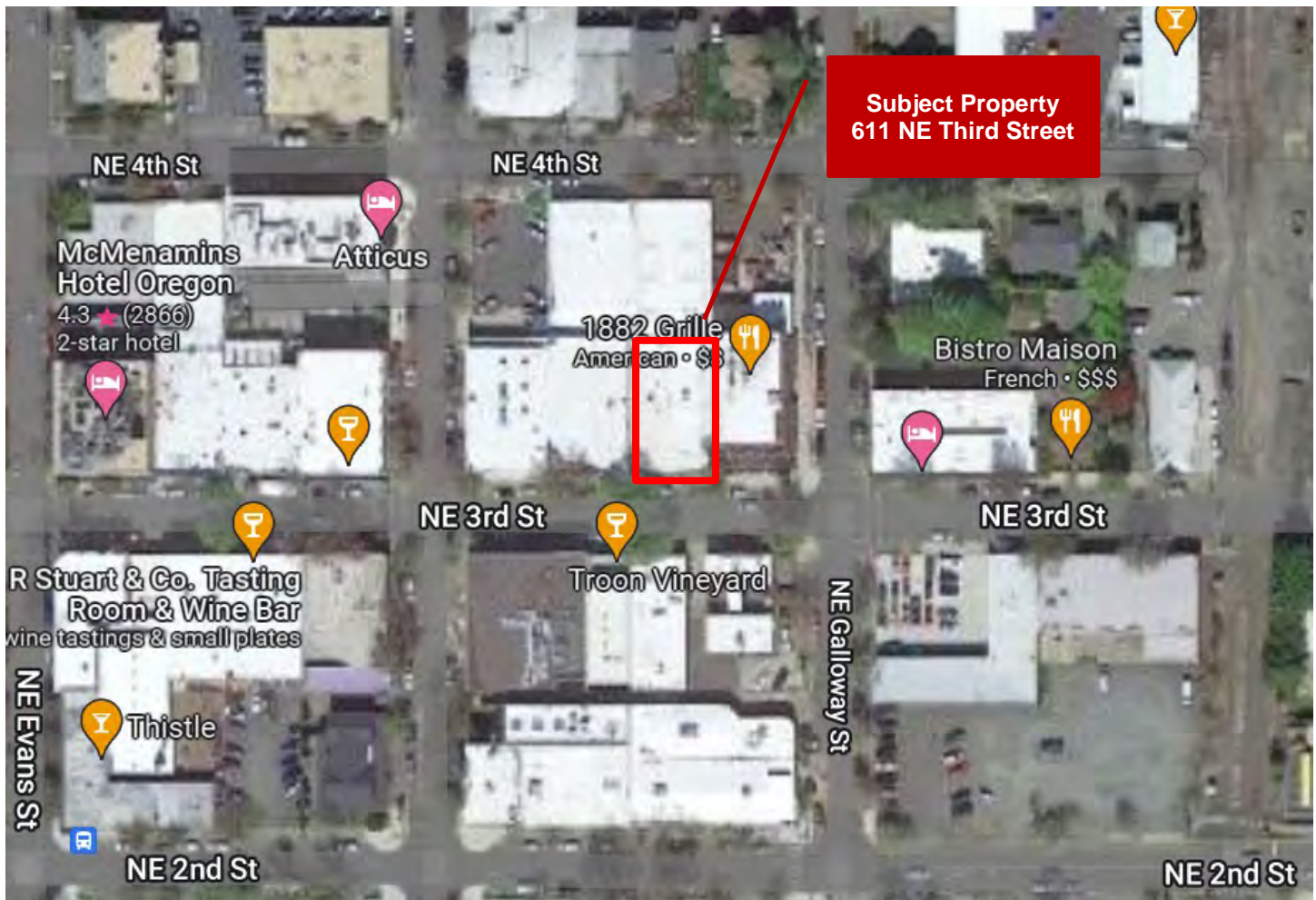
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**Subject Property & Request**

The subject property is located at 619 NE Third Street. The property is identified as Tax Lot 4201, 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.**

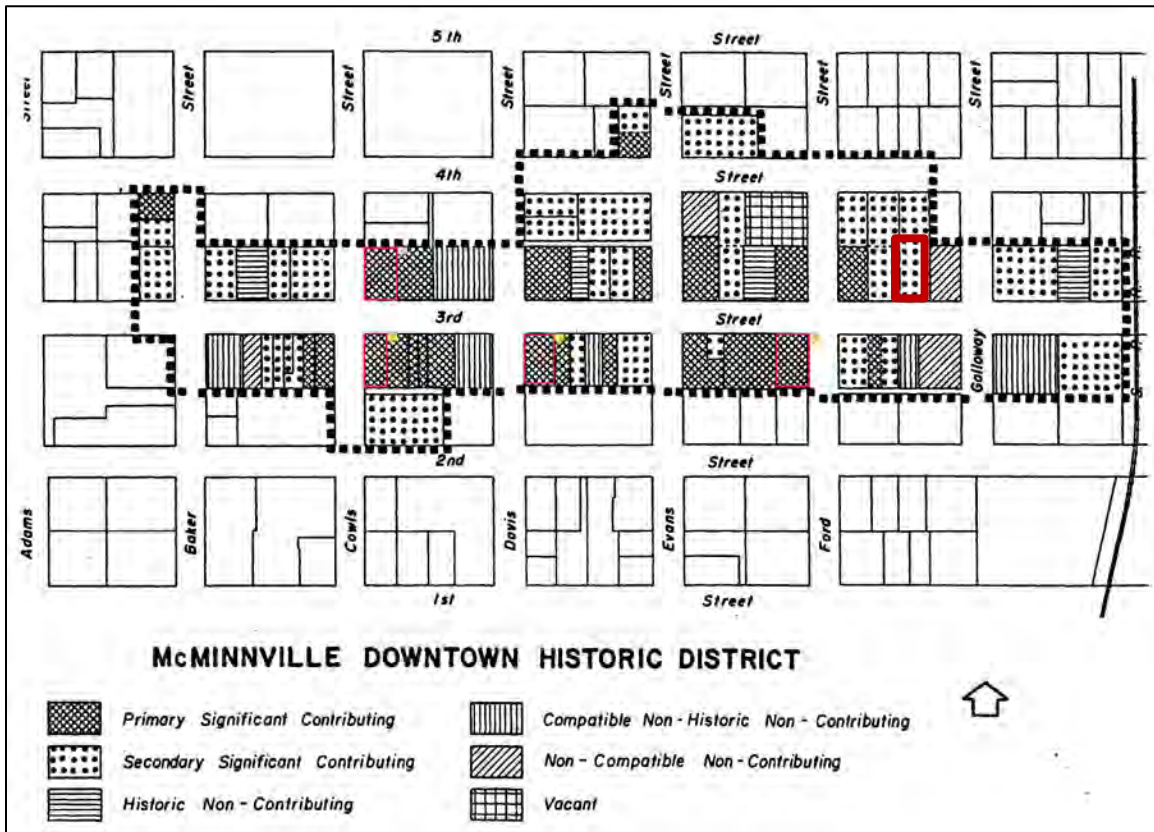
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Figure 2. McMinnville Downtown Historic District Map



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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.

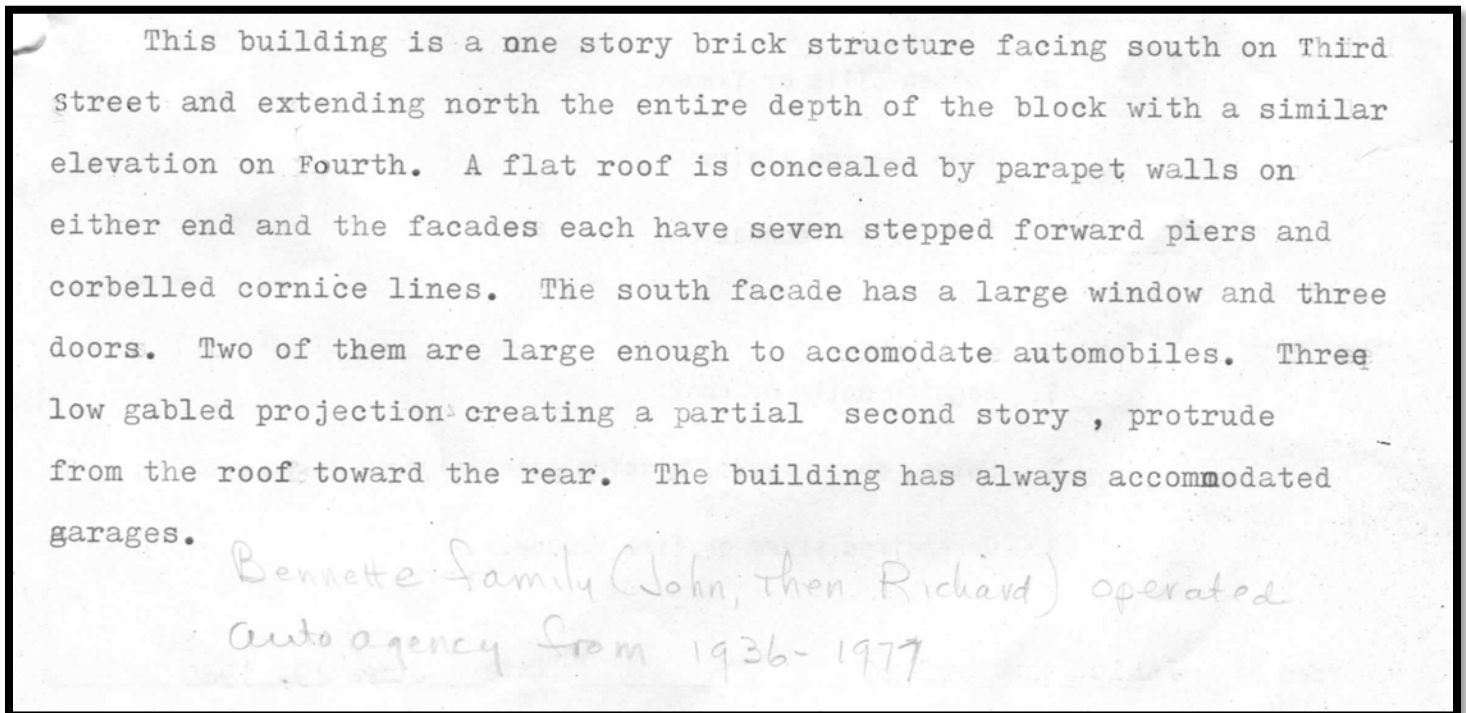
The Bennette family had an auto agency in this building from 1936-1977. The building does not show on the Sanborn Fire Insurance Company maps until 1928. Yamhill County Tax Assessor records show 1923 for the date of construction.

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)**



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.**

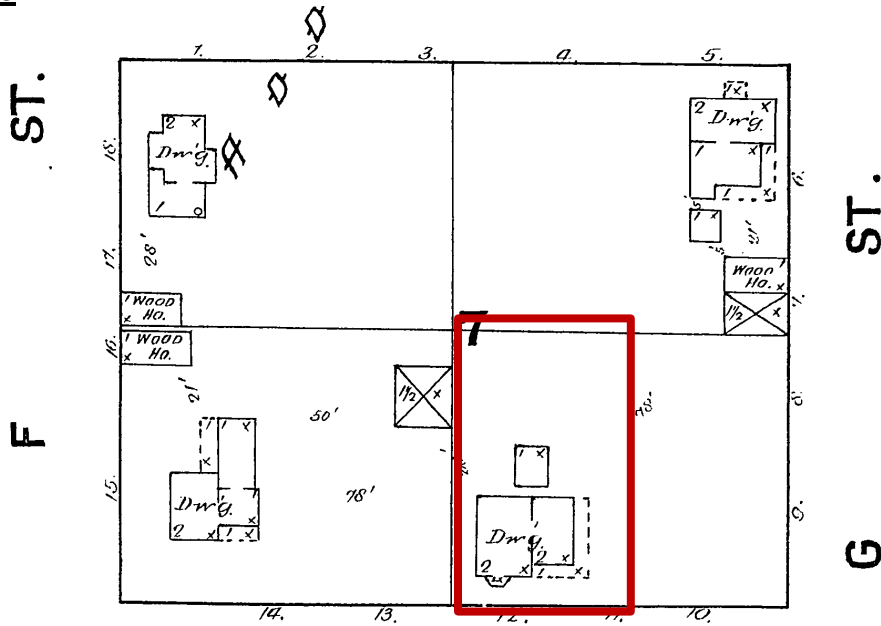
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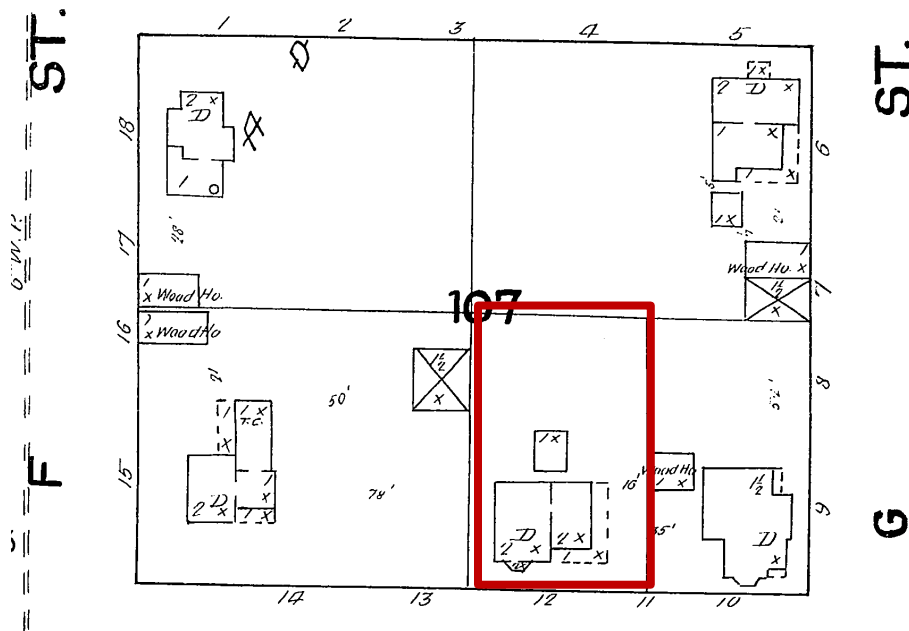


Figure 5. Series of Sanborn Maps

**Sanborn Map, 1889**



**Sanborn Map, 1892**



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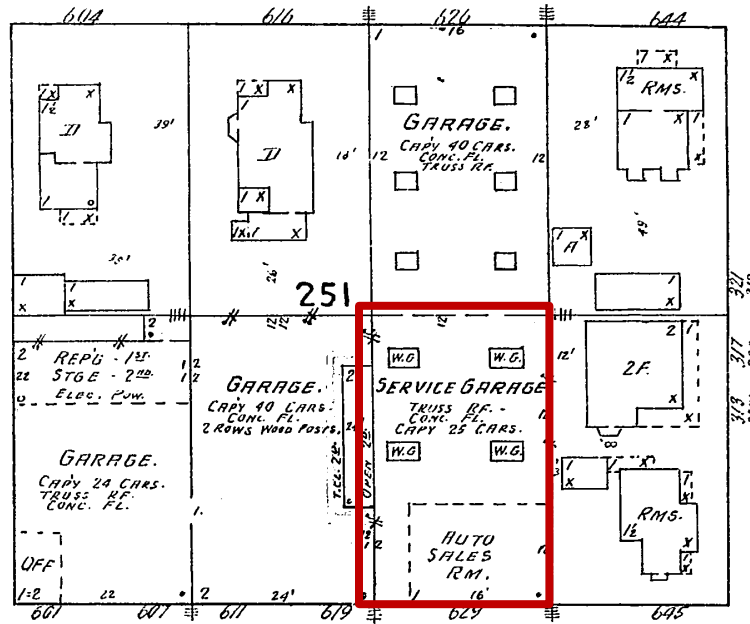
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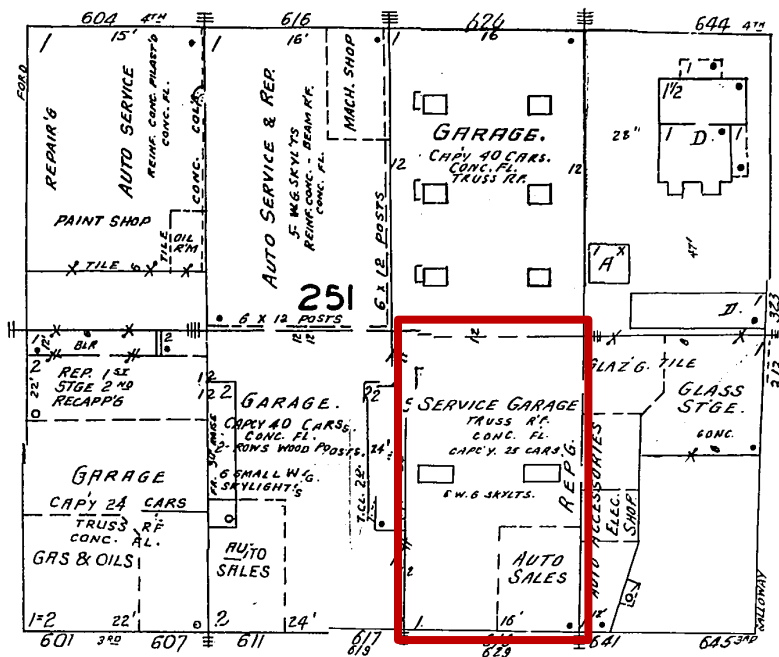




**Sanborn Map, 1928**



**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. The McMinnville Downtown Historic district was designated for meeting Criteria A (“association with events that have made a significant contribution to the broad patterns of our history”) and C (“distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction”) and is “most noteworthy as the place where the community’s largest, best preserved and most noteworthy historic commercial buildings are concentrated.” (Nomination p 51). Although the nomination acknowledges the alteration of a number of the ground story storefronts including the addition of stucco, the nomination emphasizes the “density, common scale, materials and overall design elements” as providing visual continuity conveying the evolution of the downtown commercial core.

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## 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.

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*

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*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 and the HLC heard testimony from the public regarding the same. These will be discussed in detail in Section VI (Conclusionary Findings) below.

## **II. ATTACHMENTS:**

### ❖ HL 8-22 Application and Attachments

#### Original Submittal (August 9, 2022)

- Application Form
- Application Narrative
- Project Structural Analysis
- Project Site Plan and Concept Drawings
- Traffic Impact Analysis
- Memorandum
- Neighborhood Meeting Materials

#### Supplemental Submittal (November 4, 2022)

- Approvability Memorandum
- Structural Report
- Historic Resources Assessment
- Contaminated Media Management Plan (October 13, 2022)
- MAC Lease Rates
- 619 NE Third Street Tax Statement
- Third Party Contractor Assessment
- Historic Preservation Incentives Memorandum
- Economic Report
- Architectural Plans
- Traffic Impact Analysis Addendum

#### Supplemental Submittal (December 15, 2022)

- Letter to City with Additional Findings
- Exhibit 1, Historic Resources Assessment, Architectural Resource Group, November 2022
- Exhibit 2, Existing Building Structural Summary, HHPR, November 6, 2022

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- Exhibit 3, Documentation of Existing Building Structures, HHPR, July 29, 2022
- Exhibit 4, Contaminated Media Management Plan (Draft)
- Exhibit 5, Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, November 2, 2022
- Exhibit 6, Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022
- Exhibit 7, McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022
- Exhibit 8, Memorandum Regarding Historic Preservation Incentives, Otak, October 31, 2022.
- Exhibit 9, 2022 Tax Statements
- Exhibit 10, The Gwendolyn Financial Pro-Forma, December 15, 2022

❖ Department/Agency Comments

❖ Public Testimony

### **III. 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. 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.
2. Study shows that queue lengths exceed storage length at the eastbound thru and westbound all of 2<sup>nd</sup> 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 & 3<sup>rd</sup> 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

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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) – 3<sup>rd</sup> 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 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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
- Email from Sylla McClellan, 09.21.22
- Email from Meg and Zach Hixson, 09.22.22
- Email from Sharon Julin, 09.25.22
- Email from Daniel Kiser, 09.27.22
- Letter from Carol Dinger, 09.28.22
- Letter from Carol Paddock, 09.28.22
- Letter from Katherine Huit, 09.28.22
- Letter from Jeb Bladine, 09.28.22
- Letter from Practice Hospitality, 09.28.22
- Email from Kellie Peterson, 09.28.22
- Letter from JP and Ames Bierly, 09.28.22
- Memo from Nathan Coopriider, 09.28.22
- Email from Elizabeth Goings, 09.29.22
- Email from Abigail Neilan, 09.29.22
- Letter from Ilsa Perse, 09.29.22
- Email from The Scott Family, 09.29.22
- Email from Mandee Tatum, 10.05.22
- Email from Crystal55dreams, 10.25.22
- Email from Peter and Linda Enticknap, 11.22.22
- Letter from Karen Saxberg, 11.17,22
- Letter from Jeb Bladine, 11.29.22
- Letter from Nathan Coopriider, 11.29.22
- Letter from Ernie Munch, 11.30.22
- Letter from Marilyn Kosel, 11.30.22\
- Letter from Nathan Coopriider, 1.3.23
- Letter from Carol Paddock, 1.3.23
- Email from Daniel Kizer,1.3.23
- Email from Michael Kofford, 1.3.23
- Email from Paul Lusignan, National Park Service, 1.3.23

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- Email from Ernie Munch, 1.3.23
- Email from Beth Caster, 1.4.23
- Letter from Ernie Munch, 1.5.23

#### **IV. 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. The applicant twice extended the 120-day deadline and the new deadline is April 15, 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.
7. At the public hearing on September 29, 2022, the Historic Landmarks Committee chose to continue the public hearing to December 8, 2022. The applicant requested to extend the 120-day decision deadline by 70 days.
8. On November 4, 2022, the applicant provided supplemental application materials based on the requests from the Historic Landmarks Committee.
9. On December 1, 2022, the applicant requested, with the concurrence of city staff, to continue the public hearing from December 8, 2022, to January 5, 2023, and to extend the 120-day decision deadline by an additional 30 days for a total extension of 100 days.
10. On December 8, the Historic Landmarks Committee continued the public hearing to January 5, 2023.

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11. On December 15, 2022, and December 19, 2022, the applicant provided supplemental materials per the request of city staff.
12. On January 5, 2023, the Historic Landmarks Committee hosted a public hearing, closed the public hearing, deliberated, and rendered a decision.
13. On January 26, the Historic Landmarks Committee voted to deny this application based on the following written findings.

## **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.

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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.

**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:** For the reasons explained below, consideration of the several factors addressed herein demonstrates that the value of these buildings to the historic character of the Historic District is relatively low, that the buildings' values with their current or similar uses are very limited and likely insufficient to provide for needed repairs, that the buildings cannot be economically seismically-retrofitted in their current configuration to allow for a hospitality or other adaptive re-use, and that the public interest in preserving them is outweighed by the public and private benefits achieved by construction of the proposed Gwendolyn Hotel..

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The above provision requires local governments to consider a number of factors when deciding whether to allow demolition of structures that are located within National Historic Districts. However, the obligation of the City is to consider these factors; the applicant is not required to prove that one or all of them are "met" as would be the case with a mandatory criterion begging a "yes or no" question. *Frankton Neighborhood Association v. Hood River County*, 25 Or LUBA 386, 395 (1993); *Von Lubken v. Hood River County*, 18 Or LUBA 18, 21-22 (1989). No particular balancing of these factors is required, either. The Historic Landmarks Committee ("HLC") can find (1) that these factors have all been considered with respect to the three buildings proposed for demolition and (2) consideration of these factors supports the Applicant's demolition proposal for each building, which are addressed separately, below.

**FINDING:** 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 the significance of the district as a whole, in addition to the contribution offered by individual resources on their own. Although the rule lists "factors" that must be considered, the purpose of considering those factors is to ensure that National Register Resources are "protected." Just giving "consideration" to these factors but not using those considerations when making decisions about demolition of National Register Resources, as the applicant advocates, would not achieve the preservation objective provided. Rather, it is only through the weighing and consideration of the listed factors that the Commission can determine if demolition can occur without sacrificing protection. Per Figure 2 of this decision document, 619 NE Third Street is considered a Primary Significant Contributing resource in the McMinnville Downtown Historic District.

### **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 3<sup>rd</sup> 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 3<sup>rd</sup> Street has rotting bearing points at the roof trusses.

The applicant is not requesting demolition of the property due to significant structural issues or imminent public safety hazards. However, additional information from the structural engineer has been provided in response to HLC requests. See Attachment 1.

*Attachment 1 – Memo from Jason Dhanens PE SE, Structural Manager, Harper Houf Peterson Righellis Inc. (HHPR) dated November 6, 2022.*

The property at 619 NE 3<sup>rd</sup> Street is classified as a "Secondary Significant Contributing" building in the Downtown Historic District. Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) explains that the property was developed as an automobile garage in 1923. At all times within the secondary historic period, the property was used as an automobile garage and by 1940 was used as a car dealership. At that time, ground floor building openings included an entry at the westernmost bay, with five windows to the east. Each of these six bays has been modified, including substantial reconfiguration of masonry openings. There were not then, and are not now, any upper-floor windows. According to Exhibit 1, the ground floor has been significantly modified.

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Condition. The HRA notes that the roof and signage are in good condition, but identifies a number of issues:

- o The original white brick of the attic story/parapet remains, although it has been painted. Original unpainted white brick remains visible at the corner of the east elevation. Significant areas of brick cracking and displacement were observed in the attic story at the southeast corner of the building.
- o Little remains of the original building materials at the ground floor. The original brick moulding at the westernmost opening remains, although the opening has been infilled with a new door.

The HPR Existing Building Structural Summary (Exhibit 2, Existing Building Structural Summary, HPR, November 6, 2022) identifies the following structural deficiency in the building:

"The bearing points of the trusses are deteriorated along the west wall and supplemental support has been framed under the trusses. This condition exists at the connection to the 611 Building and is the result of water penetration along the north south valley between the buildings."

Exhibit 2 also notes that there is cracking in the brick facade along the south exterior elevation.

HPR's initial structural review of the building, dated July 29, 2022 (Exhibit 3), identified the following issues:

- o "The bearing points of the trusses are deteriorated (rotten) along the west wall and supplemental support has been framed under the trusses.
- o This condition exists at the connection to the 611 Building and is the result of water penetration along the north south valley between the buildings.
- o The brick and mortar at south elevation show signs of deterioration and diagonal cracks along the mortar lines.
- o The east wall exterior has significant deterioration and is exposed due to the separation between the 619 Building and the recently constructed building to the east."

**FINDING:** The structural analysis does not indicate any structural issues that pose a significant or imminent public safety hazard. The structural analysis provided by the applicant does not suggest that remediating existing conditions, including the rotten bearing condition at the truss, is unreasonable or otherwise infeasible. The Historic Landmarks Committee views this concern as one that, not only should be alleviated through routine maintenance, this condition does not offer any indication that the structure is in a physical condition that is so deteriorated as to require demolition. Further, the Historic Landmarks Committee rejects the proposition that historic masonry buildings are not structurally sound simply by virtue of being unreinforced. This would assume that all historic unreinforced masonry buildings that have not been maintained adequately are justification for demolition of historic resources.

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**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 3<sup>rd</sup> 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



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.

In this context, the "Historic Integrity" of the building refers to features that existed within the date range of secondary significance. While the building is largely in the same configuration as it was in 1983 when the Historic District was established, the Historic District Nominating Form did not identify any period after 1937 as historically significant; therefore, features added after that date are not considered historically significant.

As explained in Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) and the Staff Report, the historic integrity of the building has been substantially compromised since it was originally constructed, principally due to:

- o Insertion of paired doors with wood trim elements in westernmost bay.

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- o Removal of all five windows and window openings that were originally east of the westernmost bay (four have been replaced with two double-wide storefront windows and one has been replaced with a door with sidelights and awning).
- o White brick has been painted.

Exhibit I (Historic Resources Assessment, Architectural Resource Group, November 2022) goes on to identify the following "character defining features" confirmed to be remaining with the building<sup>1</sup> include the following:

- o Brick cladding.
- o Flat parapet with corbelled cornice and six bays articulated by seven pilasters.
- o Metal flue at southeast corner of building.
- o The original wood brick molding and protective bollards at the westernmost opening (wood posts, entry and transom at this location are not original).
- o Wood trusses spanning east-west over the width of the interior space.

Note that the report, while helpful, does not address "historic integrity" specifically but only "character defining features."

The photo and caption from the HRA is illustrative of the magnitude of the alterations of the building from its characteristics during the period of significance:

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<sup>1</sup> The HRA also lists the building's massing, flat roof, and structural members as "character-defining features," but loss of these features would only occur if the building had been demolished to some extent or added on to, and are not properly considered part of the building's "historic integrity," as they indicate no more than that the building still exists with the same number of stories. Indeed, all of these characteristics would be the same even if the building had been gutted and refinished entirely. Regardless, the above factor concerns "historic integrity," not "character defining features."

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*By the time of this 1983 historic survey photograph, the window to the east of the double-wide opening had been converted to an entry and the windows in the two easternmost bays had been replaced with a storefront window spanning both bays (Historic Resources Survey, City of McMinnville, Yamhill County, Oregon).*

**FINDING:** “Historic integrity” is generally defined as the ability for a property or resource to convey its significance. Historic properties either retain integrity (that is, convey their significance) or they do not. Within the concept of integrity, the National Register criteria recognize seven aspects or qualities that, in various combinations, define integrity. These seven aspects include location, setting, design, materials, workmanship, feeling, and association. To retain historic integrity a property will always possess several, and usually most, of the aspects. OAR 660-0230-0200(8)(a) opens by noting that local governments have an obligation to protect National Register Resources, without regard to local designation. As a result, rather than rely on the HRI report which served as the basis for local designation, the National Register nomination identifies the relevant periods of significance and an evaluation of structural integrity. Historic structures were given the Secondary Significant Contributing designation when they were built between 1913 and 1937 during a secondary period of construction encouraged by the proliferation of the automobile. Of the three buildings considered for demolition, the level of historic integrity is the lowest for 619 NE Third Street. As the applicant notes, not much of the automobile-related elements remain to convey this history, although the 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.

The sign on the side has been restored/replicated.

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The Historic Landmarks Committee finds that although this building lacks the historic integrity on its own, the massing, height, materials and parapet design contribute to the integrity of the district as a whole. For this reason, the structure at 619 NE Third Street warrants preservation for the community.



1927 photograph showing the original configuration of 619 NE 3rd Street (News-Register Publishing Co).

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

**APPLICANT RESPONSE:** As noted, the building at 609 NE 3<sup>rd</sup> Street was constructed in 1904 and is 118 years old. The building at 619 NE 3<sup>rd</sup> Street was constructed in 1920 and is 102 years old. The building at 619 NE 3<sup>rd</sup> 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.

The Historic District Nominating Form identifies its construction year as 1923.

**FINDING:** The National Register evaluation factors do not place greater importance on resources constructed early in the period of significance over those that may have been created later. Demolishing three contributing, would have the effect of eliminating all of the significant historic buildings on the north

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side of 3<sup>rd</sup> Street between Ford and Galloway, creating the only block along 3<sup>rd</sup> where there are no contributing structures. As noted above, this building does not show any greater “signs of its age” than any other historic building within the District.



Photo: 1927, 4 years after construction



Current Structure

**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:

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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).*

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 3<sup>rd</sup> 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.

The City's Historic District's 1983 statement of historic significance is as follows:

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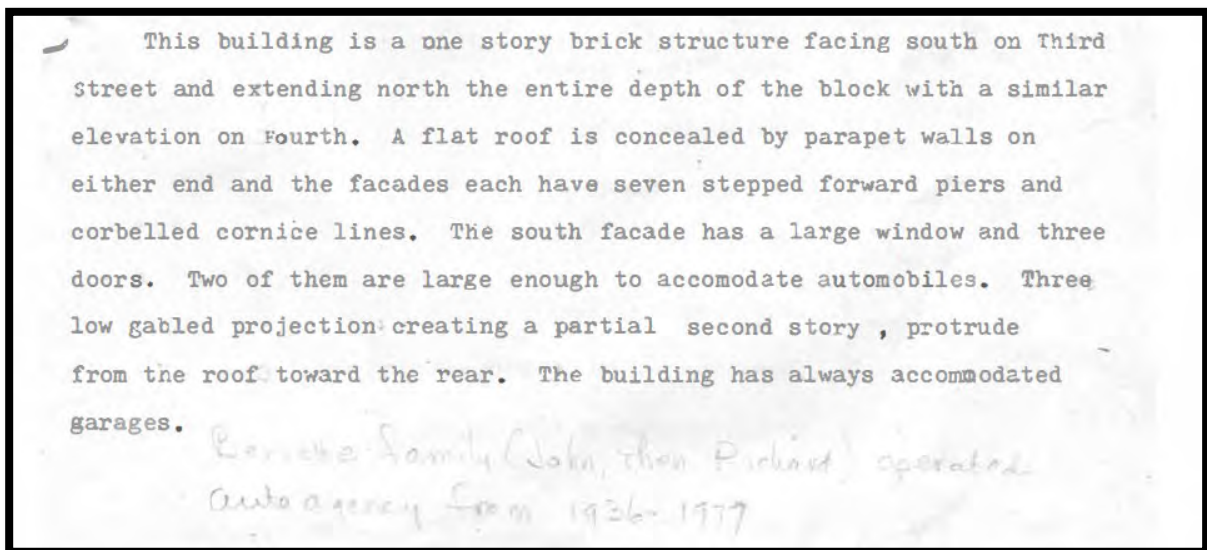
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"Historic Significance" is not defined in OAR 660-033-023. However, OAR 660-033-023(5)(a) explains that the "evaluation of significance" should be based on the following<sup>2</sup>:

*"(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. "*

With respect to (A), the Historic District's significance statement does not connect the building with any significant events. With respect to (B), the building is not noted as being associated with any particular person significant to local, regional, state, or national history. With respect to (C), there is no evidence that the building possessed a particularly distinctive or notable design, artistic values, "or represents a significant and distinguishable entity whose components may lack individual distinction." With respect to (D), given the substantial changes to the building significant and its historic use as an automobile garage and car dealership, it does not "yield information important in prehistory or history."

<sup>2</sup> Note that these are virtually identical to the National Register's "Criteria for Evaluation."

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Finally, with respect to (E) the Historic District's nominating form describes the local historic context for primary contributing buildings as follows:

"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."

All that is required to qualify a building as Secondary-Significant is construction within the date range above. According to its nomination form, the building was included because it was built in 1923.

**FINDING:** Both the National Register of Historic Places and the City of McMinnville have adopted provisions that identify the property as historically significant. Under the National Register, the district was deemed to qualify under Criteria A and C. The City of McMinnville's classification of the property as a "D" (Environmental) historic resource on the McMinnville Historic Landmarks Inventory. Albeit the local "D" classification is the lowest classification of resources on the McMinnville Historic Landmarks Inventory.

Although, if reviewed now, the property could be classified differently, that does not negate the policy action that has occurred. With that said, the assigned historic significance is not a stand-alone factor for preservation or demolition. Rather, all of the factors must be considered.

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.

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. Descendents 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 619 NE Third Street:

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### *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.<sup>5</sup>

Population growth continued between 1910 and 1940, increasing from 2,767 in 1920 to 3,706 in 1940.<sup>6</sup> 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)

However, based on the methodology at the time, the subject property was listed as a “Secondary Significant Contributing” property in the McMinnville Downtown Historic District National Register of Historic Places nomination and 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 but it continues to contribute to the overall character of the district.

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

**APPLICANT RESPONSE:** The value the buildings current(ly) provides to the community include a consistent edge along historic 3<sup>rd</sup> Street corridor, jobs for office-based employees, and a reminder of the community's past. The buildings provide minimal street-level activity 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 3<sup>rd</sup> 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.

Within living memory, the building has been used as an automotive repair shop, car dealership, and small retail spaces. The building is not associated with any particularly meaningful community history, has never been used as a community gathering place, and does not appear to have any value to the community beyond its inclusion in the Historic District.

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Balancing the assumptions that the subject structure does not retain much historic integrity, and is financially infeasible to rehabilitate, the replacement project 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).

**FINDING:** The HLC received testimony from dozens of city residents expressing concern over the loss of these buildings. The testimony from Ernie Munch, an architect, provided evidence suggesting that the value of this building was in the fact that it is a further extension of McMinnville's first auto row.

Several people also testified that the height, mass, and form of the building contributed to the overall sense of plan of Third Street, which as McMinnville's award winning Main Street, is the heart and soul of the community.

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 applicant argues that the underutilization of the building for revenue-generating commercial uses undercuts the value of the building to the community. Although this might be true in the abstract, the HLC did not hear this concern voiced in the testimony it received. Further, the Historic Landmarks Commission concludes that the building is only financially infeasible to rehabilitate because the applicant assumes that the only viable economic solution includes either doing nothing, restoring the building including full seismic upgrades or the most intense

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development that might be allowed in the zone. The Historic Landmarks Commission believes that there may be other options that the applicant did not fully explore that would retain the preservation value of this building and also allow for a greater return on investment.

### **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. 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.

**FINDING:** The replacement plan for a multi-story hotel and ground floor retail may benefit McMinnville economically but the Historic Landmarks Committee also finds that it is the historic district, its historic charm and coziness, that have made this downtown an economic success. 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. This long-time disinvestment cannot be used as a basis to claim economic hardship.

### **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.

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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; 200<sup>3</sup> (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.

The building is not identified as being rare at all in terms of design or construction.

**FINDING:** 619 NE Third Street does not possess any specific design or construction standard that would be described as rare or significant for McMinnville.

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

**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.*

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.*

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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 advance all the City's Comprehensive Plan goals while avoiding negative impacts to "Distinctive" buildings elsewhere in the downtown.

**FINDING: 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. That said, the Historic Landmarks Committee finds that these goals are not mutually exclusive and, in fact, it is the historic protections offered by the Downtown Historic District, that have contributed to its economic success. Existing commercial land exists in the downtown area, both within and outside of the Historic District, to accommodate a luxury hotel, including many of the amenities identified by the applicant. This building has been occupied with numerous different uses since construction, all resulting in neighborhood-serving uses and there is no reason to believe that either these uses, or new uses other than a 6-story hotel, could not be pursued in the future.

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

**OVERALL FINDING,:** 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

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be in bad structural condition and has not lost all of its historic integrity as the second floor and roofline appear to be historically original to the building. The applicant has tried to make the case that the economic value realized from a new 6-story luxury hotel outweighs what they have identified as limited historic integrity. The Landmarks Commission finds that this presents a false choice with respect to both the economic value and the historic integrity. The District enjoys economic vitality today because of the choices made to preserve it. This building has generated a reasonable economic return for generations, as evidenced by its variety of uses, and there is no evidence to believe such return would be foreclosed in the future, but for this long-standing owner's failure to maintain the building in a state commensurate with other owners along NE Third Ave.

The value to the community could be described in two ways – historic value and overall value. The applicant has argued that the historic value has been compromised as an individual structure but this determination fails to consider the contribution this building, in conjunction with the other two, makes to the overall McMinnville downtown historic district and building fabric. When considering all of the factors in OAR 660-023-0200(8)(a) together, the Historic Landmarks Commission finds that demolition of 619 E Third Street is not appropriate.

- (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.** In adopting the criteria for demolition in 17.65.050, the City adopted protection measures as provided by this requirement.

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:*

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- (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:** As explained in these findings, the demolition request is not approved and the building will remain on the McMinnville Historic Resources Inventory.

- (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, 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.

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**APPLICANT RESPONSE:** A draft Contaminated Media Management Plan (CMMP) that addresses all three properties has been included (Contaminated Media Management Plan, October 13, 2022). The CMMP is a requirement of the Prospective Purchaser Agreement between the Applicant and Oregon Department of Environmental Quality ("DEQ"). As a practical matter, former automotive shops and fuel stations are routinely redeveloped and there is nothing about these buildings that presents a unique risk. The draft CMMP requires removal and safe disposal of any contaminated media (i.e. soil or ground water), and recommends only standard protective measures to mitigate the limited identified risk of petroleum contamination.

This is sufficient to satisfy Goal II of the City's Comprehensive Plan, which implements Statewide Planning Goal 6. Goal 6 requires that the local government establish that there is a reasonable expectation that the use for which land use approval is requested will also be able to comply with the state and federal environmental quality standards that it must satisfy to be built. *Hess v. City of Corvallis*, 70 Or LUBA 283 (2014). The City's comprehensive plan does not address soil contamination, and with respect to water, Policy 10.00 of the Comprehensive Plan provides that "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." The Applicant's ongoing work with DEQ through the PPA process is evidence not only that DEQ will provide sufficient oversight to ensure the safety of workers and the public, but also demonstrates that the Application will be able to comply with DEQ's standards.

**FINDING: SATISFIED WITH CONDITION OF APPROVAL**

***If approved, the following condition of approval would be necessary:*** 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.**

***If approved, the following condition of approval would be necessary:*** 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.**

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***If approved, the following condition of approval would be necessary:*** 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 the value and significance of the building to the district, its condition, the owner’s failure to maintain the building commensurate with other owners and contributing to any modest economic returns, all work against approving this request for demolition. 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:

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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 Plan<sup>7</sup> (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 3<sup>rd</sup> 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.”<sup>8</sup> 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

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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.** 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.

***If approved, the following condition of approval would be necessary:*** 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.

***If approved, the following condition of approval would be necessary:*** Prior to submittal for building demo permit provide Engineering with detailed demolition plans for review and approval.

- 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.*

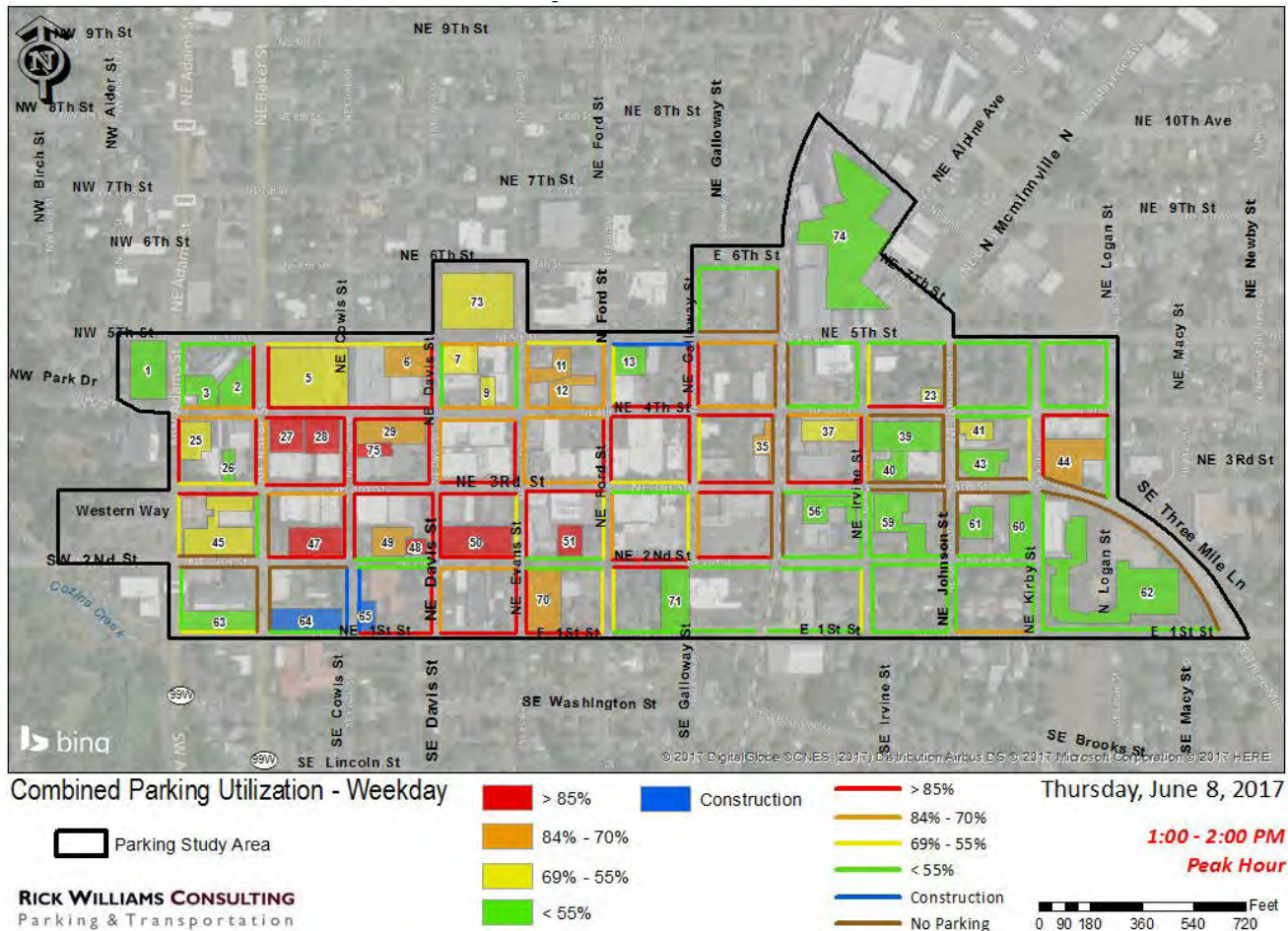
**FINDING: SATISFIED.** The replacement plan project will be located in the Central Business District. The Transportation Impact Analysis provided as part of the application indicates that all intersections studied perform within mobility standards with the project as developed. No mitigation measures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

Parking in the core downtown area is limited. However, a utilization study conducted in 2017 identified that parking on Ford Street between 3<sup>rd</sup> and 4<sup>th</sup> 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 67 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)

**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,*

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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 619 NE Third Street is not of historical significance or unique design when considered on its own but it does contribute to the district as a whole.

- 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 67 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 67 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*

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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:**

***If approved, the following condition of approval would be necessary:*** 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:**

***If approved, the following condition of approval would be necessary:*** 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:*

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.*

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**FINDING: SATISFIED WITH CONDITION OF APPROVAL:**

***If approved, the following condition of approval would be necessary:*** 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.

**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.

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**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 <sup>rd</sup> Street     | \$515,480           | \$664,643              |
| 611 NE 3 <sup>rd</sup> Street     | \$742,760           | \$1,010,601            |
| 611 NE 3 <sup>rd</sup> Street BPP | \$41,333            | \$41,333               |
| 619 NE 3 <sup>rd</sup> Street     | \$482,993           | \$556,964              |
| <b>Total</b>                      | <b>\$1,782,566</b>  | <b>\$2,273,541</b>     |

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 3<sup>rd</sup> 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.** 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.

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***If approved, the following condition of approval would be necessary:*** Prior to the approval of a demolition permit, the applicant will need to meet with the McMinnville Downtown Association to develop a program that will educate local citizens on the benefits associated with an active historic preservation program, that will then be approved by the Planning Director.

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 3<sup>rd</sup> and Ford streets and complement the three-story buildings on each corner.

**FINDING: NOT SATISFIED.** As the findings for the replacement plan project explain, the new construction fails to be compatible with the nearby buildings with respect to massing and overall building width. As such, it does not 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;*

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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 3<sup>rd</sup> 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 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:*

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**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 the structure at 619 NE Third Street contributes to the significance of the District, and has an economic use that favors continued preservation and protection. Therefore, the demolition is denied.

**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.

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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

**APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022):** The applicant has provided the following additional information as described in Attachments 4-8:

- Phillip Higgins, a licensed commercial real estate broker, has provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memo includes high-level profit and loss information. See Attachment 4.
- 2022 Yamhill County Tax Assessor data including Assessed Value, Taxable Value, and Real Market Value and property taxes paid between 2018 and 2022 has been provided. See Attachment 5.
- An estimate of the cost of rehabilitation of the property from Hugh Construction, which is an entity separate from Hugh Development, provided the enclosed pro-forma showing the costs and likely returns from rehabilitation of the three structures. While no other contractors could provide an estimate without a more developed renovation plan set, the contractors Hugh consulted confirmed that Hugh Construction's estimate was reasonable. See Attachment 6.
- A report of available economic incentives for rehabilitation of the existing buildings is included as Attachment 7.
- A report by Johnson Economics comparing the economic value of the project vs. preservation of the buildings is enclosed as Attachment 8.

The following table, provided by Hugh Construction, further defines the findings included in Attachment 6:

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|                     | Current Results | Ideal Results<br>(Gwendolyn Hotel) |
|---------------------|-----------------|------------------------------------|
| Cash on Cash return | 3%              | 23%                                |
| Unlevered IRR       | -9.10%          | 13%                                |
| Levered IRR         | 0%              | 26.80%                             |
| Equity Multiple     | 0.82x           | 4.11x                              |

**APPLICANT’S RESPONSE (December 15, 2022):** The Application proposes demolition of the three structures discussed above in order to allow it to construct the Gwendolyn Hotel. The economic value of the three buildings and their future use case are substantially limited. When compared to the potential economic value of the proposed hotel, the economic factors weight in favor of demolition for all three buildings.

While certainly not a model of linguistic clarity, 17.65.050(8)(2) appears to get at the comparative economic value when compared to the historic value of the buildings proposed for demolition. It appears to also evaluate the comparative economic value of the buildings if preserved or renovated.

The potential economic value of the Gwendolyn Hotel is addressed in Exhibit 5 (Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, November 2, 2022), and can be summarized as follows:

- Total project value: \$59,735,000
- Construction cost: \$36,500,000
- Annualized property tax project: \$576,197 (2026), \$590,602 (2027), \$605,367 (2028).

In comparison, a preservation use case (with similar occupancies and no renovation) are of very limited future value. Phillip Higgins, a licensed commercial real estate broker, has provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memorandum includes projected profit and loss information. Exhibit 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022). Mr. Higgins findings are summarized below:

"Combined rents across all 3 properties are \$11,365 (assuming fully occupied) or \$136,380 annual gross. The owners did not report taxes, insurance, utility costs, but an easy assumption is that a buildings operating costs are 45-55% of the gross revenue. Using the lower ratio: \$243,280 -45% = \$75,009 Net operating income. At a 6% CAP rate this would result in a [current] Market Value of \$1,250,150."

Mr. Higgins notes that the lease rates result in a net operating income is roughly \$75,000 annually, before any loan service, tenant improvements, or major repairs:

"The Current Market Valuation excludes any debt service, excludes tenant improvements, excludes any cost to bring the buildings up to current occupancy standards/ code compliance,

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with the addition of these line items the [net operating income] would shrink significantly below lender underwriting standards for OCR/ Debt Coverage Ratios for income to payments."

Based on this analysis, the buildings in their current form are of little or no net economic value to a new owner, given the need to service acquisition debt at their current value. Stated simply, the cost of debt and tenant improvements is likely so near the net operating income that a sound financial institution is unlikely to lend on such an acquisition with an as-is use case.

Even so, the July 29, 2022 HHPR Report (Exhibit 3) demonstrates that significant work must be done on these buildings in order for them to remain viable even for this use case. Necessary repairs would include the following:

- "The 2nd level of the 609 Building would require repair and remediation should that space be occupied.
- The 2nd level of the 611 Building would require repair and remediation should that space be occupied.
- As noted in the General Conditions section, each of the three buildings have structural conditions that we recommend be further analyzed for possible remedial actions should they remain.
  - o This includes the roof truss node that is out of plane in the 609 Building, the removed built up floor beam in the 611 Building, and the rotten truss bearing in the 619 Building.
- Additionally, all three buildings have sections of the roof framing that is deteriorated and requires repair."

While there are some grants and historic preservation tax credits that may be available, work to bring the buildings back into a sound condition is likely in the hundreds of thousands of dollars. The primary historic tax benefit, the "Special Assessment of Historic Property Program" is no longer available for the 609 and 611 Buildings. The most beneficial available federal program, the Federal Historic Tax Preservation Tax Incentive Program, provides a 20% income tax credit. With a current federal income tax rate of 21%, this would yield only about \$5,700 per year for all three buildings collectively, and this assumes that the gross income from these properties would otherwise be fully taxable. State grants for particular historic buildings generally yield a maximum \$20,000. Exhibit 8 (Memorandum Regarding Historic Preservation Incentives, Otak, October 31, 2022.) All of this assumes successful competition for such grants, which is certainly not a guarantee given the diminished historic character of these buildings. In summary, there is no reason to believe that historic grant programs and tax credits will be even close to sufficient to provide the repairs identified in the HHPR report.

Upgrading the buildings to a different use would almost certainly require seismic upgrades. To explore an alternative use case that would preserve but reuse the buildings for a hotel, the Applicant engaged its subsidiary Hugh Construction Company to prepare a financial pro-forma for re-use of the buildings as a hotel with ground-floor retail.<sup>3</sup> This is enclosed as Exhibit 6 (Construction Cost Estimate and Financial

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<sup>3</sup> While no other contractors could provide an estimate without a more developed renovation plan set, the contractors Hugh consulted confirmed that Hugh Construction's estimate was reasonable.

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Model for Re-Use of Historic Buildings, Hugh Construction, November 2022). The key findings are as follows:

- The base construction costs are anticipated to be \$11,430,000, with a total project cost of roughly \$20,000,000, excluding land acquisition.
- The total construction costs, along with soft costs and land acquisition costs are anticipated to be \$24,994,838.
- Due to the limited number of rooms, high cost of historic rehabilitation and retrofit, and debt service, the total net operating income from the project will be approximately \$813,419, with an annual cash flow of only \$516,922. Note that this is before debt service. Net cash flow from the property as a whole is negative, with cash investments in the negative throughout the period to fiscal year 2032, as demonstrated by the cash income statement on pg. 8 of Exhibit 6 (Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022).

Considering this alternative program, the Johnson Economic Study dated Nov. 2, 2022 analyzed the potential returns as follows:

"Renovation of the site for lodging uses would require a significant investment in restoration to bring the structure into conformance with current code. The estimated current costs to develop this program is just under \$20 million in current dollars (excluding acquisition), with an overall cost of roughly \$25 million. The projected net operating income at stabilization is estimated at \$580,500, representing a 2.3% return on cost."

"The estimated capitalization rate for this type of project is likely in the 6.5% to 7.5% range. Assuming a 7.0% cap rate, the estimated value of the project would only be \$8.3 million in this configuration, roughly a third of estimated costs.

While the assumptions may shift, renovation of the current structure for retail and hotel space is highly unfeasible."

"Renovation of the structure does not provide the owner with a "reasonable economic use". There would be no expectation that the property owner or a rational developer would pursue this project as a renovation."

The upshot of the above discussions is that there is no rational economic value to a rehabilitation and re-use case for the buildings.

**FINDING:** The focus of this criterion is on the "economic use of the historic resource", the proposed action, and "their relationship to the historic resource preservation or renovation." Nothing about this criterion contemplates ensuring the owner the highest and best use or the greatest economic anticipated return on their property. Rather, the focus is on whether the proposed demolition is "reasonable" given the current and projected economic use. Although it would not be "reasonable" to put money into improvements that are unlikely to realize a return, the Historic Landmarks Commission disagrees with the applicant's assumptions that serve to foreclose other preservation options. For example, in its current condition, the building is safe to occupy, functions and is able to generate an economic use just as it has

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for generations. The applicant's desire for greater profit does not make the existing economic use in its historic condition unreasonable.

The Historic Landmarks Committee also disagrees with the applicant's premise that restoration, including a full seismic upgrade, is the only reasonable alternative for preservation or that the "do nothing" option necessarily means making no capital improvements or changing the use in order to generate greater revenue as a reasonable commercial owner might do. All parties agree that the popularity of NE Third Street in attracting and accommodating tourists has transformed this area in recent years, making these properties more valuable. It is likely that this popularity, as a direct result of preserving the unique character of an intact historic district, will continue. This natural pace of development suggests that rents in this area will continue to increase. The fact that owners are making choices to rehabilitate their Third Street historic structures, particularly properties that are adjacent to this property, suggests that such restoration is profitable and therefore, "reasonable." The Committee also notes that there are likely alternative uses or less expensive design changes that may alter the profit margins that should be considered before concluded that the historic resource has no economic use.

Further, although there may be some cost in building out the space converting from office to tourist-focused uses, those same costs affect any building owner within the Historic District equally and do not justify demolition in this particular case. The rehabilitation cost includes seismic retrofitting, which the Committee finds is not a necessary cost to rehabilitation. The only structural deficiency noted by the applicant's expert, including rotten ends of roof or support trusses, can be repaired and it is not clear how much of the \$11 million dollars relates to that particular repair over other restoration expenses. Moreover, the applicant's expert economics analysis does not disclose how much the applicant expended on building maintenance and interior upgrades in the past so that the Committee can determine how much of these repairs are the result of deferred maintenance. Evaluating economic reasonableness with respect to preservation alternatives requires some evaluation of the lengths to which a property owner tried to protect the value of its investment over time.

In conclusion, the Historic Landmarks Committee was not convinced that the only reasonable economic choice was demolition. There may be less expensive and more profitable alternatives that would include preservation of the existing structure. For this reason, this criterion is not satisfied.

**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

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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 3<sup>rd</sup> 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*

#### 619 NE Third Street

The building at 619 NE 3<sup>rd</sup> 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:** 619 NE Third Street was designated on the City's HRI and the National Register of Historic Places as a secondary significant resource for its contribution to the Historic District. As explained above, this was based on the time of building construction, its contribution as a garage as well as the largely intact parapet. Although the first floor has been remodeled, the building still conveys these historic circumstances, making it worthy of saving.

Demolition of this building alone, and when coupled with the other two proposed for removal, would create the first (and only) block along Third Avenue to have no contributing historic structures. Allowing demolition of this building would erode the historic integrity of the District as a whole.

For these reasons, the Historic Landmarks Committee finds that the historic value and significance of the resource does not support demolition.

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

**APPLICANT’S RESPONSE (Original Application):** 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.

HHPR 's Existing Building Summary identified a number of structural issues with these buildings, which are explained in detail below. Its general conclusions are that the buildings need significant work soon: "If we were in a position to advise the building owner, we would recommend that these items be addressed in the very near future." Exhibit 2 (Existing Building Structural Summary, HHPR, November 6, 2022). This is just to get the building back to something resembling their original design structural capacity. All have significant structural issues. For example, the 609 Building has a major truss that must be replaced. The 611 Building has load-bearing laminated beams that have been cut. Most of the roof trusses in the 619 Building are rotten where they intersect the party wall along the 611 Building. All of these conditions must be addressed.

The buildings are also all constructed of unreinforced masonry. Exhibit 2 (Existing Building Structural Summary, HHPR, November 6, 2022) provides a detailed literature review explaining why seismic reinforcement of these buildings is advisable, and concludes as follows:

"Like other similar URM buildings, the three buildings under review in this report would have the potential for similar failure points. Generally, these failure points could be attributed to the lack of ductility associated with URM construction and the lack of positive connections between the floor and roof framing and the walls of the structure. The anticipated failure points could be:

- In plane shear failure of the URM walls
- Out of plane bending failure of the URM walls
- URM walls pulling away from the roof or floor framing resulting in roof or floor collapse

Given their higher risk profile, URM buildings represent a unique and complicated challenge to the structural engineering community, to the building owners and to the community at large."

It is important to recognize that any significant changes to these buildings (such as significant tenant improvement) would likely trigger seismic retrofit to some degree. This is a likely scenario, for example, if the upper floors of the 609 and 611 Buildings are put back into use and qualify as an "alteration." Also, changes in occupancy and structural alterations (such as those required to address the buildings' identified structural problems) would likely trigger additional upgrades under the Existing Building Structural Code, as adopted by the State Building Codes division.

The costs of such upgrades are likely infeasible for these buildings in their current occupancy; as explained by the Western States Seismic Policy Council, "upgrading existing buildings to resist

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earthquake forces is more expensive than meeting code requirements for new construction." <https://www.wsspc.org/public-policy/legislation/oregon/>. This is also demonstrated by the memorandum provided by Mr. Higgins (Exhibit 7, McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022), which demonstrates that such improvements are not financially feasible.

The physical condition of certain building elements-particularly those from the historic period of significance-is provided in the HRA. Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022). However, the HRA does not characterize the general condition of the buildings as a whole. The physical condition of the building is explained below:

619 NE Third Street: Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) notes that the roof and signage are in good condition, but identifies a number of issues:

- o "The original white brick of the attic story/parapet remains, although it has been painted. Original unpainted white brick remains visible at the corner of the east elevation. Significant areas of brick cracking and displacement were observed in the attic story at the southeast corner of the building.
- o Little remains of the original building materials at the ground floor. The original brick mould at the westernmost opening remains, although the opening has been infilled with a new door."

The HPR Existing Building Summary (Exhibit 2, Existing Building Structural Summary, HPR, November 6, 2022) identifies the following structural deficiency in the building:

"The bearing points of the trusses are deteriorated along the west wall and supplemental support has been framed under the trusses. 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."

Exhibit 2 also notes that there is cracking in the brick facade along the south exterior elevation.

HPR 's initial structural review of the building, dated July 29, 2022 (Exhibit 3), identified the following issues:

- o "The bearing points of the trusses are deteriorated (rotten) along the west wall and supplemental support has been framed under the trusses.
- o This condition exists at the connection to the 611 Building and is the result or water penetration along the north south valley between the building.
- o The brick and mortar at south elevation show signs of deterioration and diagonal cracks along the mortar lines.
- o The east wall exterior has significant deterioration and is exposed due to the separation between the 619 Building and the recently constructed building to the east."

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The July 29, 2022 HHPR report describes the general condition of the buildings as follows:

- o "Each of the three buildings has portions of brick wall that are in poor condition that would require significant work to remediate including new mortar and the replacement of bricks.
- o Each of the three buildings has portions of the roof structure that are rotting and are in poor condition. While it may be that the roofing has been repaired, it does not appear that in certain areas the supporting structure has been repaired. These areas also coincide with areas of the brick wall that are in poor condition
- o 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
- o The removed floor beams distributing roof load in the 611 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain.
- o The rotting bearing points of the roof trusses in the 619 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain."

Based on the information provided in Exhibits 1 (Historic Resources Assessment, Architectural Resource Group, November 2022), 2 (Existing Building Structural Summary, HHPR, November 6, 2022), and 3 (Documentation of Existing Building Structures, HHPR, July 29, 2022), the general condition of the buildings is best characterized as poor or marginal at best, depending on the proposed use case. While the buildings are not "dangerous" (which condition would require removal of the existing tenants), it is clear that significant work must be undertaken to ensure these buildings' future preservation, even if they are not seismically upgraded. Bear in mind that this is the requirement for continued use of the buildings for ground-floor retail or limited-occupancy offices; any more intensive uses will require substantially more structural upgrades. It is also important to note that, under both state and local criteria, the buildings need not be considered "dangerous" in order for their condition to be a major factor in allowing their demolition.

**FINDING:** The applicant argues that the combination of structural issues associated with a lack of building maintenance and investment and the structural costs of reinforcing unreinforced masonry buildings is a significant cost burden for a one or two-story building to overcome. And the city concurs. However, unreinforced masonry buildings are rehabilitated all of the time and lack of maintenance should not be justification for demolition of a historic resource.

The physical condition of the building is not a stand-alone reason to allow demolition of the property however it is part of a collective consideration. The Historic Landmarks Committee finds that the applicant's structural evaluation, including painted brick, mold and some deterioration at the bearing points of roof trusses, are not physical conditions that are uncommon to historic buildings or

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circumstances that are so extreme as to justify demolition rather than restoration. Further, the record does not reflect what steps the owner has taken to protect the building and avoid demolition by neglect, which the Committee finds is directly relevant to evaluating how a building's poor physical condition might serve as a basis for demolition.

**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
- 67 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.

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*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 3<sup>rd</sup> 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.

**APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022):** As noted in the land use application narrative dated August 6, 2022, the MAC-Town 2032 Economic Development Strategic Plan includes several relevant goals. The application to these goals focused on the potential of the proposed new Gwendolyn Hotel to implement the MAC-Town 2032 Plan.

Per staff’s request, these addition responses focus on how the existing buildings could, or could not, implement the Plan.

**Goal 6 : Be a leader in hospitality and place-based tourism**

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.*

[...]

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Following the adoption of the MAC-Town 2032 plan, the City revised its off-street parking and site landscaping requirements to exempt large portions of downtown, allowing more efficient use of the limited area in the downtown core.

Staff does not dispute that the current 1- and 2-story buildings do not represent the highest and best use of the site. The C-3 zone is applied to downtown McMinnville and other commercial areas, and includes a height allowance of 80 ft. The zero setback requirements, off-street parking exemptions, and landscaping exemptions encourage buildings that occupy the entire site. The proposed development will intensify the use of the corner of NE Third and Ford streets and will offer the highest and best use for the site under current zoning regulations.

*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.*

“Hospitality” generally includes housing and entertaining visitors, including lodging, food and drink, and activities. Likewise, “local opportunities” typically refer to available properties with willing sellers.

The proposed development includes hotel, restaurant, and retail uses, as well as a rooftop deck and lap pool. The rooftop space will be available for rent for special events and gatherings, filling an identified need in downtown McMinnville.

The existing buildings are available for sale by willing sellers. They do not currently include hospitality uses and cannot be upgraded to accommodate them without triggering substantial seismic and building code upgrades.

As noted in Attachment 6, upgrading the buildings to add 13 hotel guestrooms would cost almost \$25 million, which is not financially feasible. The building could be converted to a wine tasting or food service use, which would trigger the same seismic and building code upgrades noted above and would provide even less income.

*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.*

The current buildings include small meeting areas to serve the tenants. They do not include conference space or lodging for conference attendees. In order to accommodate conference space, the existing uses would need to be removed or downsized.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** The HLC can find that this factor favors demolition for the following reasons.

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- As explained in detail in response to OAR 660-023-0200(8)(a), the buildings are listed as contributing to the district primarily due to their dates of construction. All appear to have been constructed (or at least re-constructed) for use as automobile garages and a car dealership and, in the case of the 609 Building, a gas station. The buildings were designed and adapted to this purpose. The buildings have each lost at least half of their historic facades (indeed, the 609 Building has lost its entire original facade), and the upper floors of the 609 and 611 Buildings are unoccupied and have few remaining interior historic finishes. Remaining historic features generally include some window casings on the 609 Building, the parapets on the 611 and 619 Buildings, and some interior features. Otherwise, their remaining characteristics are simply their masses and structural elements. For this reason, their historic value is low after having been substantially compromised prior to establishment of the Downtown Historic District.

There is no evidence that any of these buildings are connected with important historical events. While the 609 Building was built by McMinnville resident Frank W. Fenton, Mr. Fenton was a developer and built several buildings, and there is no evidence that he made personal use of the building for long, if at all. And, this building does not resemble at all its original exterior during the period in which Mr. Fenton might have made use of it. There is also no evidence that these buildings served as community gathering spaces during their periods of historic significance.

Based on the above, the public interest in preservation of these buildings is confined to the fact that they are listed as contributing structures within the Historic District. There are no other factors that reasonably weigh in favor of preservation. On the other hand, they are not remarkable in relation to the other contributing buildings within the Historic District and they retain very little of their respective historically-relevant features, most of which have been covered with stucco or removed. For all of the above reasons, the HLC can find that the public interest in their preservation is low.

- The buildings will require substantial structural repairs to continue to be used for the limited retail and office uses they have been used for since the establishment of the Historic District. Seismic retrofit of the buildings is unaffordable if their current configuration is maintained, and there is no positive return on investment if they were to be rehabilitated for use as a hotel.
- As explained in the HRA, the primary historical value of these buildings is their location, massing, and roof configuration. Assuming that the buildings' massing must be retained for that reason, no owner will be able to meaningfully intensify their uses. This is a further headwind against any substantial repair or seismic upgrade. Therefore, the economic value of the buildings to the City is represented by their current uses, with a Current Market Value of \$1,250,150 for all three buildings, collectively. Exhibit 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022). This is less than the combined assessed value of the buildings, noted below. Even excluding debt service obligations and tenant improvements, the collective market value of the buildings is only \$2,230,066. On the other hand, the projected market value of the Gwendolyn after construction and occupancy in FY 2025 is roughly \$64M after an

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investment of approximately \$61 M. Exhibit 10 (The Gwendolyn Financial Pro-Forma, December 15, 2022).

The combined assessed value of all three buildings in 2022 is \$1,793,470; at a combined rate of 16.4925 these collectively generate roughly \$29,500 in annual property tax revenue, with roughly \$10,670 of that amount going to the City of McMinnville. Exhibit 9 (2022 Tax Statements). Assuming a standard rate (non-historic) of 16.5854, property taxes after completion and occupancy of the Gwendolyn in 2025 would be \$327,917. Exhibit 10 (The Gwendolyn Financial Pro-Forma, December 15, 2022).

Construction of the Gwendolyn will be a significant draw to McMinnville's downtown, increasing traffic to businesses within the Historic District. Given that this will increase the value of the other buildings in the Historic District, construction of the hotel is likely not only a benefit to the City from a financial perspective, but also a long-term benefit to the district itself. According to the Nov. 2, 2022 Johnson Economics Report, "[t]he proposed new hotel would provide significant economic value on the site, supporting the ongoing positive investment patterns in downtown McMinnville. Keeping the existing structures would effectively preclude new investment on the site, and result in underutilization of the parcels while yielding no economic return.'

- For the above reasons, the HLC can find that the proposed Gwendolyn Hotel is an "an improvement program of substantial benefit to the City." Preservation of these buildings presents a substantial barrier to this program because these buildings must be removed to allow for construction of the Gwendolyn, because they have little to no economic viability for adaptive re-use, and because their value under their current use case is miniscule compared to the proposed development. It is also worth considering that the value of the buildings is likely to decline even in their current or similar tenancies unless structural repairs are made; as explained above, such repairs are likely not financially rational without a more intensive use case for the buildings, which itself may trigger seismic upgrades.

**FINDING:** The Historic Landmark Committee finds that, although the Gwendolyn Hotel would further the economic development interests identified in the Comprehensive Plan, the subject property is not the only location in which to accomplish these objectives. For example, there are non-contributing and/or non-historic structures on the corner of Galloway Street and NE Third Street that might be able to accommodate a hotel with many of the high-end luxury accommodations that the applicant seeks. Further, there are other uses that could be accomplished within the existing structures that would move the needle in attracting tourists and greater businesses downtown. The Historic Landmarks Committee notes that it received dozens of statements from residents expressing a desire to see these buildings preserved which serves as substantial evidence that there is a strong interest in seeing these buildings preserved and the significance of retaining the historic integrity of the district.

For these reasons, the Committee finds that denying this demolition request is not a deterrent to achieving other public interest objectives.

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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.

The public interest in the resource's preservation is not clearly articulated in any adopted document. However, the HLC can find that the public interest in preservation of these buildings is related to their ability to reflect their historical period of significance. As explained above, these buildings do so to only a limited degree because their facades have been largely replaced. Therefore, the public interest in their preservation should be viewed as reduced as compared to buildings that have not been substantially altered, and such interest is largely a factor of their year of construction.

The public interest in their preservation must necessarily include their ability to serve an economic function to McMinnville's historic Downtown. As explained above, the current economic viability of these buildings and their future prospects are poor. Adaptive re-use is not a realistic option because of the significant structural upgrades that would be required, and re-use of the buildings for the hotel use proposed by the Applicant is not economically feasible.

In view of both of these factors, the public's interest in these buildings' preservation seems limited at best, and low when compared to buildings in the District which have better future economic use prospects or better reflect their original appearance, or both.

The question posed by this criterion was directly evaluated in the Johnson Economics Report (Exhibit 5). This report concludes as follows:

"Keeping the buildings in their current use would negate the requirement to upgrade the structures but would also limit the amount of investment that could be made within triggering the requirement. The buildings have structural deficiencies and obvious deterioration that would need to be addressed prior to re-tenanting in any of the buildings.

Building the hotel above the existing structures would require a complete seismic upgrade of the structures, and new columns to support the hotel would need to penetrate the structures. The cost of this type of structure would be substantially higher than new construction and the resulting development would be significantly less efficient.

As a result of these myriad factors, the retention of the existing structures would cause substantial financial hardship to the owners. Based on our previous experience, the likely cost of the necessary improvements and upgrades would render the cost of space to likely be hundreds of dollars more per square foot than new construction. If the redevelopment was not done and the buildings were kept in their current use without significant upgrades, they would pose a life safety hazard and may not be insurable. The structures are depreciated to a point in which Investments in the structures would be unlikely over time as they would not yield an

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economic return. As a result the properties would be likely to face an extended period of declining condition and underutilization for the foreseeable future."

This conclusion is consistent with the other information discussed above, which generally demonstrates that the buildings are not likely to generate a meaningful return for Hugh Development with a current or similar tenant mix. This is reflected by the fact that the actual market value when accounting for debt service is actually less than the assessed value of the property. See Exhibits 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022) and 9 (2022 Tax Statements).

For the above reasons, the HLC can find that retention of the buildings in their current configurations would not just be a financial hardship to the owner, but will likely result in the eventual degradation of the buildings to the point where demolition for safety reasons becomes increasingly likely. These practical headwinds against continued use of the buildings in their current configurations far outweigh the buildings' relative contribution to the objectives of the Historic District, as discussed above, and therefore outweighs the public's interest in preservation.

**FINDING.** The Historic Landmarks Committee disagrees with the applicant's premise in response to this criterion that "the public interest in the resource's preservation is not clearly articulated in any adopted document." First, Comprehensive Plan Goal III 2 requires that the "preserve and protect...structures...of historical, [or] architectural...significance to the City of McMinnville. This significance is well established by the HRI and the National Register designation documentation set forth in the record. This is not just the building's age, but its scale and roof in contributing to the overall district. The Historic Landmarks Committee further rejects the idea the public interest is not served in protecting this building, as well as the other two buildings for their contribution to the Historic District. Therefore, this criterion is not satisfied.

**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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**APPLICANT’S RESPONSE (December 15, 2022 Application).** For the above reasons, the HLC can find that the retention of these three buildings would not be in the best interests of the citizens of the City. These reasons can be summarized as follows:

- The buildings do not reflect their appearance or use during their respective periods of significance.
- The building have few remaining residual historic features characterizing the Historic District, aside from their masses, structural frames, and roof lines.
- The buildings have limited value under current uses.
- Current or similar uses are probably unable to generate sufficient value to repair the buildings.
- Adaptive re-use would require seismic upgrades and the buildings cannot be economically used for hospitality.

On the other hand, the economic opportunity for the Historic District presented by the proposed Gwendolyn Hotel far outweighs the limited benefits of building preservation, as discussed above.

Historic features identified by the HRA, such as belt courses and cornices, are emulated by the proposed architectural design of the Gwendolyn. Any moveable historic features of these buildings, such as windows, can be incorporated into the proposed building. The remaining characteristics of the buildings—their massing and roof line—can be easily documented with photographs.

For these reasons, the HLC can find that on balance, retention of these buildings would not be in the best interest of the City’s citizens when weighed against the benefits of the proposed Gwendolyn Hotel.

**FINDING:** Although the applicant relies on expert consultants to downplay the importance of the resource, the Commission findings that determining what is the “best interests of a majority of the citizens of the City is best represented by the testimony of those who testified which overwhelmingly favored denying this application. It is because these buildings retain the historic integrity that made them suitable for designation, communicate a historic significance of automobile culture that is not reflected in those designations and the claimed economic hardship particular to this owner is not established, the Commission finds that demolition is not in the best interests of the citizens.

### **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.

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**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.*
  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.*

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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.**

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;

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- 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 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, an underground parking garage and an active roof deck, 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 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 859 9565 0539, Meeting Password: 661305

Hearing continued to December 8, 2022, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 892 5565 1124, Meeting Password: 257277

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*Attachments: (Located 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](#) and on file with the Planning Department)*

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*Attachment 2: Department/Agency Comments*

*Attachment 3: Public Testimony*



Hearing continued to January 5, 2023, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 831 7965 5545, Meeting Password: 725658. At the conclusion of this meeting, the record was closed to further testimony.

Meeting continued to January 26, 4:00 PM for Historic Landmarks Committee deliberation, a decision and adoption of written findings. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 885 9559 0268, Meeting Password: 925948.

**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 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. The 120-day deadline is January 5, 2023. Per an email dated September 29, 2022 from Garrett H. Stephenson, the applicant requested a 70-day extension to the 120 day decision deadline. The 190-day deadline is March 16, 2023. Per an email dated December 1, 2022 from Garrett H. Stephenson, the applicant requested an additional 30-day extension for a total of 100 days added to the 120 day decision deadline. The 220 day deadline is April 15, 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; and Oregon Department of Transportation. Their comments are provided in this document.

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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. The Historic Landmarks Committee 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 3<sup>rd</sup> 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 67 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 3<sup>rd</sup> Street pedestrian experience.*

**(Application Narrative, page 3)**

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**Subject Property & Request**

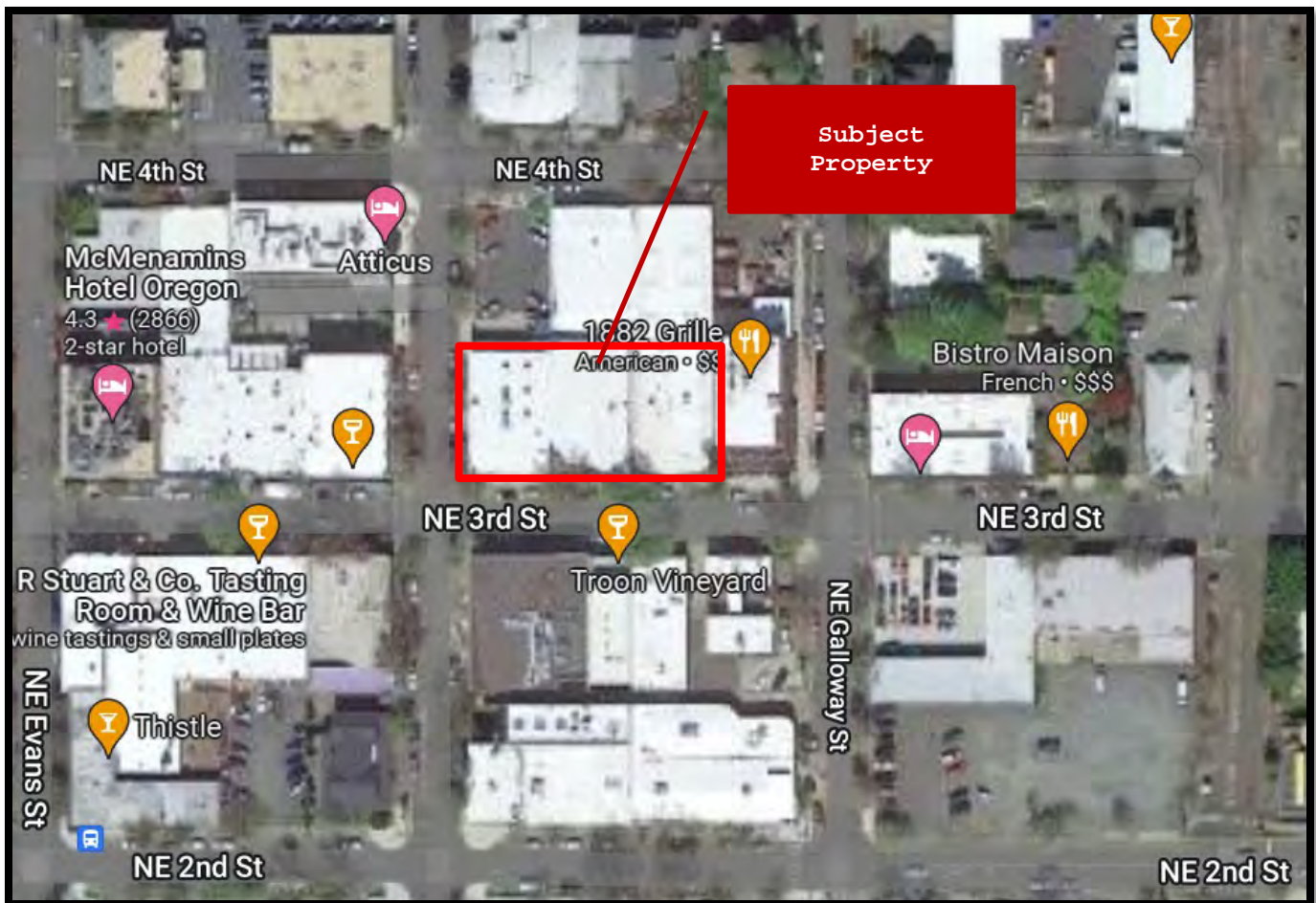
The subject property is located at 609, 611 and 619 NE Third Street. The property is identified as Tax Lots 4500, 4300, and 4201, Section 21BC, T. 4 S., R. 4 W., W.M.

The site is at the northeast corner of NE 3<sup>rd</sup> Street and NE Ford Street and consists of three buildings: two tax lots addressed as 609 NE 3<sup>rd</sup> Street and 619 NE 3<sup>rd</sup> Street, and the southern portion of the tax lot addressed as 611 NE 3<sup>rd</sup> 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 3<sup>rd</sup> Street, is developed with restaurant and other commercial uses. The sites south of NE 3<sup>rd</sup> Street are developed with a variety of commercial uses. The Tributary Hotel is on the southeast corner of NE 3<sup>rd</sup> Street and NE Ford Street. The site to the northwest is in use as a surface parking lot; the site north of 611 NE 3<sup>rd</sup> 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.**

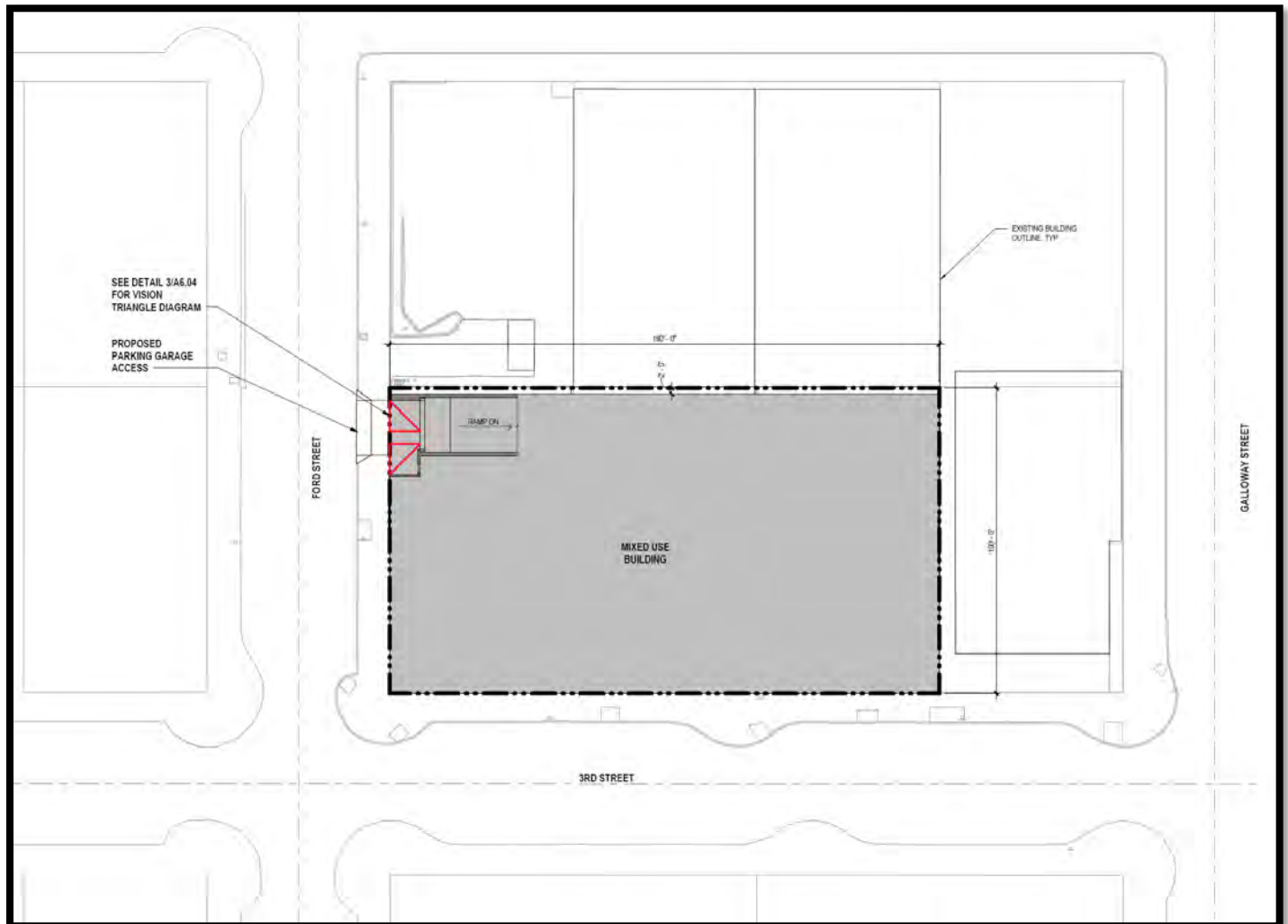
**Figure 1. Vicinity Map (Approximate Development Site)**



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Figure 2. Proposed Site Plan



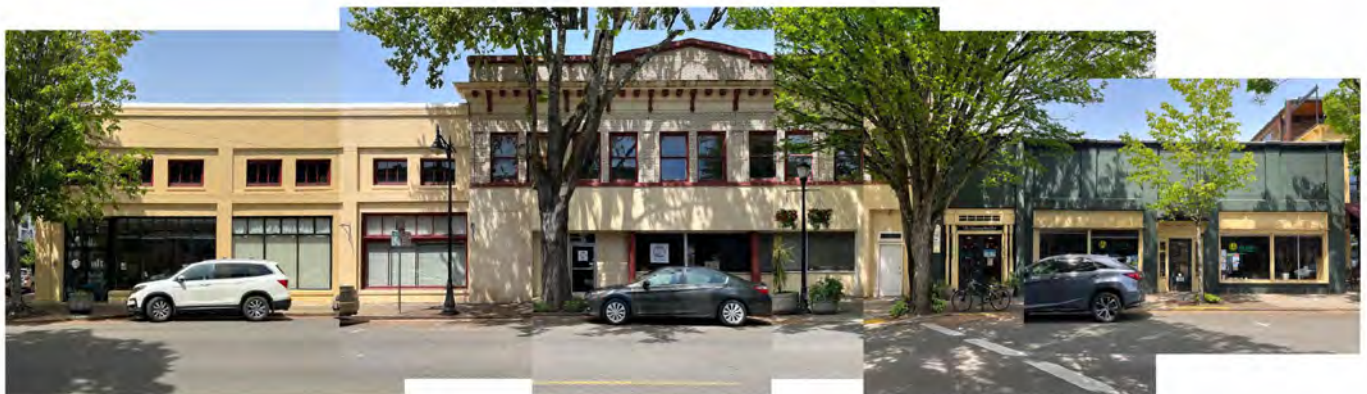
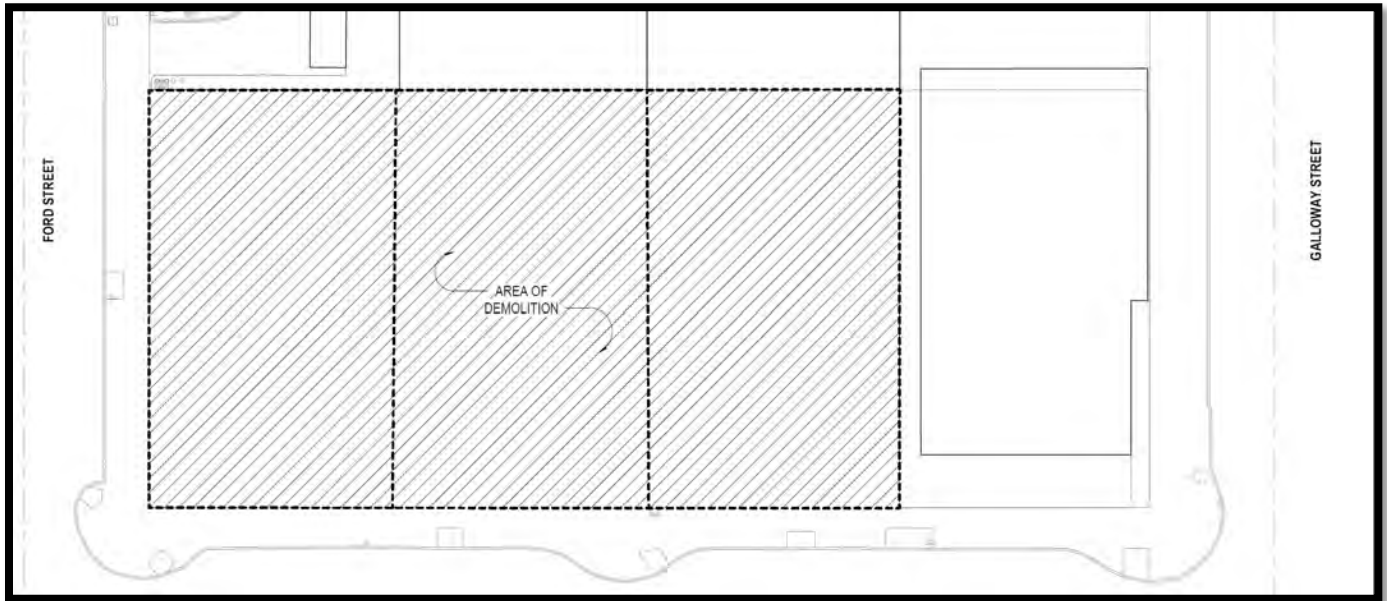
There are currently three structures on the properties. Each structure is listed on the McMinnville Historic Resources Inventory and is a contributing property to the Downtown McMinnville National Register of Historic Places District. The applicant has requested the consideration of three Certificates 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 (67 parking stalls). The building has a series of setbacks designed into the different floors to reduce height impact. The tallest point of the building is in the northeast corner where the elevator shaft is located for a total height of approximately 81 feet (the tallest roof is 73' 10" and the roof deck is 61' 6"). The total width of the building is 180 feet on the ground floor and 98 feet in depth on the ground floor. ***Please see Figures 4 and 5 for exterior elevation renderings and series of floor plans.***

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Figure 4, Exterior Elevation Renderings



West Elevation Rendering



South Elevation Rendering

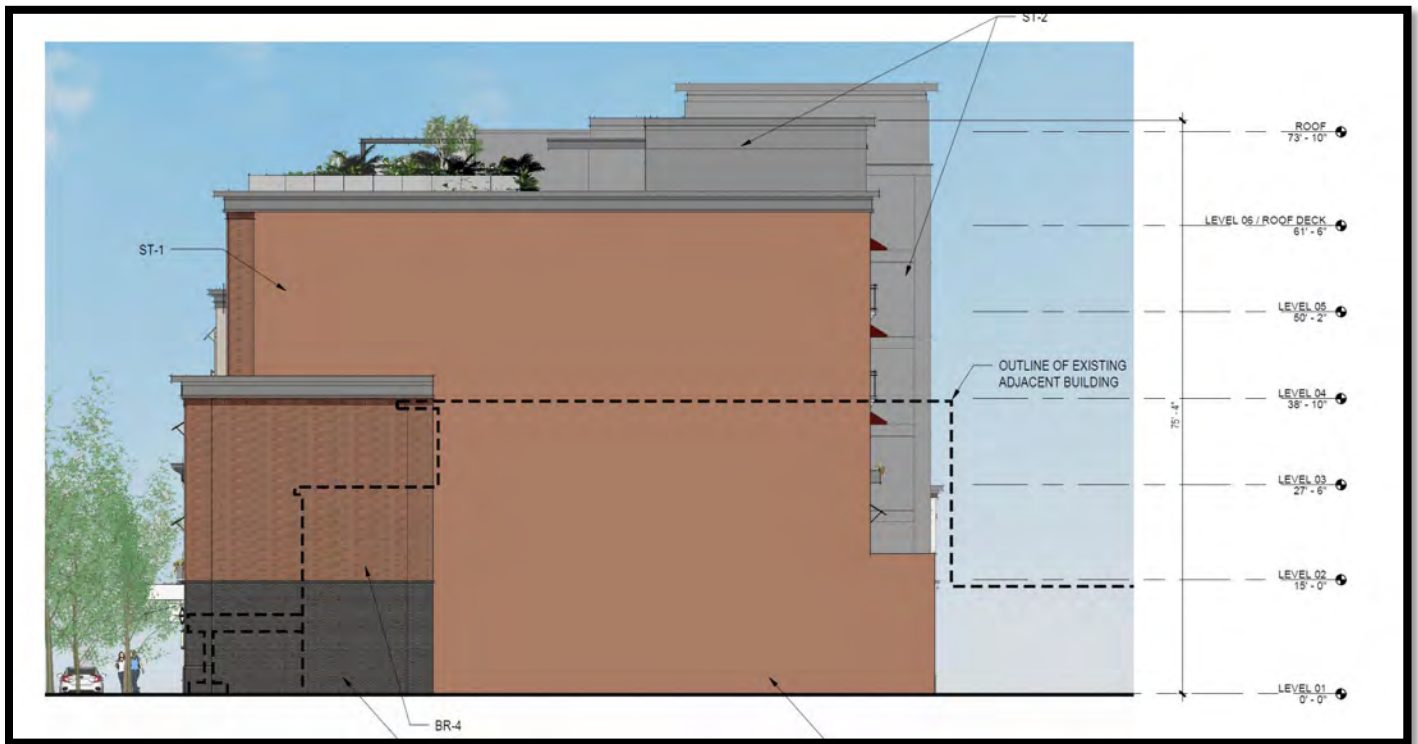
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**East Elevation Rendering**



**North Elevation Rendering**

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**ENLARGED PARTIAL ELEVATION - 3RD STREET**

SCALE: 3/16" = 1'-0"

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**AXONOMETRIC - CORNER OF 3RD AND FORD**

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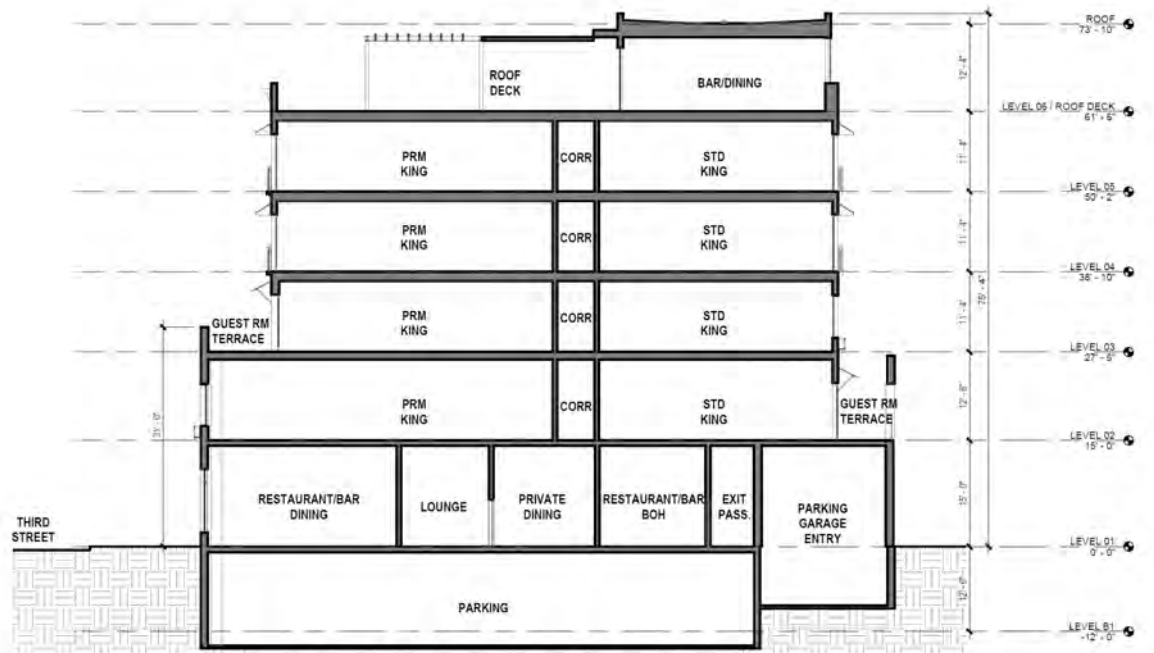
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**East – West Section**

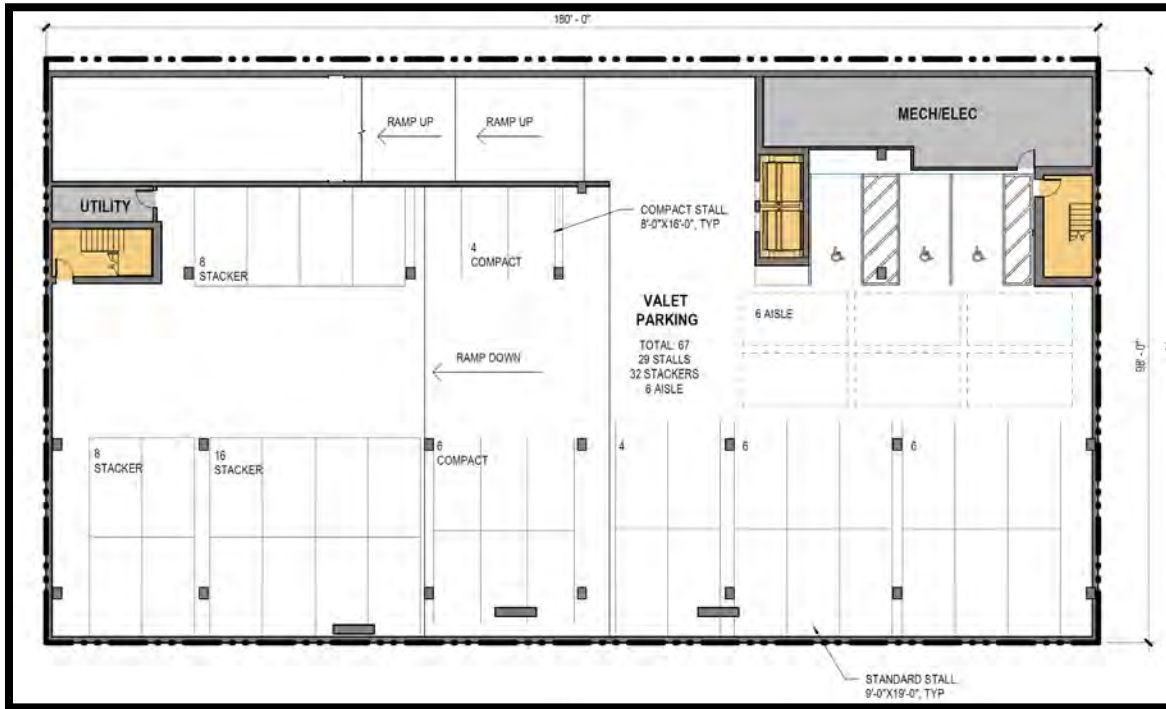


**North – South Section**

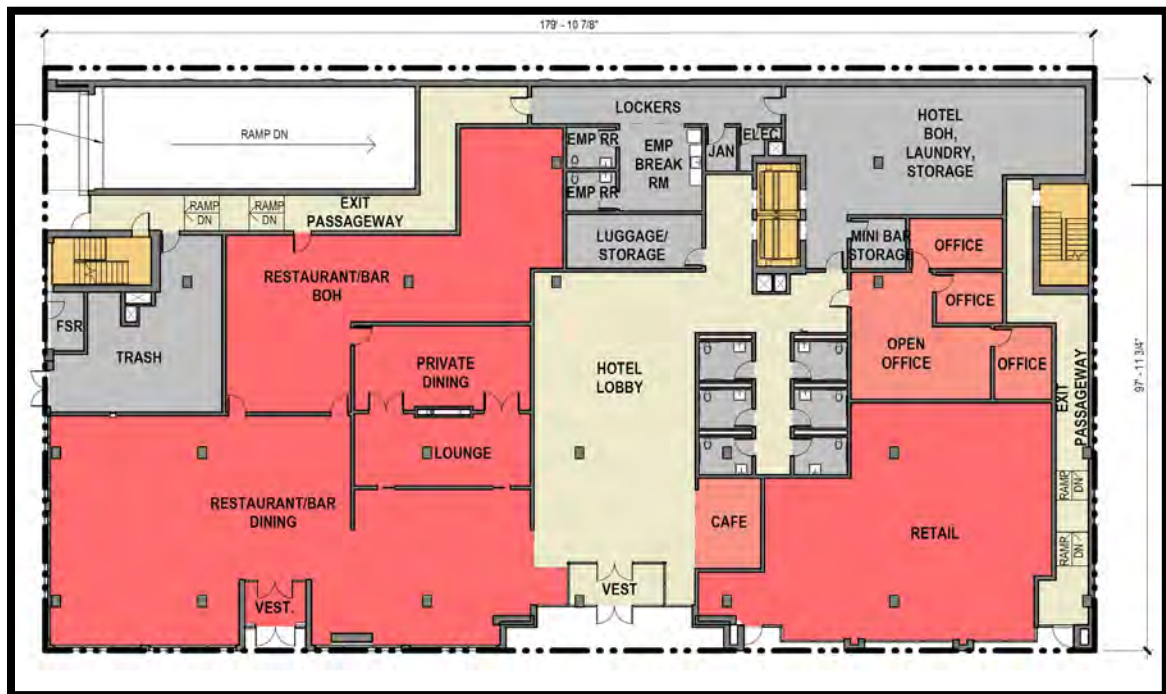
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Figure 5, Series of Floor Plans



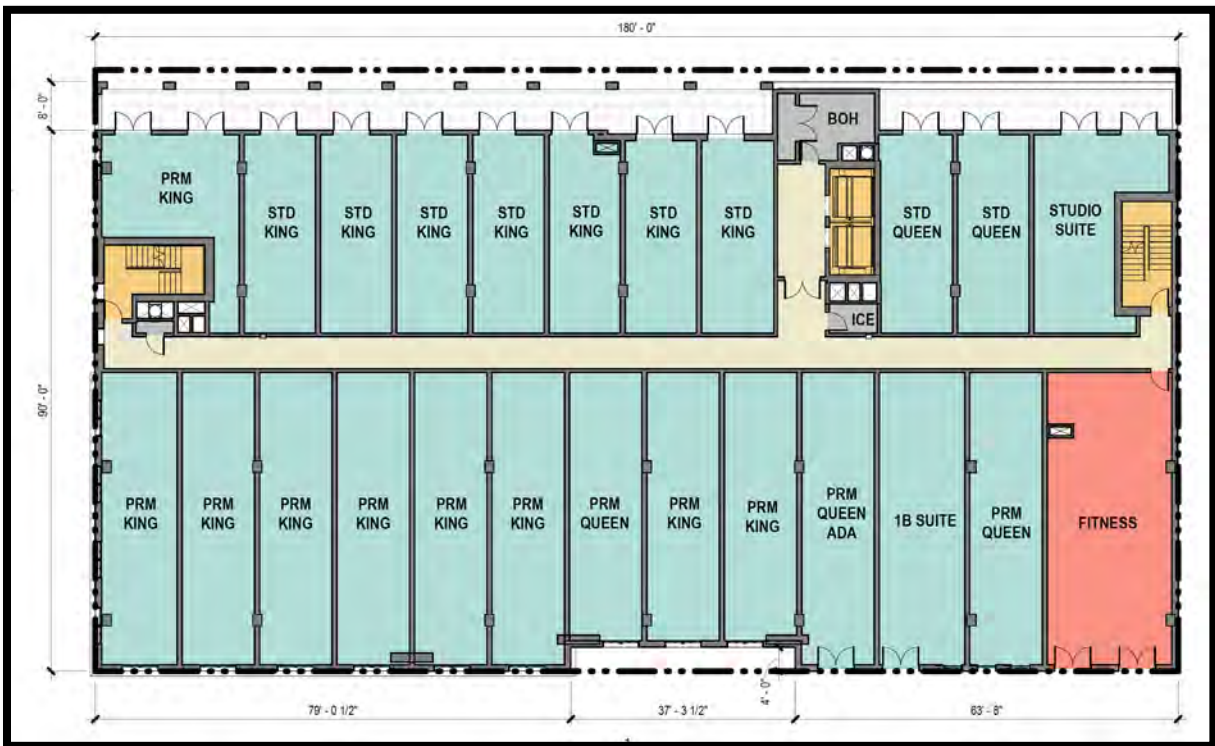
**Basement – Underground Parking Structure**



**Ground Floor – Restaurant, Retail, Hotel Lobby**

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**Second Floor – Hotel Rooms**



**Third Floor – Hotel Rooms**

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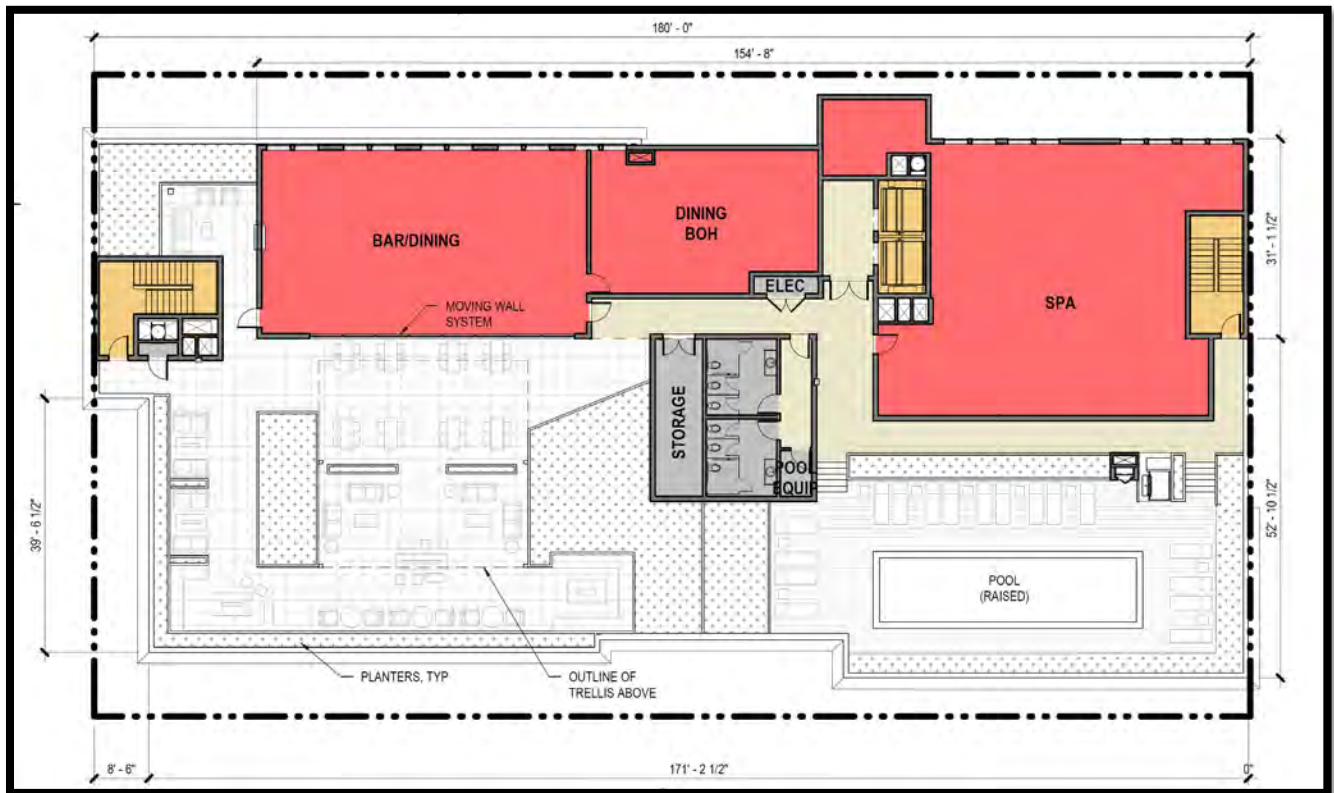
**Fourth Floor – Hotel Rooms**



**Fifth Floor – Hotel Rooms**

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**Roof Deck with Pool, Spa and Dining**

**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 Sections 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 VI (Conclusionary Findings) below.

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## **II. ATTACHMENTS:**

Due to size, the following documents are located on the project website 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](#) and are on file with the Planning Department.

### ❖ DDR 2-22 Application and Attachments

#### Original Submittal (August 9, 2022)

- Application Form
- Application Narrative
- Project Structural Analysis
- Project Site Plan and Concept Drawings
- Traffic Impact Analysis
- Memorandum
- Neighborhood Meeting Materials

#### Supplemental Submittal (November 4, 2022)

- Architectural Plans
- DDR 2-22 OTAK Approvability Memorandum
- Contaminated Media Management Plan (October 13, 2022)
- Traffic Impact Analysis Addendum

#### Supplemental Submittal (December 15, 2022)

- Letter to City with Additional Findings
- Additional Findings (Exhibits 1 – 3)
- Additional Findings (Exhibits 4 – 10)

#### Supplemental Submittal (December 19, 2022)

- Supplemental Findings, DDR 2-22

### ❖ Department/Agency Comments

### ❖ Public Testimony

## **III. 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:

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McMinnville Engineering Department**TRANSPORTATION**

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

1. 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.
2. Study shows that queue lengths exceed storage length at the eastbound thru and westbound all of 2<sup>nd</sup> 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 & 3<sup>rd</sup> 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) – 3<sup>rd</sup> 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 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.
5. 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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6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.

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12. 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.

### **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
- Email from Sylla McClellan, 09.21.22
- Email from Meg and Zach Hixson, 09.22.22
- Email from Sharon Julin, 09.25.22
- Email from Daniel Kiser, 09.27.22
- Letter from Carol Dinger, 09.28.22
- Letter from Carol Paddock, 09.28.22
- Letter from Katherine Huit, 09.28.22

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- Letter from Jeb Bladine, 09.28.22
- Letter from Practice Hospitality, 09.28.22
- Email from Kellie Peterson, 09.28.22
- Letter from JP and Ames Bierly, 09.28.22
- Memo from Nathan Coopriider, 09.28.22
- Email from Elizabeth Goings, 09.29.22
- Email from Abigail Neilan, 09.29.22
- Letter from Ilsa Perse, 09.29.22
- Email from The Scott Family, 09.29.22
- Email from Mande Tatum, 10.05.22
- Email from Crystal55dreams, 10.25.22
- Email from Peter and Linda Enticknap, 11.22.22
- Letter from Karen Saxberg, 11.17.22
- Letter from Jeb Bladine, 11.29.22
- Letter from Nathan Coopriider, 11.29.22
- Letter from Ernie Munch, 11.30.22
- Letter from Marilyn Kosel, 11.30.22\
- Letter from Nathan Coopriider, 1.3.23
- Letter from Carol Paddock, 1.3.23
- Email from Daniel Kizer, 1.3.23
- Email from Michael Kofford, 1.3.23
- Email from Paul Lusignan, National Park Service, 1.3.23
- Email from Ernie Munch, 1.3.23
- Email from Beth Caster, 1.4.23
- Letter from Ernie Munch, 1.5.23

#### **IV. 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, 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.

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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.
7. At the public hearing on September 29, 2022, the Historic Landmarks Committee chose to continue the public hearing to December 8, 2022. The applicant requested to extend the 120-day decision deadline by 70 days.
8. On November 4, 2022, the applicant provided supplemental application materials based on the requests from the Historic Landmarks Committee.
9. On December 1, 2022, the applicant requested, with the concurrence of city staff, to continue the public hearing from December 8, 2022, to January 5, 2023, and to extend the 120-day decision deadline by an additional 30 days for a total extension of 100 days.
10. On December 8, the Historic Landmarks Committee continued the public hearing to January 5, 2023.
11. On December 15, 2022, and December 19, 2022, the applicant provided supplemental materials per the request of city staff.
12. On January 5, 2023, the Historic Landmarks Committee hosted a public hearing, closed the public hearing, deliberated, and instructed staff to draft written findings of denial consistent with its deliberation for consideration at its meeting on January 26, 2023.
13. On January 26, 2023, the Historic Landmarks Committee voted to deny this application based on the following written findings.

## **V. 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

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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.
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.

## **VI. 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:

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**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:** A draft Contaminated Media Management Plan (CMMP) that addresses all three properties was submitted as Attachment 1 in the supplemental submittals on November 4, 2022 (Contaminated Media Management Plan for 609, 611 and 619 NE Third Street, Evren Northwest, October 13, 2022). The CMMP is a requirement of the Prospective Purchaser Agreement between the Applicant and Oregon Department of Environmental Quality (“DEQ”). As a practical matter, former automotive shops and fuel stations are routinely redeveloped and there is nothing about these buildings that presents a unique risk. The draft CMMP requires removal and safe disposal of any contaminated media (i.e. soil or ground water), and recommends only standard protective measures to mitigate the limited identified risk of petroleum contamination.

This is sufficient to satisfy Goal II of the City’s Comprehensive Plan, which implements Statewide Planning Goal 6. Goal 6 requires that the local government establish that there is a reasonable expectation that the use for which land use approval is requested will also be able to comply with the state and federal environmental quality standards that it must satisfy to be built. *Hess v. City of Corvallis*, 70 Or LUBA 283 (2014). The City’s comprehensive plan does not address spoil contamination, and with respect to water, Policy 10.00 of the Comprehensive Plan provides that “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.” The Applicant’s ongoing work with DEQ through the PPA process is evidence not only that DEQ will provide sufficient oversight to ensure the safety of workers and the public, but also demonstrates that the Application will be able to comply with DEQ’s standards.

**FINDING: SATISFIED WITH CONDITION OF APPROVAL.** 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:

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“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.

On November 4, 2022, the applicant provided a Contaminated Media Management Plan for 609, 611 and 619 NE Third Streets dated October 13, 2022.

***If approved, the following condition of approval would be necessary:*** 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.** 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).

***If approved, the following condition of approval would be necessary:*** 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.** A Contaminated Media Management Plan (CMMP) was prepared for Oregon Lithoprint, Inc. on July 20, 2022, to address residual petroleum

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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).

***If approved, the following condition of approval would be necessary:*** 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 Plan<sup>6</sup> (Area Plan), the 2013 Economic Opportunities Analysis (EOA), the 2019 MAC-Town 2032 Economic Development Strategic Plan<sup>7</sup> (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 3<sup>rd</sup> 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

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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.”<sup>8</sup> 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.** 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.

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***If approved, the following condition of approval would be necessary:*** 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.

***If approved, the following condition of approval would be necessary:*** 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. The developer will be responsible for any necessary improvements identified by the capacity analysis.

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.*

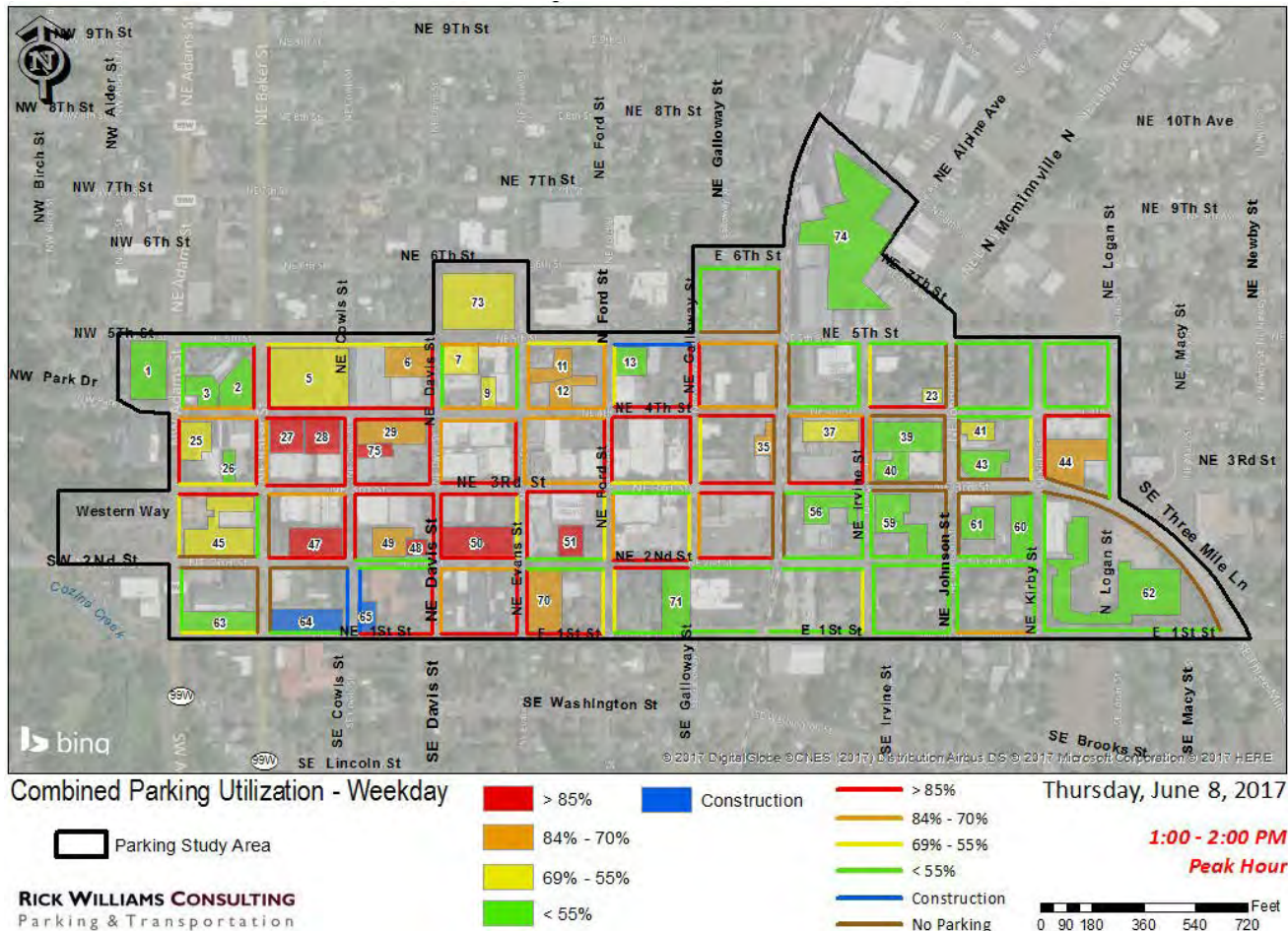
**FINDING: SATISFIED.** The replacement plan project will be located in the Central Business District. The Transportation Impact Analysis provided as part of the application indicates that all intersections studied perform within mobility standards with the project as developed. No mitigation measures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

Parking in the core downtown area is limited. However, a utilization study conducted in 2017 identified that parking on Ford Street between 3<sup>rd</sup> and 4<sup>th</sup> 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 67 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.** 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 67 off-street parking stalls in an underground parking structure.

**If approved, the following condition of approval would be necessary:** 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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**If approved, the following condition of approval would be necessary:** 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 67 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 67 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.**

***If approved, the following condition of approval would be necessary:*** 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.**

***If approved, the following condition of approval would be necessary:*** 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 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.**

***If approved, the following condition of approval would be necessary:*** 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).

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

### **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.** All proposed uses are permitted uses in the C3 zone.

##### **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.**

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**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.

**FINDING: SATISFIED.** Note that Sheet A3.01 in the amended architectural plans provided on November 4, 2022, indicates that the height of the elevator tower is 80’ 10”. However, per Section 17.54.040, elevator towers are not subject to the building height limitations. The roof height is 73’ 10”.

**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:*

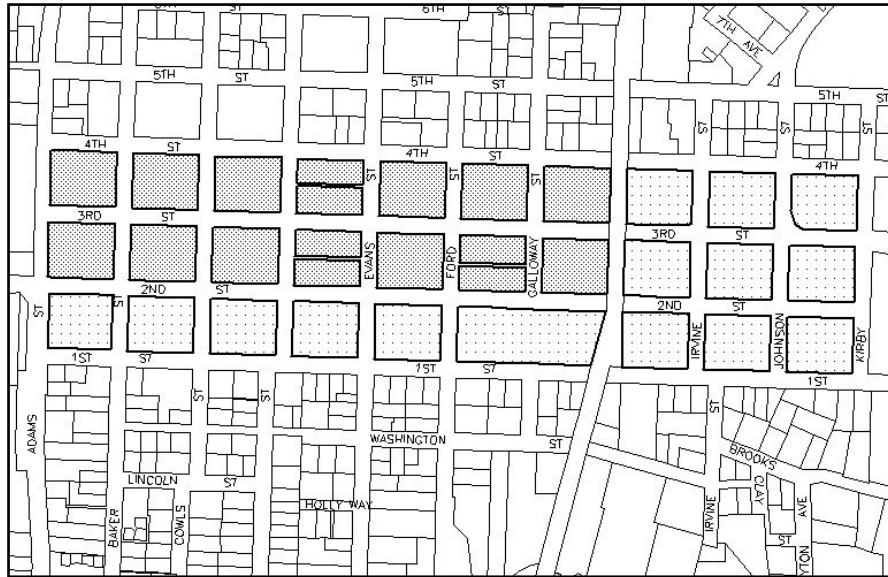
- A. *Area I is that area between Adams Street and the railroad tracks and between Second and Fourth Streets. The landscaping requirements set forth herein shall not apply to this portion of the central business district, except for the provision of street trees according to the city's master plan;*
- 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).*

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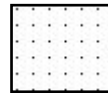
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**REDUCED LANDSCAPING REQUIREMENTS**



Area I - No Required Landscaping



Area II – One Half Required Landscaping

**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 4<sup>th</sup> Street, to the east by Kirby Street, and to the south by 1<sup>st</sup> Street. Lands immediately adjacent to the west of Adams Street, from 1<sup>st</sup> Street to 4<sup>th</sup> 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.*
- A. *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.*

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- 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 3<sup>rd</sup> 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.*
    - 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*

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*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 included as Appendix B. No other information was identified as required for the submittal.

Note: The application originally included an application for a waiver 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. The waiver request was subsequently withdrawn with the submittal of a modified design that the applicant argued showed a two-story building 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.

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**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:** Per their supplemental submittal on November 4, 2022, the applicant revised their design so that they no longer needed a waiver from the Downtown Design Review criteria.

**FINDING: APPLICABLE.** As discussed in greater detail below, the Historic Landmarks Committee found that the application did not comply with the 17.59.050(B)(1) and (2). Therefore, in order to approve this design, a waiver was required.

**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 (original application).

The building at 609 NE 3<sup>rd</sup> Street is designated as a historic landmark and the buildings at 611 and 619 NE 3<sup>rd</sup> Street are located within a National Historic District. The requirements of Chapter 17.65 are addressed in Section 4.H of this narrative (original application).

**FINDING: SATISFIED.** This is not a review of a modification to a historic resource; it is new construction.

**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;*
  - 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*
  - 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).*

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**APPLICANT’S RESPONSE:** (Per the applicant’s November 4, 2022, supplemental submittal), the building design has been revised to meet the height provisions of 17.59.050.B.1. Therefore, the requested waiver is no longer required.

**FINDING: NOT SATISFIED.** As discussed in greater detail below, the Historic Landmarks Committee finds that the massing of this building overwhelms the adjacent and nearby historic buildings on the same block and does not “appear” to be two stories at the corner. Therefore, it fails to meet 17.59.050(B)(1). The Historic Landmarks Committee also finds that the project is not compliance with 17.59.050(B)(2). Since a waiver was required and not pursued, the HLC finds that these criteria are not satisfied.

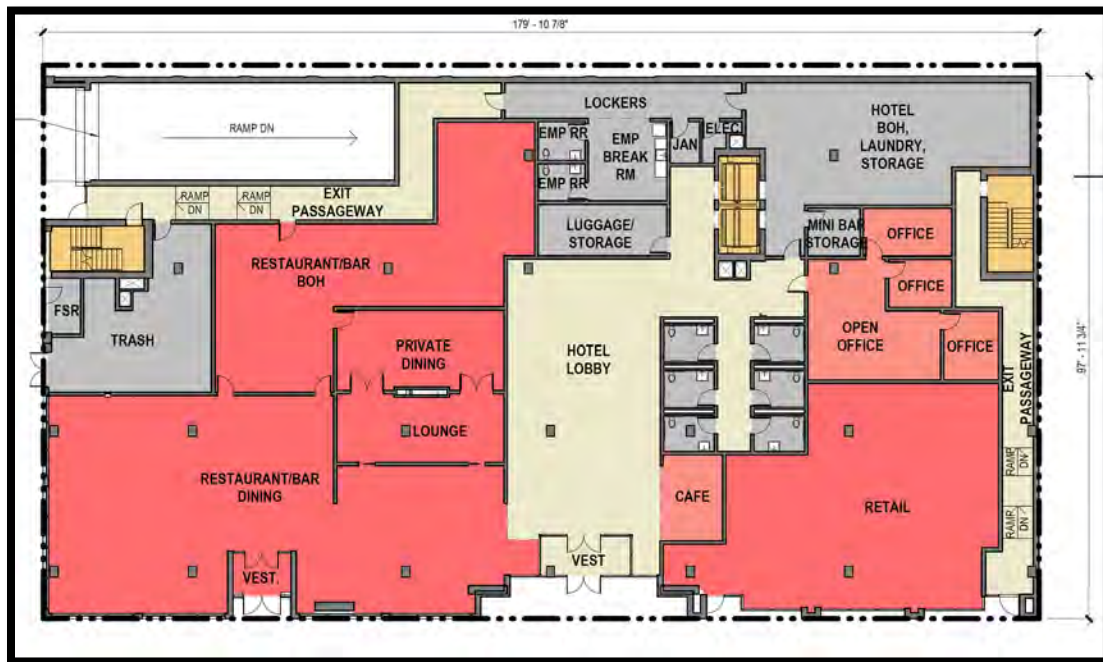
**17.59.050 Building and Site Design.**

**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:



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**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:** *(Per the applicant’s November 4, 2022, supplemental submittal).* Though described as a design standard, given the use of the word “should,” this criterion can be applied as a guideline that can be met in more than one way.

In response to the first component of this criterion, the 3rd Street façades have been refined to appear as three separate buildings. The westernmost section of the building is clad in white brick; the center portion of the building is clad in buff brick; and the eastern portion of the building is clad in red brick. In addition to the differences in material and color, each of the three building expressions have distinct massing and varied window detailing, cornice elements, and Juliet balconies. The westernmost section has a 2-story base and 3 levels above that step back 10 feet on both 3rd Street and Ford Street. The center portion has a 2-story base with a 3-foot setback on levels three and four, and the fifth level stepping back an additional 8 feet. The eastern portion has a 3-story base and two levels above that setback 5 feet.

The overall building height and ground-floor dimensions of the proposed building are unchanged, but has been broken into three distinct expressions. As viewed from the corner of 3rd and Ford streets, the apparent height of the building is two stories. As a viewer moves to the north and the east, the height of the building becomes more apparent, but the full six-story height is visible only from the north. See Sheet A7.03.

In Chapter 17.33, C-3, General Commercial, the language reads in section 17.33.040, building height, that “Buildings shall not exceed a height of eighty feet.” The City’s staff report and findings stated that the building satisfies this finding. The need for a requested waiver for a 3-story expression at the corner is no longer necessary, as the building façade at the corner has been reduced to 2 stories.

But this isn't the whole story as it relates to “height” within the zoning code. There is code criteria that states buildings should have the same massing and configuration (interpreted by staff to include height) similar to adjacent or nearby historic buildings on the same block. The applicant team has submitted considerable information on the nature of 3rd Street at its easterly end, showing that the remaining historical buildings were built as one- and two-story structures, and therefore if future development were to match the bulk and height of these buildings, most likely no new development would occur. And, therefore, the potential for these properties to contribute to the growth and density potential of downtown McMinnville would not be realized.

By definition, “adjacent” means “Contiguous to a property boundary at a property line or property corner. Two properties separated by street or right-of-way are considered adjacent.” In applying this approval criterion, perhaps “adjacent” can be thought of more broadly, in a cohesive way, to include all of downtown McMinnville. In that case, doesn't that mean in a way that all buildings downtown are adjacent? Adjacent to each other and adjacent to the whole?

The proposed building is a bit taller than other buildings in downtown McMinnville, but not in any exaggerated way. The Gwendolyn Hotel is two stories taller than the 4-story Atticus hotel, though the

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sixth floor consists largely of a roof top amenity, and one floor taller than the Hotel Oregon, including the hotel's rooftop amenity. And again, the building is below the allowable height of 80'.

Regarding the second component of the criterion, as noted previously, the building design has been revised to meet the height provisions of this section and is now two stories in height at the street corner/intersection as shown on Sheets A3.01, A6.01, and A6.04. The ground floor is a generous 15' in height to allow for a variety of commercial uses, including restaurants and retail.

**FINDING: NOT SATISFIED.** The Historic Landmarks Committee understands that these are “should” guidelines rather than “shall” criteria and as such are not mandatory. However, the Committee rejects the notion that it can interpret these standards as so permissive as to be essentially inapplicable. Rather, the Commission interprets them, as the applicant does, to allow some variability in approach so long as the building appears to have a relatable massing and appears to be two-stories in height at the corner. In other words, this guideline allows the Historic Landmarks Committee significant discretion to determine the degree to which proposed scale, massing and height is responsive to its surroundings.

With respect to the first sentence of this standard, the Committee interprets the massing to include consideration of height as well. Height relates to mass. Increasing the height of a building has the effect of increasing its overall mass. The City has established precedent for requiring that new construction (KAOS, First Federal, Atticus Hotel) consider how the overall massing and height is minimized or mitigated so as to complement and not detract from adjacent or nearby historic buildings on the same block. To do otherwise would ignore the Committee's obligation to find that the guidelines and standards set forth in 17.59.040 are satisfied. The applicant has attempted to respond to this obligation by breaking the Third Street façade into three expressions and by setting back the upper stories along Third Ave. The Committee finds that although an improvement, the language is specific about requiring that the mass be “similar” to adjacent and nearby buildings on the same block. The Committee interprets the term “similar” to mean “resembling, without being identical.”

The term “adjacent” is defined in the McMinnville Zoning Code to mean “Contiguous to a property boundary at a property line or property corner. Two properties separated by street or right-of-way are considered adjacent.” Therefore, the area of consideration includes not only the extant historic buildings across Ford and Third Streets but also those located on the *same block* including the buildings on Fourth Street as well. The historic buildings facing Fourth Street, which are also “adjacent,” are one story. The proposed Fourth Street façade does not include any setbacks at the upper elevations and will appear as a 6-story building.

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The height and massing of the project over  $\frac{3}{4}$  block along the north elevation will significantly dwarf and detract from the one-story historic buildings along Fourth Street, as illustrated on Sheet A 3.2. The massing compatibility obligations do not distinguish between the primary and secondary elevations but rather require accommodation on all sides where historic buildings are visible.

With respect to the second sentence of this guideline, the Historic Landmarks Committee finds the two-story appearance not as critical as the obligation to achieve compatibility with regard to massing. Like the massing obligation, the degree to which the corner must appear to be two-stories will vary based on the surrounding built context. The Committee acknowledges that it has allowed new construction greater than two-stories at the intersection with the First Federal Building (three stories), the KAOS building (three stories) and the Atticus Hotel (four stories). This can be explained by requiring a step back in the front façade (KAOS building) or a finding that there were no other historic buildings on the block (First Federal). Further, this proposal is five stories tall with a rooftop deck where the tallest building in the district is four stories with a rooftop deck (Hotel Oregon). The Historic Landmarks Committee finds that the street perspective set forth at Sheet A 7.04 is not realistic as it has cropped the upper stories, approximately 60% out of the image. This does not reflect how the overall building height will be viewed. As a result, the Historic Landmarks Committee rejects the applicant’s arguments that this building will “appear” to be two stories at the corner or the surrounding built context dictates allowing something other than two stories.

The massing and configuration are not similar to adjacent or nearby historic buildings and does not appear to be two-stories in height at the corner. Although 17.59.030.D does set forth standards for securing a waiver, the applicant did not seek a waiver with respect to this modified design.

**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.

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**APPLICANT’S RESPONSE:** *(Per the applicant’s November 4, 2022, supplemental submittal).* Though described as a design standard, given the use of the word “should,” this criterion can be applied as a guideline that can be met in more than one way.

The proposed building exceeds sixty feet in width (it measures approximately 180 ft. along the 3rd Street frontage and approximately 98 ft. along the Ford Street frontage) and this provision is applicable.

As indicated on the Town of McMinnville and Rowland’s Addition plats, traditional north/south lot dimensions in downtown McMinnville are 100 ft., and the proposed building reflects traditional depths. As described in this approval criterion, the traditional east/west lot dimensions in downtown McMinnville are 60 ft., and the building exceeds that width. In order to construct the proposed building, the underlying lots will need to be combined and will be 180 ft. in length.

Though the historic lots in downtown McMinnville were 60 ft. wide, there have been a number of adjustments and revisions over the years, as indicated on Yamhill County Assessor Map 4 4 21 BC. The lots directly to the south have been revised to widths of 90 ft., 30 ft., 40 ft., and 80 ft. The lot directly to the north is 120 ft. in width. The lots between Evans and Ford Streets range from 29.5 ft. to 100 ft. in width. See Sheet A0.01 for illustration. As a result, the current lotting pattern is more organic than rigid and the traditional 60-ft. lot width has become more eclectic.

The building façade is divided into three distinct areas by the use of vertical divisions, materials, detailing, and stepbacks. As shown on Sheet A3.01, the façade bay widths are 90 ft., 30 ft., and 60 ft., and reference several existing historic structures:

- The three buildings directly to the south (TL 10400, 10401, and 10300, the Tributary Hotel and two adjacent buildings on 3rd Street) have similarly-scaled bays at 90 ft., 30 ft., and 40 ft. respectively.
- The site directly east of Galloway Street is 120 ft. wide and presents as a single building with multiple retail entrances.

Given that the proposed façade modulation and widths reflect existing historic context, the Committee can find that the design meets the intent of this criterion.

**FINDING: NOT SATISFIED.** The criteria requires that buildings that exceed sixty feet in width be visually subdivided by proportional bays, similar in scale to other adjacent historic buildings. With their revised design submitted November 4, 2022, the applicant has argued that the new design is divided into similar proportional bays similar to other adjacent historical buildings. Although the Committee recognizes the efforts to break the Third Street elevation into three distinct buildings, the Historic Landmarks Committee finds that the bays are not proportional to adjacent historic buildings.

### **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 3<sup>rd</sup> Street frontage occur at the southwest corner restaurant space, the hotel lobby, and the retail spaces along the east end of the 3<sup>rd</sup> Street frontage. A belt course separates the upper stories from the first floor, and the 4<sup>th</sup> to 6<sup>th</sup> stories from the 2<sup>nd</sup> and 3<sup>rd</sup> stories of the respective bays.

**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.

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**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 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.*

**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 3<sup>rd</sup> Street right-of-way.

**FINDING: SATISFIED.** The City concurs with the applicant's findings.

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**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.** 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.

***If approved, the following condition of approval would be necessary:*** 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))

**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.*

**A 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.*

**ANT'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.*

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**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.

### **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.** If this application was approved, it would need to include a condition of approval requiring 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.

***If approved, the following condition of approval would be necessary:*** 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))

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**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.*

**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.

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**117.59.080 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.**

***If approved, the following condition of approval would be necessary:*** The applicant will need to submit a sign permit for review and approval prior to the application of any signs to the project.

**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,*

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*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, 67 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 67

**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.)*
- 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.**

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**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).*
    - 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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Attachments: (Located 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](#) and on file with the Planning Department)

- Attachment 1: Application and Attachments (Provided August 9, 2022)  
 Supplemental Materials (Provided November 4, 2022)  
 Supplemental Materials (Provided December 15, 2022, and December 19, 2022)
- Attachment 2: Department/Agency Comments
- Attachment 3: Public Testimony

February 27, 2023

**Garrett H. Stephenson**

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**VIA E-MAIL**

Sidonie Winfield, Chair  
McMinnville Planning Commission  
C/O Heather Richards, Director  
McMinnville Planning Department  
230 NE Second Street  
McMinnville, OR 97128

RE: Appeal: HL 6-22, HL 7-22, HL 8-22, and DDR 2-22

Dear Chair Winfield and Members of the Planning Commission:

**I. Introduction.**

This appeal is respectfully brought by the Applicant in the above-referenced land use decisions. In simple terms, the four land use decisions denied by the City's Historic Landmarks Committee are intended to allow the demolition of three existing structures and construction of 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 (67 parking stalls). The building has a series of setbacks designed to any reduce height impact (collectively, referred to as the "Project"). As explained in our notice of appeal, the grounds for the HLC's denial are incorrect and not supported by substantial evidence. It is also worth noting that the HLC's decision was not unanimous and the Planning Director issued a staff report and proposed decision document recommending *approval* of each Application, with conditions.

However, rather than repeating the Applicant's disagreement with the HLC (which is thoroughly explained in the Applicant's appeal notice), the Applicant wishes to ground this discussion in the facts it has offered to support this Application, which facts are not contradicted by evidence in the record of anything approaching equal weight. As it regards demolition, the facts supporting the Applications are clearly explained the Applicant's December 15, 2022 letter, which is enclosed as **Exhibit 1**. These relate to three primary issues, which are

subsumed in the approval criteria in a variety of overlapping ways. These are (1) the condition of the existing buildings and their residual historic value; (2) the financial feasibility of their future preservation; and (3) the comparative economic benefit of the proposed Project. As explained below and in Exhibit 1, it is simply not economically rational to preserve these buildings and their contribution to the historic district is limited. Staff originally concurred with this assessment, as explained in its January 5, 2023 Staff Report and draft Decision Document.

**Exhibit 2.** On the other hand, allowing the project to proceed unlocks substantial benefits for Downtown McMinnville and the entire region.

**A. Condition of the buildings and their residual historic value.**

Each building has undergone no less than three detailed analyses: two by structural engineering firm HHPR and a historic resources assessment by Architectural Resource Group. While each building has its own characteristics, their general condition is fair-to-poor, as described in Exhibit 1. Contrary to the HLC's findings, this is not due to a failure by the buildings owner's to maintain them. Indeed, the 609 and 611 buildings have already undergone renovation under Oregon's Special Assessment of Historic Property Program. See Ex. 8 to Applicant's Dec. 15, 2022 letter.

As is clear in the record, these buildings possess limited residual historic integrity. For purposes of the approval criteria, specifically those under OAR 660-023-0200(8) and MZO 17.65.050(3) the "historic integrity" or "value and significance" of the building refers to features that existed within the date range of their respective periods of significance, ranging between the late 19<sup>th</sup> and early 20<sup>th</sup> centuries. However, all of these buildings were used as automotive garages and have changed substantially in appearance and character since they were constructed between 1904 and 1928. These changes are summarized as follows:

**1. 609 NE 3<sup>rd</sup> Street.**

- Resurfacing with stucco.
- Reconfiguration of the ground floor at the southwest corner of the building between 1928 and 1940 to a more open plan to accommodate gas pumps. Infill of these same bays (west two bays facing NE 3rd Street and south three bays facing NE Ford Street) after 1983.

- Storefront infill of north bay of NE Ford Street.
- Replacement of ground floor windows at easternmost bay (original transom windows remain above).
- Loss of historic garage blade signage.
- Addition of brick chimney at rear (north) elevation.
- Likely addition of the one-story north bay at the rear of the building (its materials differ from the original structure, with stucco-covered concrete masonry unit walls, and steel windows).

## **2. 611 NE 3<sup>rd</sup> Street.**

- Reconfiguration of the ground floor interior.
- Replacement of the entire ground floor between 1928 and 1948 to include a car auto sales office, as shown in the Sanborn Maps.
- Removal and replacement of all original ground-floor windows and window openings and re-cladding of the ground floor in stucco.
- Construction of a new inset façade with round columns.

## **3. 619 NE 3<sup>rd</sup> Street.**

- Insertion of paired doors with wood trim elements in westernmost bay.
- Removal of all five windows and window openings that were originally east of the westernmost bay (four have been replaced with two double-wide storefront windows and one has been replaced with a door with sidelights and awning).
- White brick has been painted.

The HLC took the position that these buildings should be preserved, in short, because of their overall form, and with respect to 609 and 611, because of their second-story windows and parapets. The HLC's findings also focus on the similarity of the appearance of the buildings to how they looked in 1984, when the

district was created. However, in so doing the HLC over-relies on the form of these buildings (indeed, their forms are similar to their historic forms simply because they still exist) and misplace the focus on historic appearance as being reflective of the date that the historic district was established, rather than how they looked in their “periods of significance.” The historic district was not concerned with evoking the memory of the 1980s, it was concerned with evoking the memory of the late 19<sup>th</sup> and early 20<sup>th</sup> centuries. These buildings certainly have little of those aspects left and are clearly no longer used as a gas stations and automotive repair shops – the uses for which they were originally built.

## **B. Financial feasibility of preservation.**

All of these buildings require expensive repairs to make them viable in the long term, and the record reflects that a significant change in their use would require full seismic upgrades. See Exhibit 1. Unfortunately, these buildings simply do not command the rents necessary to preserve the residual historic characteristics that they still possess. See Ex. 7 of Applicant’s Dec. 15, 2022 letter. According to a study prepared by Johnson Economics:

“As a result of these myriad factors, the retention of the existing structures would cause substantial financial hardship to the owners. Based on our previous experience, the likely cost of the necessary improvements and upgrades would render the cost of space to likely be hundreds of dollars more per square foot than new construction. If the redevelopment was not done and the buildings were kept in their current use without significant upgrades, they would pose a life safety hazard and may not be insurable. The structures are depreciated to a point in which Investments in the structures would be unlikely over time as they would not yield an economic return. As a result the properties would be likely to face an extended period of declining condition and underutilization for the foreseeable future.” Ex. 5 to Applicant’s Dec. 15, 2022 letter.

A preservation use case (with similar occupancies and no renovation) is of very limited future value. Phillip Higgins, a licensed commercial real estate broker, provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memorandum includes projected profit and loss information. See Ex. 7 to Applicant’s Dec. 15, 2022 letter. Mr. Higgins findings are summarized below:



“Combined rents across all 3 properties are \$11,365 (assuming fully occupied) or \$136,380 annual gross. The owners did not report taxes, insurance, utility costs, but an easy assumption is that a buildings operating costs are 45-55% of the gross revenue. Using the lower ratio:  $\$243,280 - 45\% = \$75,009$  Net operating income. [...]”

Mr. Higgins notes that the lease rates result in a net operating income is roughly \$75,000 annually, before any loan service, tenant improvements, or major repairs:

“The Current Market Valuation excludes any debt service, excludes tenant improvements, excludes any cost to bring the buildings up to current occupancy standards / code compliance, with the addition of these line items the [net operating income] would shrink significantly below lender underwriting standards for DCR / Debt Coverage Ratios for income to payments.”

Based on this analysis, the buildings in their current form are of little or no net economic value to a new owner, given the need to service acquisition debt at their current value. Stated simply, the cost of debt and tenant improvements is likely so near the net operating income that a sound financial institution is unlikely to lend on such an acquisition with an as-is use case.

The HLC found otherwise, offering conclusory statements like “this building has generated a reasonable economic return for generations” and blame “the long-standing owner’s failure to maintain the building” for the high cost of ensuring the building’s future viability. However, such statements are completely baseless and not supported by any evidence in the record, all of which establishes that these buildings (1) require substantial work and (2) command below-market rates. It is also worth noting that the HLC took the above position despite the fact that two of these buildings—609 and 611—both underwent renovation relatively recently. All told, the record simply does not reflect the HLC’s conclusions with regard to the current condition and economic viability of the buildings.

### **C. Comparative economic benefit of the proposed project.**

Weighed against the limited historic integrity of the buildings, their ongoing, economically-infeasible maintenance needs, is the opportunity presented by Project. The potential economic value of the Gwendolyn Hotel is addressed in Ex. 5 of the Applicant’s Dec. 15, 2022 letter, and can be summarized as follows:

- Total project value: \$59,735,000
- Construction cost: \$36,500,000
- Annualized property taxes: \$576,197 (2026), \$590,602 (2027), \$605,367 (2028).

The benefits of the Project are recognized in the Application and Staff Report for the Jan. 5, 2023 HLC Meeting. Specifically, 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 “[b]e 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. Staff’s proposed findings to the HLC concurred with this, and found that “The preservation of the buildings would be a deterrent to advancing several goals of the MAC Town 2032 Economic Development Strategic Plan.” Exhibit 3 at 100.

Ultimately, the Planning Commission is now charged with weighing these various aspects, and as explained in the Application, Dec. 15, 2022 Applicant Letter, and Jan. 5, 2023 Staff Report and Draft Decision Documents, the evidence in the record demonstrates that the City can, and should, strike this balance in favor of granting the four land use permits and allowing Hugh to construct the Project.

## **II. How should the criteria be applied?**

The HLC made a number of errors in its interpretation and application of the approval criteria, which are detailed in the Applicant’s Appeal Notice. Rather than re-state those here, the Applicant provides the following general explanation of what the criteria actually require.

### **A. OAR 660-023-00200(8)(a).**

OAR 660-023-00200(8)(a) provides as follows:

“(a) [Local governments 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;”

The above provision requires local governments to consider a number of factors when deciding whether to allow demolition of structures that are located within National Historic Districts. However, the obligation of the City is to *consider* these factors; the applicant is not required to prove that one or all of them are “met” as would be the case with a mandatory criterion begging a “yes or no” question. *Frankton Neighborhood Association v. Hood River County*, 25 Or LUBA 386, 395 (1993); *Von Lubken v. Hood River County*, 18 Or LUBA 18, 21-22 (1989). No particular balancing of these factors is required, either. The Applicant provided a detailed explanation of how these factors should be weighed in favor of approval of the demolition permits for each building. Exhibit 1.

## **B. Comprehensive Plan.**

As stated in OAR 660-023-00200(8)(a), a local government must “consider” “other policy objectives in the acknowledged comprehensive plan.” The Application and Jan. 5, 2023 Staff Report explain in detail how the Applications satisfy all applicable comprehensive plan policies. In particular, the following plan goals and policies are specifically relevant here:

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

*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.*

*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.*

*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.*

*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.*

**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.*

The Application and Jan. 5, 2023 Staff Report and Decision Document explain how, on balance, the Application is consistent with these policies.

The point of departure for the HLC is its focus on “Goal III 2,” which calls for the preservation of historic buildings. The problem with the HLC’s view here is that demolition of historic buildings is allowed in the McMinnville Zoning Ordinance (“MZO”), therefore, *any* historic demolition is inconsistent with that goal. However, the requirement that the City evaluate a project’s “consistency with and consideration of other policy objectives in the acknowledged comprehensive plan” does not mean that a policy encouraging preservation of historic buildings can be read as prohibitive of any historic demolition.<sup>1</sup> Rather, the general policies encouraging preservation of historic buildings must be read along with the express allowance for demolition in the MZO, and those policies cannot provide an independent basis for denial. ORS 174.010.

### **C. MZO 17.59 - Downtown Design Standards and Guidelines.**

The HLC focused on two issues regarding the proposed Project’s building design with respect to the design guidelines set forth in MZO 17.59.050.B. These are addressed below:

1. *MZO 17.59.050.B.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.”*

As staff explained in the Jan. 5, 2023 Staff Report, the Applicant took feedback from the public and produced an updated design that visually divides the building into three separate bays, which are intended to reflect the massing of other buildings on the same block. In its Application, the Applicant also explained that the above guideline is not mandatory because its use of the word “should” rather than “shall” allows for design creativity in meeting the guideline. Staff’s Jan. 5,

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<sup>1</sup> Note that the City imposes its own, largely duplicative criteria in MZO 17.65.050.B, which also requires consideration of “the City’s historic policies set forth in the comprehensive plan and the purpose of this ordinance.” Such plan policies and purpose statements obviously support preservation of buildings, but must also be read to give effect to all applicable provisions, including those allowing demolition of historic structures.



2023 Decision Document explains why the Application satisfies this guideline as follows:

“The applicant points out this criterion is a “should” and not a “shall” criterion, meaning that it is considered a guideline and not a requirement, which provides the Historic Landmarks Committee some discretion that is defined by past precedence.

“The Historic Landmarks Committee has established a precedent previously where this criterion was not considered a requirement for new construction, (the KAOS building, the First Federal building and the Atticus Hotel). In those circumstances, either the guideline for a building with similar massing and height to other historic buildings on the same block and the appearance of two stories on the corners at intersections were not required.

“In regards to the first guideline, the language is specific about massing and configuration similar to adjacent or nearby historic buildings *on the same block*. For the Third Street side of this project, if the three Certificate of Approvals for Demolition for 609, 611 and 619 NE Third Street are allowed, which would be necessary for this project to move forward, there would be no historic buildings left on the Third Street side of this block. This same precedent for decision-making was applied to the First Federal new construction project.

“The question then is whether or not the massing and configuration are similar to the rest of Third Street. In their original application, the applicant provided a height study of the downtown historic buildings to demonstrate that many buildings in downtown McMinnville were three and four-story buildings with rooftop amenities, and several that were in the immediate vicinity of this project were 40’ in height as a vertical plane from the property line, and some such as the Atticus Hotel and McMenamin’s Hotel were taller. Per the amended submittal provided by the applicant on November 4, 2022, the design of the project is still five-stories with an active roof-top program, however, the original design was modified so that the façade appears to be three separate buildings in order to reduce the massing and configuration of the original design and the three faux buildings all incorporate stepbacks of varying degrees in the upper floors in order to offset the

massing and configuration as well.

“The Historic Landmarks Committee has also established a precedent of allowing new construction buildings greater than two-stories at the intersection with the First Federal Building (three stories), the KAOS building (three stories) and the Atticus Hotel (four stories). In some cases, a setback was required (the KAOS building) and in other cases, the taller height was allowed. Per the amended submittal provided by the applicant on November 4, 2022, the design of the project was modified so that the height of the vertical plane from the property line reduced to a two-story height at the corner by the intersection.”

Exhibit 2 at 310-312.

The Applicant generally concurs with Staff’s analysis, above. This guideline appears to evaluate the compatibility of the proposed building with other “historic buildings on the same block,” but does not impose a clear height or story limitation. In order to meet this guideline, the 3rd Street façades have been refined to appear as three separate buildings. The westernmost section of the building is clad in white brick; the center portion of the building is clad in buff brick; and the eastern portion of the building is clad in red brick. In addition to the differences in material and color, each of the three building expressions have distinct massing and varied window detailing, cornice elements, and Juliet balconies. The westernmost section has a two-story base and three levels above that step back ten feet on both 3rd Street and Ford Street. The center portion has a two-story base with a three-foot setback on levels three and four, and the fifth level stepping back an additional eight feet. The eastern portion has a three-story base and two levels above that are set back five feet. The setback and separate building bays are illustrated in the following comparison of the original design with the update proposal, below:



*Original Design*



*Amended Design, November 4, 2022*

With respect to the corner of 3<sup>rd</sup> and Ford, the guideline encourages that buildings should “appear to be” two stories in height. This is readily accomplished with the deep setback of the building above the second story at that corner; indeed, it is not possible from someone of average height standing there to see the additional height above the second story cornice.

For the above reasons, the Planning Commission can find that the Application satisfies this guideline.

2. *MZO 17.59.050.B.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.”*

As with subsection 1, the above guideline is not mandatory, because it uses the word “should” rather than “shall.” Staff originally concluded that this guideline was met, as follows:

“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. With their revised design submitted on November 4, 2022, the applicant has argued that the new design is divided into similar proportional bays as other adjacent buildings, specifically based on a study of the building configurations across Third Street that have a 90 feet, 30 feet and 40 feet, whereas the Gwendolyn Hotel is divided into proportional bays of 90 feet, 30 feet and 60 feet with a longer block length to design. Additionally the amended design is much more distinctive than the original design.

The Historic Landmarks Committee has previous precedence of approving new construction projects that have much less definitive bay designs (Atticus Hotel) to satisfy this requirement, or bays that are not presumably proportional (First Federal, 91 feet and 52 feet) to satisfy this requirement. [...]”

Exhibit 2 at 313–14.

Although the HLC found that “the bays are not proportional to adjacent historic buildings,” it does not explain why this is so. Such a finding is simply not sustainable given the specific measurements of adjacent buildings upon which the Applicant based its proposed proportional bays.

For the above reasons, the Planning Commission can find that the Application satisfies this guideline.

### III. Conclusion.

The HLC believed that the Application presented a “false choice” between the economic value presented by the Project and the historic value represented by the building. The Applicant does not see the issues before the Planning Commission in such polemical terms. The Application demonstrates that the criteria for the demolition and design review are satisfied. While the value of the Project to McMinnville’s economy is a component of this, it is not the Application’s sole basis. Rather, the Application and evidence in the record support approval of the Application based on a balancing of relevant factors in light of the facts that these buildings retain limited residual historic significance, their rehabilitation is not economically rational and their owners should not be required to further subsidize their preservation, and that the Project offers a very impactful economic opportunity for Downtown McMinnville and the region generally.

Very truly yours,



Garrett H. Stephenson

GST:jmhi  
Enclosures

Cc: Mr. Andrew Clarke (*via email w/enclosures*)  
Mr. Mark Vuong (*via email w/enclosures*)  
Mr. Gary Riddick (*via email w/enclosures*)  
Mr. Chris Maykut (*via email w/enclosures*)  
Mr. Casey McKenna (*via email w/enclosures*)

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December 15, 2022

**Garrett H. Stephenson**

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**VIA E-MAIL**

Ms. Heather Richards  
Planning Director  
City of McMinnville  
525 NE 4th Street  
McMinnville, OR 97128

RE: Applicant's Response - The Gwendolyn Hotel (DR 2-22); 611 NE 3rd Street (HL-6-23) & 619 NE 3rd Street (HL 6-24)

Dear Heather:

This office represents HD McMinnville LLC, applicant in the above-referenced land use applications. McMinnville City Planning Staff has requested that Applicant provide additional information and proposed findings to the Historic Landmarks Committee ("HLC") regarding certain approval criteria expressed below, concerning applications to demolish three buildings within the McMinnville Downtown Historic District (the "Historic District") and construct the proposed Gwendolyn Hotel in their place. The Applicant addresses each of those criteria in this letter. This letter should be considered an addendum to the above-referenced applications and the Approvability Memoranda provided by Otak, dated Nov. 4, 2022, which address each building separately.

This letter enclosed the following exhibits, which support the supplemental findings below:

1. Historic Resource Assessment (the "HRA"), Architectural Resource Group, Nov. 2022.
2. Existing Building Structural Summary, HHPR, Nov. 6, 2022.
3. Documentation of Existing Building Structures, HHPR, July 29, 2022.
4. Contaminated Media Management Plan (Draft)
5. Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, Nov. 2, 2022.
6. Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, Nov. 2022.

Exhibit 1 Page 1 of 31

7. McMinnville Lease Rates, 611 NE 3rd & 609 NE 3rd McMinnville & 619 NE 3rd McMinnville, Phillip Higgins, Nov. 2, 2022.
8. Memorandum Regarding Historic Preservation Incentives, Otak, Oct. 31, 2022.
9. 2022 Tax Statements
10. The Gwendolyn Financial Pro-Forma, December 15, 2022.

For the reasons explained below, consideration of the several factors addressed herein demonstrates that the value of these buildings to the historic character of the Historic District is relatively low, that the buildings' values with their current or similar uses are very limited and likely insufficient to provide for needed repairs, that the buildings cannot be economically seismically-retrofitted in their current configuration to allow for a hospitality or other adaptive re-use, and that the public interest in preserving them is outweighed by the public and private benefits achieved by construction of the proposed Gwendolyn Hotel.

**1. OAR 660-023-0200(8)(a) Factors to Consider**

**RESPONSE:** OAR 660-023-00200(8)(a) provides as follows:

“(a) [Local governments 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;”

The above provision requires local governments to consider a number of factors when deciding whether to allow demolition of structures that are located within National Historic Districts. However, the obligation of the City is to *consider* these factors; the applicant is not required to prove that one or all of them are “met” as would be the case with a mandatory criterion begging a “yes or no” question. *Frankton Neighborhood Association v. Hood River County*, 25 Or LUBA 386, 395 (1993); *Von Lubken v. Hood River County*, 18 Or LUBA 18, 21-22 (1989). No particular balancing of these factors is required, either.

The Historic Landmarks Committee (“HLC”) can find (1) that these factors have all been considered with respect to the three buildings proposed for demolition and (2) consideration of these factors supports the Applicant’s demolition proposal for each building, which are addressed separately, below.

**A. 609 E Third Street.**

609 E Third Street designated as a “Primary Significant Contributing” and is described in the Staff Report as follows:

“This is a stucco-covered square brick building of two stories facing south and situated on a corner. The entire SW 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.”

“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.”

- Condition. The condition of the building in general was not characterized by the HRA. Condition of the original features of the building are described as follows:
  - The three original wood storefront windows and transoms, and south, west, and north elevation second-floor windows, are in fair to good condition.
  - The second-floor interior, at the south side of the building, is vacant and has been unused for a significant time period. As noted previously, the windows are in fair to good condition, including original millwork surrounds. Where plaster remains, it is in poor condition.
  - Original wood trusses at the interior appear to be in good condition.

It is notable, however, that a return of the ground-floor façade to its historic character is likely very difficult:

“The brick may have been scarified for application of the stucco, and there may also be areas of wire mesh, wood blocking or other materials added to infill the original corbelled brick configuration. If a return to the original brick appearance were desired, the removal of the stucco would likely require substantial if not full replacement of the underlying brick.”

The HHPR Existing Building Structural Summary (**Exhibit 2**) identifies the following structural deficiency in the building:

“The most southern roof truss in the 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.”

HHPR's initial structural review of the building, dated July 29, 2022 (**Exhibit 3**), identified the following issues:

- The roof framing over the original 2nd level offices is significantly deteriorated in several locations.
  - The south brick wall at the 2nd level offices is deteriorating and the mortar is no longer sound.
  - There are multiple diagonal cracks following the mortar lines at the 2nd level offices.
  - The 1st truss from the south elevation is displaced over 6 inches horizontally at the top which represents a significant structural concern.
- Historic Integrity. In this context, the "Historic Integrity" of the building refers to features that existed within the date range of secondary significance. The building has been updated since 1983, when the Historic District was established. The Historic District Nominating Form did not identify any period after 1937 as historically significant; therefore, features added after that date are not considered historically significant.

The historic integrity of the building has been substantially compromised since it was originally constructed, based on the HRA report (**Exhibit 1**). The following is a list of alterations to the building since it was constructed:

- Resurfacing with stucco.
- Reconfiguration of the ground floor at the southwest corner of the building between 1928 and 1940 to a more open plan to accommodate gas pumps. Infill of these same bays (west two bays facing NE 3rd Street and south three bays facing NE Ford Street) after 1983.
- Storefront infill of north bay of NE Ford Street.
- Replacement of ground floor windows at easternmost bay (original transom windows remain above).
- Loss of historic garage blade signage.
- Addition of brick chimney at rear (north) elevation.
- Likely addition of the one-story north bay at the rear of the building (its materials differ from the original structure, with stucco-covered concrete masonry unit walls, and steel windows).

**Exhibit 1** goes on to conclude that the only “character defining features” confirmed to be remaining on the building<sup>1</sup> include the following:

- Wood sash windows.
- One wood storefront window and transom at the easternmost bay of NE 3rd Street, although the glass at the storefront unit was replaced and subdivided with metal mullions.
- Two bays of wood storefront windows and transoms at the NE Ford Street Elevation.
- Interior finishes, such as window millwork, remain at several second-floor offices at the south end of the building.

Note that the HRA, while helpful, does not address “historic integrity” specifically but only “character defining features.” Even if the above are components of “historic integrity,” these are far outweighed by the fact that the building has been reskinned, its corner removed and later replaced in a manner not reflective of its original historic character, windows have been replaced, a chimney added, and addition of a one-story garage bay at the north side of the building.

For the above reasons, the historic integrity of the building is minimal.

- Age. The building was constructed in 1904. While this is within the 1881–1912 date range for a “primary contributing resource,” it is the latter end of that range. Other than its age qualifying it as a contributing resource in the Historic District, its build year does not convey significance.
- Historic Significance. The City’s Historic District’s 1983 statement of historic significance is as follows:

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<sup>1</sup> The Report also lists the building’s location, massing, flat roof, and structural members (i.e. the building’s existence) as “character-defining features,” but loss of these features would only occur if the building had been demolished to some extent and are not properly considered part of the building’s “historic integrity,” as they indicate no more than that the building still exists with the same number of stories. Indeed, all of these characteristics would be the same even if the building had been gutted and refinished entirely. Regardless, the above factor concerns “historic integrity,” not “character defining features.”



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 first paragraph explains how the building looked in 1983. The second paragraph explains who constructed the building, and describes a photograph of the building taken in 1904. The third paragraph explains which businesses operated in the building (a battery shop, Plymouth dealership, and auto shop) between 1904 and 1933.

“Historic Significance” is not defined in OAR 660-033-023. However, OAR 660-033-023(5)(a) explains that the “evaluation of significance” should be based on the following<sup>2</sup>:

*“(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.”*

With respect to (A), the Historic District's significance statement does not connect the building with any significant events. With respect to (B), while the building's original owner was

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<sup>2</sup> Note that these are virtually identical to the National Register's “Criteria for Evaluation.”

identified as prominent attorney Frank W. Fenton, the statement of significance does not explain how Mr. Fenton's life was particularly significant to local, regional, state or national history. It is also notable that by at least 1912 it was an automobile garage and dealership. With respect to (C), there is no evidence that the building possessed a particularly distinctive or notable design, artistic values, "or represents a significant and distinguishable entity whose components may lack individual distinction." Even if it did, the substantial changes to the building would have eliminated any such distinctiveness. With respect to (D), given the substantial changes to the building since Mr. Fenton built it, there is nothing about this building that "yields information important in prehistory or history." Assuming that Mr. Fenton was important to local history, the building's appearance and use as an auto-shop for most of its existence does nothing to evoke his importance to history, unlike the other building he constructed in the Historic District, which is not proposed for demolition.<sup>3</sup>

Finally, with respect to (E) the Historic District's nominating form describes the local historic context for primary contributing buildings as follows:

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

According to its nomination form, the building was included because it was built before 1912, not because it "reflects the building styles, traditions or patterns of structures constructed before this date." Therefore, it appears to be a "primary contributing" building by virtue of its date of construction alone.

- Value to the Community. Within living memory the building has been used as an automotive repair shop, gas station, and more recently, as offices of the New Register and small retail space, which occupies only the bottom floor. The building is not associated with any particularly meaningful community history, has never been used as a community gathering place, and does not appear to have any value to the community beyond its inclusion in the Historic District.
- Design or Construction Rarity. The building is not identified as being rare at all in terms of design or construction.

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<sup>3</sup> Mr. Fenton built the Fenton Building at 448 E Third Street, which is the only building in the District bearing his name, and which (according to the Historic District Nomination Form), he considered to be his "masterpiece."

- Consistency with and consideration of other policy objectives in the acknowledged comprehensive plan. Comprehensive Plan goals and policies were extensively addressed in the original application narrative.

OAR 660-023-0200(8)(a) Conclusion: For the above reasons, the HLC can find that the factors in OAR 660-023-0200(8)(a) weigh in favor of allowing demolition of the building.

### **B. 611 NE 3rd Street**

The property at 611 NE 3rd Street is classified as a “Secondary Significant Contributing” building in the Downton Historic District. **Exhibit 1** explains that property was developed sometime between 1912 and 1919 as an automobile garage, but it does not appear on Sanborn Fire Insurance Maps until 1928. At all times within the secondary historic period, the property was used as an automobile garage and by 1940 was used as a car dealership.

According to **Exhibit 1**, while the building’s second story and parapet remains intact, the ground floor has been significantly modified.

- Condition. **Exhibit1** described the second floor elevation as being in good condition, but the building appears to be in poor/marginal condition overall. Its upper parapet and roof system are intact. However, the HRA identifies a number of issues:
  - No original portions of the original ground floor storefront were visible at the interior side of the storefront.
  - Significant areas of damaged ceiling finishes and areas of water infiltration are visible at the north end of the second floor.
  - The roof surface drains to a drain at the rear, NW corner of the building, with an overflow scupper to an external leader emptying to the lower roof of 609 NE 3rd Street below. The roof drain is completely clogged, and it is therefore likely that during rain events water pools at this area of roofing, possibly infiltrating to the interior before reaching the overflow scupper.
  - The second-floor interior is vacant and has been unused for a significant period of time. Little of the original finishes remains. Finishes at the northern portion of the second floor are in poor condition. Outlines of removed partitions are visible in the remaining finish floor. Round pipe columns supported on added wood beams appear to have been added throughout to shore up the wood joists above and to distribute the load to joists below. The underside of the roof deck was not visible. Windows at the north elevation have been removed, and the openings enclosed with plywood with visible daylight at the perimeter, allowing air and water infiltration.

The HHPR Existing Building Summary (**Exhibit 2**) identifies the following structural deficiency in the building:

“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. 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.”

HHPR’s initial structural review of the building, dated July 29, 2022 (**Exhibit 3**), identified the following issues:

- 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.
- 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 north elevation has a series of old window openings along the 2nd level that have been filled in, however the condition of the wall and infill is poor with a significant amount of water entering the building and debris from bird nests.
- Historic Integrity. In this context, the “Historic Integrity” of the building refers to features that existed within the date range of secondary significance. While the building is largely in the same configuration as it was in 1983 when the Historic District was established, the Historic District Nominating Form did not identify any period after 1937 as historically significant; therefore, features added after that date are not considered historically significant.

As explained in **Exhibit 1** and the Staff Report, the historic integrity of the building has been substantially compromised since it was originally constructed, principally due to:

- Reconfiguration of the ground floor interior.
- Replacement of the entire ground floor between 1928 and 1948 to include a car auto sales office, as shown in the Sanborn Maps.
- Removal and replacement of all original ground-floor windows and window openings and re-cladding of the ground floor in stucco.
- Construction of a new inset façade with round columns.

**Exhibit 1** goes on to identify the following “character defining features” confirmed to be remaining with the building<sup>4</sup> include the following:

- Second Story
  - Buff colored brick cladding with dark grey pigmented mortar joints.
  - Parapet with central pediment, with copings surfaced with painted stucco.
  - Pressed metal entablature with modillions and brackets.
  - Five bays of paired wood one-over-one windows surmounted by a brick soldier course and squares of cast stone.
  - Low relief belt course at windowsills.
- Interior
  - Southeast entry stair to second floor, with pair of dual-swing doors at stair landing.
  - Portions of the ornamental wood flooring at the rear area of the second floor.

Note that the Report, while helpful, does not address “historic integrity” specifically but only “character defining features.” Even if the above are components of “historic integrity,” these features pertain almost exclusively to the second floor, which is unoccupied. The entire first floor of the building has lost virtually all of its historic integrity.

- Age. The actual date of construction is unknown, the Historic District Nominating Form identifies its construction year as between 1912 and 1928. A photo dated 1919 included in the application materials show the building nearing completion.
- Historic Significance. The City’s Historic District’s 1983 statement of historic significance is as follows:

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<sup>4</sup> The Report also lists the building’s massing and number of stories as “character-defining features,” but loss of these features would only occur if the building had been demolished to some extent and are not properly considered part of the building’s “historic integrity,” as they indicate no more than that the building still exists with the same number of stories. Indeed, all of these characteristics would be the same even if the building had been gutted and refinished entirely. Regardless, the above factor concerns “historic integrity,” not “character defining features.”



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 statement of significance explains the original physical characteristics of the buildings, but notes that the first floor façade was “extensively altered” with stucco cladding and has been “cutaway to expose two pillars.” The photos below illustrate the scope of how the building’s façade was altered after its period of significance:

**1 611 NE 3rd Street (1948)**



**2 611 NE 3rd Street (1983)**



“Historic Significance” is not defined in OAR 660-033-023. However, OAR 660-033-023(5)(a) explains that the “evaluation of significance” should be based on the following<sup>5</sup>:

*“(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*

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<sup>5</sup> Note that these are virtually identical to the National Register’s “Criteria for Evaluation.”

*(E) Relevance within the local historic context and priorities described in the historic preservation plan.”*

With respect to (A), the Historic District’s significance statement does not connect the building with any significant events. With respect to (B), the building is not noted as being associated with any particular person significant to local, regional, state, or national history. With respect to (C), there is no evidence that the building possessed a particularly distinctive or notable design, artistic values, “or represents a significant and distinguishable entity whose components may lack individual distinction.” With respect to (D), given the substantial changes to the building, only the second-floor façade is indicative of historic character, but it is not clear how this “yields information important in prehistory or history.”

Finally, with respect to (E) the Historic District’s nominating form describes the local historic context for primary contributing buildings as follows:

“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.”

All that is required to qualify a building as Secondary-Significant is construction within the date range above. According to its nomination form, the building was included because it was built sometime between 1912 and 1928.

- Value to the Community. Within living memory the building has been used as an automotive repair shop, car dealership, and as an office of the New Register and small retail space, which occupies only the bottom floor. The building is not associated with any particularly meaningful community history, has never been used as a community gathering place, and does not appear to have any value to the community beyond its inclusion in the downtown historic district.
- Design or Construction Rarity. The building is not identified as being rare at all in terms of design or construction.
- Consistency with and consideration of other policy objectives in the acknowledged comprehensive plan. Comprehensive Plan goals and policies were extensively addressed in the original application narrative.

OAR 660-023-0200(8)(a) Conclusion: For the above reasons, the HLC can find that the factors in OAR 660-023-0200(8)(a) weigh in favor of allowing demolition of the building.

### **C. 619 NE 3rd Street**

The property at 619 NE 3rd Street is classified as a “Secondary Significant Contributing” building in the Downton Historic District. **Exhibit 1** explains that the property was developed as

an automobile garage in 1923. At all times within the secondary historic period, the property was used as an automobile garage and by 1940 was used as a car dealership. At that time, ground floor building openings included an entry at the westernmost bay, with five windows to the east. Each of these six bays has been modified, including substantial reconfiguration of masonry openings. There were not then, and are not now, any upper-floor windows.

According to **Exhibit 1**, the ground floor has been significantly modified.

- Condition. The HRA notes that the roof and signage are in good condition, but identifies a number of issues:
  - The original white brick of the attic story/parapet remains, although it has been painted. Original unpainted white brick remains visible at the corner of the east elevation. Significant areas of brick cracking and displacement were observed in the attic story at the southeast corner of the building.
  - Little remains of the original building materials at the ground floor. The original brick moulding at the westernmost opening remains, although the opening has been infilled with a new door.

The HHPR Existing Building Structural Summary (**Exhibit 2**) identifies the following structural deficiency in the building:

“The bearing points of the trusses are deteriorated along the west wall and supplemental support has been framed under the trusses. This condition exists at the connection to the 611 Building and is the result of water penetration along the north south valley between the buildings.”

**Exhibit 2** also notes that there is cracking in the brick façade along the south exterior elevation.

HHPR’s initial structural review of the building, dated July 29, 2022 (**Exhibit 3**), identified the following issues:

- “The bearing points of the trusses are deteriorated (rotten) along the west wall and supplemental support has been framed under the trusses.
- This condition exists at the connection to the 611 Building and is the result of water penetration along the north south valley between the buildings.
- The brick and mortar at south elevation show signs of deterioration and diagonal cracks along the mortar lines.
- The east wall exterior has significant deterioration and is exposed due to the separation between the 619 Building and the recently constructed building to the east.”

- Historic Integrity. In this context, the “Historic Integrity” of the building refers to features that existed within the date range of secondary significance. While the building is largely in the same configuration as it was in 1983 when the Historic District was established, the Historic District Nominating Form did not identify any period after 1937 as historically significant; therefore, features added after that date are not considered historically significant.

As explained in **Exhibit 1** and the Staff Report, the historic integrity of the building has been substantially compromised since it was originally constructed, principally due to:

- Insertion of paired doors with wood trim elements in westernmost bay.
- Removal of all five windows and window openings that were originally east of the westernmost bay (four have been replaced with two double-wide storefront windows and one has been replaced with a door with sidelights and awning).
- White brick has been painted.

**Exhibit 1** goes on to identify the following “character defining features” confirmed to be remaining with the building<sup>6</sup> include the following:

- Brick cladding.
- Flat parapet with corbelled cornice and six bays articulated by seven pilasters.
- Metal flue at southeast corner of building.
- The original wood brick mould and protective bollards at the westernmost opening (wood posts, entry and transom at this location are not original).
- Wood trusses spanning east-west over the width of the interior space.

Note that the report, while helpful, does not address “historic integrity” specifically but only “character defining features.”

The photo and caption from the HRA is illustrative of the magnitude of the alterations of the building from its characteristics during the period of significance:

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<sup>6</sup> The HRA also lists the building’s massing, flat roof, and structural members as “character-defining features,” but loss of these features would only occur if the building had been demolished to some extent or added on to, and are not properly considered part of the building’s “historic integrity,” as they indicate no more than that the building still exists with the same number of stories. Indeed, all of these characteristics would be the same even if the building had been gutted and refinished entirely. Regardless, the above factor concerns “historic integrity,” not “character defining features.”





*By the time of this 1983 historic survey photograph, the window to the east of the double-wide opening had been converted to an entry and the windows in the two easternmost bays had been replaced with a storefront window spanning both bays (Historic Resources Survey, City of McMinnville, Yamhill County, Oregon).*

- Age. The Historic District Nominating Form identifies its construction year as 1923.
- Historic Significance: The City's Historic District's 1983 statement of historic significance is as follows:

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

“Historic Significance” is not defined in OAR 660-033-023. However, OAR 660-033-023(5)(a) explains that the “evaluation of significance” should be based on the following<sup>7</sup>:

*(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.”*

With respect to (A), the Historic District’s significance statement does not connect the building with any significant events. With respect to (B), the building is not noted as being associated with any particular person significant to local, regional, state, or national history. With respect to (C), there is no evidence that the building possessed a particularly distinctive or notable design, artistic values, “or represents a significant and distinguishable entity whose components may lack individual distinction.” With respect to (D), given the substantial changes to the building

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<sup>7</sup> Note that these are virtually identical to the National Register’s “Criteria for Evaluation.”

and its historic use as an automobile garage and car dealership, it does not “yield information important in prehistory or history.”

Finally, with respect to (E) the Historic District’s nominating form describes the local historic context for primary contributing buildings as follows:

“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.”

All that is required to qualify a building as Secondary-Significant is construction within the date range above. According to its nomination form, the building was included because it was built in 1923.

- Value to the Community. Within living memory the building has been used as an automotive repair shop, car dealership, and small retail spaces. The building is not associated with any particularly meaningful community history, has never been used as a community gathering place, and does not appear to have any value to the community beyond its inclusion in the Historic District.
- Design or Construction Rarity. The building is not identified as being rare at all in terms of design or construction.
- Consistency with and consideration of other policy objectives in the acknowledged comprehensive plan. Comprehensive Plan goals and policies were extensively addressed in the original application narrative.

OAR 660-023-0200(8)(a) Conclusion: For the above reasons, the HLC can find that the factors in OAR 660-023-0200(8)(a) weigh in favor of allowing demolition of the building.

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

**RESPONSE**: A draft Contaminated Media Management Plan (CMMP) that addresses all three properties has been included as **Exhibit 4**. The CMMP is a requirement of the Prospective Purchaser Agreement between the Applicant and Oregon Department of Environmental Quality (“DEQ”). As a practical matter, former automotive shops and fuel stations are routinely redeveloped and there is nothing about these buildings that presents a unique risk. The draft CMMP requires removal and safe disposal of any contaminated media (i.e. soil or ground water), and recommends only standard protective measures to mitigate the limited identified risk of petroleum contamination.

This is sufficient to satisfy Goal II of the City’s Comprehensive Plan, which implements Statewide Planning Goal 6. Goal 6 requires that the local government establish that there is a

reasonable expectation that the use for which land use approval is requested will also be able to comply with the state and federal environmental quality standards that it must satisfy to be built. *Hess v. City of Corvallis*, 70 Or LUBA 283 (2014). The City’s comprehensive plan does not address soil contamination, and with respect to water, Policy 10.00 of the Comprehensive Plan provides that “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.” The Applicant’s ongoing work with DEQ through the PPA process is evidence not only that DEQ will provide sufficient oversight to ensure the safety of workers and the public, but also demonstrates that the Application will be able to comply with DEQ’s standards.

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

**RESPONSE:** The Application proposes demolition of the three structures discussed above in order to allow it to construct the Gwendolyn Hotel. The economic value of the three buildings and their future use case are substantially limited. When compared to the potential economic value of the proposed hotel, the economic factors weight in favor of demolition for all three buildings.

While certainly not a model of linguistic clarity, 17.65.050(B)(2) appears to get at the comparative economic value when compared to the historic value of the buildings proposed for demolition. It appears to also evaluate the comparative economic value of the buildings if preserved or renovated.

The potential economic value of the Gwendolyn Hotel is addressed in **Exhibit 5**, and can be summarized as follows:

- Total project value: \$59,735,000
- Construction cost: \$36,500,000
- Annualized property tax project: \$576,197 (2026), \$590,602 (2027), \$605,367 (2028).

In comparison, a preservation use case (with similar occupancies and no renovation) are of very limited future value. Phillip Higgins, a licensed commercial real estate broker, has provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memorandum includes projected profit and loss information. **Exhibit 7**. Mr. Higgins findings are summarized below:

“Combined rents across all 3 properties are \$11,365 (assuming fully occupied) or \$136,380 annual gross. The owners did not report taxes, insurance, utility costs, but an easy assumption is that a buildings operating costs are 45-55% of the gross revenue. Using the lower ratio:  $\$243,280 - 45\% = \$75,009$  Net operating income. At a 6% CAP rate this would result in a [current] Market Value of \$1,250,150.”

Mr. Higgins notes that the lease rates result in a net operating income is roughly \$75,000 annually, before any loan service, tenant improvements, or major repairs:

“The Current Market Valuation excludes any debt service, excludes tenant improvements, excludes any cost to bring the buildings up to current occupancy standards / code compliance, with the addition of these line items the [net operating income] would shrink significantly below lender underwriting standards for DCR / Debt Coverage Ratios for income to payments.”

Based on this analysis, the buildings in their current form are of little or no net economic value to a new owner, given the need to service acquisition debt at their current value. Stated simply, the cost of debt and tenant improvements is likely so near the net operating income that a sound financial institution is unlikely to lend on such an acquisition with an as-is use case.

Even so, the July 29, 2022 HHPR Report (**Exhibit 3**) demonstrates that significant work must be done on these buildings in order for them to remain viable even for this use case. Necessary repairs would include the following:

- “The 2nd level of the 609 Building would require repair and remediation should that space be occupied.
- The 2nd level of the 611 Building would require repair and remediation should that space be occupied.
- As noted in the General Conditions section, each of the three buildings have structural conditions that we recommend be further analyzed for possible remedial actions should they remain.
  - This includes the roof truss node that is out of plane in the 609 Building, the removed built up floor beam in the 611 Building, and the rotten truss bearing in the 619 Building.
- Additionally, all three buildings have sections of the roof framing that is deteriorated and requires repair.”

While there are some grants and historic preservation tax credits that may be available, work to bring the buildings back into a sound condition is likely in the hundreds of thousands of dollars. The primary historic tax benefit, the “Special Assessment of Historic Property Program” is no longer available for the 609 and 611 Buildings. The most beneficial available federal program,



the Federal Historic Tax Preservation Tax Incentive Program, provides a 20% income tax credit. With a current federal income tax rate of 21%, this would yield only about \$5,700 per year for all three buildings collectively, and this assumes that the gross income from these properties would otherwise be fully taxable. State grants for particular historic buildings generally yield a maximum \$20,000. **Exhibit 8.** All of this assumes successful competition for such grants, which is certainly not a guarantee given the diminished historic character of these buildings. In summary, there is no reason to believe that historic grant programs and tax credits will be even close to sufficient to provide the repairs identified in the HHPR report.

Upgrading the buildings to a different use would almost certainly require seismic upgrades. To explore an alternative use case that would preserve but reuse the buildings for a hotel, the Applicant engaged its subsidiary Hugh Construction Company to prepare a financial pro-forma for re-use of the buildings as a hotel with ground-floor retail.<sup>8</sup> This is enclosed as **Exhibit 6.** The key findings are as follows:

- The base construction costs are anticipated to be \$11,430,000, with a total project cost of roughly \$20,000,000, excluding land acquisition.
- The total construction costs, along with soft costs and land acquisition costs are anticipated to be \$24,994,838.
- Due to the limited number of rooms, high cost of historic rehabilitation and retrofit, and debt service, the total net operating income from the project will be approximately \$813,419, with an annual cash flow of only \$516,922. Note that this is before debt service. Net cash flow from the property as a whole is negative, with cash investments in the negative throughout the period to fiscal year 2032, as demonstrated by the cash income statement on pg. 8 of **Exhibit 6.**

Considering this alternative program, the Johnson Economic Study dated Nov. 2, 2022 analyzed the potential returns as follows:

“Renovation of the site for lodging uses would require a significant investment in restoration to bring the structure into conformance with current code. The estimated current costs to develop this program is just under \$20 million in current dollars (excluding acquisition), with an overall cost of roughly \$25 million. The projected net operating income at stabilization is estimated at \$580,500, representing a 2.3% return on cost.”

“The estimated capitalization rate for this type of project is likely in the 6.5% to 7.5% range. Assuming a 7.0% cap rate, the estimated value of the project would only be \$8.3 million in this configuration, roughly a third of estimated costs.

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<sup>8</sup> While no other contractors could provide an estimate without a more developed renovation plan set, the contractors Hugh consulted confirmed that Hugh Construction’s estimate was reasonable.

While the assumptions may shift, renovation of the current structure for retail and hotel space is highly unfeasible.”

“Renovation of the structure does not provide the owner with a “reasonable economic use”. There would be no expectation that the property owner or a rational developer would pursue this project as a renovation.”

The upshot of the above discussions is that there is no rational economic value to a rehabilitation and re-use case for the buildings.

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

**RESPONSE:** HHPR’s Existing Building Summary identified a number of structural issues with these buildings, which are explained in detail below. Its general conclusions are that the buildings need significant work soon: “If we were in a position to advise the building owner, we would recommend that these items be addressed in the very near future.” **Exhibit 2.** This is just to get the building back to something resembling their original design structural capacity. All have significant structural issues. For example, the 609 Building has a major truss that must be replaced. The 611 Building has load-bearing laminated beams that have been cut. Most of the roof trusses in the 619 Building are rotten where they intersect the party wall along the 611 Building. All of these conditions must be addressed.

The buildings are also all constructed of unreinforced masonry. **Exhibit 2** provides a detailed literature review explaining why seismic reinforcement of these buildings is advisable, and concludes as follows:

“Like other similar URM buildings, the three buildings under review in this report would have the potential for similar failure points. Generally, these failure points could be attributed to the lack of ductility associated with URM construction and the lack of positive connections between the floor and roof framing and the walls of the structure. The anticipated failure points could be:

- In plane shear failure of the URM walls
- Out of plane bending failure of the URM walls
- URM walls pulling away from the roof or floor framing resulting in roof or floor collapse

Given their higher risk profile, URM buildings represent a unique and complicated challenge to the structural engineering community, to the building owners and to the community at large.”

It is important to recognize that any significant changes to these buildings (such as significant tenant improvement) would likely trigger seismic retrofit to some degree. This is a likely

scenario, for example, if the upper floors of the 609 and 611 Buildings are put back into use and qualify as an “alteration.” Also, changes in occupancy and structural alterations (such as those required to address the buildings’ identified structural problems) would likely trigger additional upgrades under the Existing Building Structural Code, as adopted by the State Building Codes division.

The costs of such upgrades are likely infeasible for these buildings in their current occupancy; as explained by the Western States Seismic Policy Council, “upgrading existing buildings to resist earthquake forces is more expensive than meeting code requirements for new construction.” <https://www.wsspc.org/public-policy/legislation/oregon/>. This is also demonstrated by the memorandum provided by Mr. Higgins (**Exhibit 7**), which demonstrates that such improvements are not financially feasible.

The physical condition of certain building elements—particularly those from the historic period of significance—is provided in the HRA. **Exhibit 1**. However, the HRA does not characterize the general condition of the buildings as a whole. The physical condition of the buildings is explained below:

- 609 E 3<sup>rd</sup> Street. The condition of the building in general was not characterized by the HRA. Condition of the original features of the building are described as follows:
  - “The three original wood storefront windows and transoms, and south, west, and north elevation second-floor windows, are in fair to good condition.
  - The second-floor interior, at the south side of the building, is vacant and has been unused for a significant time period. As noted previously, the windows are in fair to good condition, including original millwork surrounds. Where plaster remains, it is in poor condition.
  - Original wood trusses at the interior appear to be in good condition.”

It is notable, however, that a return of the ground-floor façade to its historic character is likely very difficult:

“The brick may have been scarified for application of the stucco, and there may also be areas of wire mesh, wood blocking or other materials added to infill the original corbelled brick configuration. If a return to the original brick appearance were desired, the removal of the stucco would likely require substantial if not full replacement of the underlying brick.”

The HHPR Existing Building Summary (**Exhibit 2**) identifies the following structural deficiency in the building:

“The most southern roof truss in the 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.”

HHPR’s initial structural review of the building, dated July 29, 2022 (**Exhibit 3**), identified the following identified the following issues:

- “The roof framing over the original 2nd level offices is significantly deteriorated in several locations.
  - The south brick wall at the 2nd level offices is deteriorating and the mortar is no longer sound.
  - There are multiple diagonal cracks following the mortar lines at the 2nd level offices.
  - The 1st truss from the south elevation is displaced over 6 inches horizontally at the top which represents a significant structural concern.”
- 611 E 3<sup>rd</sup> Street: **Exhibit 1** described the second floor elevation as being in good condition, but the building appears to be in marginal condition overall. Its upper parapet and roof system are intact. However, the HRA identifies a number of issues:
    - “No original portions of the original ground floor storefront were visible at the interior side of the storefront.
    - Significant areas of damaged ceiling finishes and areas of water infiltration are visible at the north end of the second floor, but it is unknown if water infiltration is active or if it pre-dates the roofing replacement.
    - The roof surface drains to a drain at the rear, NW corner of the building, with an overflow scupper to an external leader emptying to the lower roof of 609 NE 3rd Street below. The roof drain is completely clogged, and it is therefore likely that during rain events water pools at this area of roofing, possibly infiltrating to the interior before reaching the overflow scupper.
    - The second-floor interior is vacant and has been unused for a significant period of time. Little of the original finishes remains. Finishes at the northern portion of the second floor are in poor condition. Outlines of removed partitions are visible in the remaining finish floor. Round pipe columns supported on added wood beams appear to have been added throughout to shore up the wood joists above and to distribute the load to joists below. The underside of the roof deck was not visible. Windows at the north elevation have been removed, and the openings enclosed with plywood with visible daylight at the perimeter, allowing air and water infiltration.”

The HHPR Existing Building Summary (**Exhibit 2**) identifies the following structural deficiency in the building:

“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. 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.”

HHPR’s initial structural review of the building, dated July 29, 2022 (**Exhibit 3**), identified the following issues:

- “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.
  - 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 north elevation has a series of old window openings along the 2nd level that have been filled in, however the condition of the wall and infill is poor with a significant amount of water entering the building and debris from bird nests.”
- 619 E 3<sup>rd</sup> Street: The HRA notes that the roof and signage are in good condition, but identifies a number of issues:
    - “The original white brick of the attic story/parapet remains, although it has been painted. Original unpainted white brick remains visible at the corner of the east elevation. Significant areas of brick cracking and displacement were observed in the attic story at the southeast corner of the building.
    - Little remains of the original building materials at the ground floor. The original brick mould at the westernmost opening remains, although the opening has been infilled with a new door.”

The HHPR Existing Building Summary (**Exhibit 2**) identifies the following structural deficiency in the building:

“The bearing points of the trusses are deteriorated along the west wall and supplemental support has been framed under the trusses. 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.”

**Exhibit 2** also notes that there is cracking in the brick façade along the south exterior elevation.



HHPR's initial structural review of the building, dated July 29, 2022 (**Exhibit 3**), identified the following issues:

- “The bearing points of the trusses are deteriorated (rotten) along the west wall and supplemental support has been framed under the trusses.
- 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 brick and mortar at south elevation show signs of deterioration and diagonal cracks along the mortar lines.
- The east wall exterior has significant deterioration and is exposed due to the separation between the 619 Building and the recently constructed building to the east.”

The July 29, 2022 HHPR report describes the general condition of the buildings as follows:

- “Each of the three buildings has portions of brick wall that are in poor condition that would require significant work to remediate including new mortar and the replacement of bricks.
- Each of the three buildings has portions of the roof structure that are rotting and are in poor condition. While it may be that the roofing has been repaired, it does not appear that in certain areas the supporting structure has been repaired. These areas also coincide with areas of the brick wall that are in poor condition
- 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 removed floor beams distributing roof load in the 611 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain.
- The rotting bearing points of the roof trusses in the 619 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain.”

Based on the information provided in **Exhibits 1, 2, and 3**, the general condition of the buildings is best characterized as poor or marginal at best, depending on the proposed use case. While the buildings are not “dangerous” (which condition would require removal of the existing tenants), it is clear that significant work must be undertaken to ensure these buildings’ future preservation,

even if they are not seismically upgraded. Bear in mind that this is the requirement for continued use of the buildings for ground-floor retail or limited-occupancy offices; any more intensive uses will require substantially more structural upgrades. It is also important to note that, under both state and local criteria, the buildings need not be considered “dangerous” in order for their condition to be a major factor in allowing their demolition.

***C. 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;***

**RESPONSE:** The HLC can find that this factor favors demolition for the following reasons.

- As explained in detail in response to OAR 660-023-0200(8)(a), the buildings are listed as contributing to the district primarily due to their dates of construction. All appear to have been constructed (or at least re-constructed) for use as automobile garages and a car dealership and, in the case of the 609 Building, a gas station. The buildings were designed and adapted to this purpose. The buildings have each lost at least half of their historic facades (indeed, the 609 Building has lost its entire original façade), and the upper floors of the 609 and 611 Buildings are unoccupied and have few remaining interior historic finishes. Remaining historic features generally include some window casings on the 609 Building, the parapets on the 611 and 619 Buildings, and some interior features. Otherwise, their remaining characteristics are simply their masses and structural elements. For this reason, their historic value is low after having been substantially compromised prior to establishment of the Downtown Historic District.

There is no evidence that any of these buildings are connected with important historical events. While the 609 Building was built by McMinnville resident Frank W. Fenton, Mr. Fenton was a developer and built several buildings, and there is no evidence that he made personal use of the building for long, if at all. And, this building does not resemble at all its original exterior during the period in which Mr. Fenton might have made use of it. There is also no evidence that these buildings served as community gathering spaces during their periods of historic significance.

Based on the above, the public interest in preservation of these buildings is confined to the fact that they are listed as contributing structures within the Historic District. There are no other factors that reasonably weigh in favor of preservation. On the other hand, they are not remarkable in relation to the other contributing buildings within the Historic District and they retain very little of their respective historically-relevant features, most of which have been covered with stucco or removed. For all of the above reasons, the HLC can find that the public interest in their preservation is low.

- The buildings will require substantial structural repairs to continue to be used for the limited retail and office uses they have been used for since the establishment of the Historic District. Seismic retrofit of the buildings is unaffordable if their current

configuration is maintained, and there is no positive return on investment if they were to be rehabilitated for use as a hotel.

- As explained in the HRA, the primary historical value of these buildings is their location, massing, and roof configuration. Assuming that the buildings massing must be retained for that reason, no owner will be able to meaningfully intensify their uses. This is a further headwind against any substantial repair or seismic upgrade. Therefore, the economic value of the buildings to the City is represented by their current uses, with a Current Market Value of \$1,250,150 for all three buildings, collectively. **Exhibit 7.** This is *less* than the combined assessed value of the buildings, noted below. Even excluding debt service obligations and tenant improvements, the collective market value of the buildings is only \$2,230,066. On the other hand, the projected market value of the Gwendolyn after construction and occupancy in FY 2025 is roughly \$64M after an investment of approximately \$61M. **Exhibit 10.**

The combined assessed value of all three buildings in 2022 is \$1,793,470; at a combined rate of 16.4925 these collectively generate roughly \$29,500 in annual property tax revenue, with roughly \$10,670 of that amount going to the City of McMinnville. **Exhibit 9.** Assuming a standard rate (non-historic) of 16.5854, property taxes after completion and occupancy of the Gwendolyn in 2025 would be \$327,917. **Exhibit 10.**

Construction of the Gwendolyn will be a significant draw to McMinnville's downtown, increasing traffic to businesses within the Historic District. Given that this will increase the value of the other buildings in the Historic District, construction of the hotel is likely not only a benefit to the City from a financial perspective, but also a long-term benefit to the district itself. According to the Nov. 2, 2022 Johnson Economics Report, "[t]he proposed new hotel would provide significant economic value on the site, supporting the ongoing positive investment patterns in downtown McMinnville. Keeping the existing structures would effectively preclude new investment on the site, and result in underutilization of the parcels while yielding no economic return."

For the above reasons, the HLC can find that the proposed Gwendolyn Hotel is an "an improvement program of substantial benefit to the City." Preservation of these buildings presents a substantial barrier to this program because these buildings must be removed to allow for construction of the Gwendolyn, because they have little to no economic viability for adaptive re-use, and because their value under their current use case is miniscule compared to the proposed development. It is also worth considering that the value of the buildings is likely to decline even in their current or similar tenancies unless structural repairs are made; as explained above, such repairs are likely not financially rational without a more intensive use case for the buildings, which itself may trigger seismic upgrades.

- Based on the above discussion and evidenced referenced therein, the HLC can find that preservation of these particular buildings constitutes "a deterrent to an improvement

program of substantial benefit to the City which overrides the public interest in its preservation.”

***D. 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***

**RESPONSE:** The public interest in the resource’s preservation is not clearly articulated in any adopted document. However, the HLC can find that the public interest in preservation of these buildings is related to their ability to reflect their historical period of significance. As explained above, these buildings do so to only a limited degree because their facades have been largely replaced. Therefore, the public interest in their preservation should be viewed as reduced as compared to buildings that have not been substantially altered, and such interest is largely a factor of their year of construction.

The public interest in their preservation must necessarily include their ability to serve an economic function to McMinnville’s historic Downtown. As explained above, the current economic viability of these buildings and their future prospects are poor. Adaptive re-use is not a realistic option because of the significant structural upgrades that would be required, and re-use of the buildings for the hotel use proposed by the Applicant is not economically feasible.

In view of both of these factors, the public’s interest in these buildings’ preservation seems limited at best, and low when compared to buildings in the District which have better future economic use prospects or better reflect their original appearance, or both.

The question posed by this criterion was directly evaluated in the Johnson Economics Report (**Exhibit 5**). This report concludes as follows:

“Keeping the buildings in their current use would negate the requirement to upgrade the structures but would also limit the amount of investment that could be made within triggering the requirement. The buildings have structural deficiencies and obvious deterioration that would need to be addressed prior to re-tenanting in any of the buildings.

Building the hotel above the existing structures would require a complete seismic upgrade of the structures, and new columns to support the hotel would need to penetrate the structures. The cost of this type of structure would be substantially higher than new construction and the resulting development would be significantly less efficient.

As a result of these myriad factors, the retention of the existing structures would cause substantial financial hardship to the owners. Based on our previous experience, the likely cost of the necessary improvements and upgrades would render the cost of space to likely be hundreds of dollars more per square foot than new construction. If the redevelopment was not done and the buildings were kept

in their current use without significant upgrades, they would pose a life safety hazard and may not be insurable. The structures are depreciated to a point in which Investments in the structures would be unlikely over time as they would not yield an economic return. As a result the properties would be likely to face an extended period of declining condition and underutilization for the foreseeable future.”

This conclusion is consistent with the other information discussed above, which generally demonstrates that the buildings are not likely to generate a meaningful return for Hugh Development with a current or similar tenant mix. This is reflected by the fact that the actual market value when accounting for debt service is actually *less* than the assessed value of the property. See **Exhibits 7 and 9**.

For the above reasons, the HLC can find that retention of the buildings in their current configurations would not just be a financial hardship to the owner, but will likely result in the eventual degradation of the buildings to the point where demolition for safety reasons becomes increasingly likely. These practical headwinds against continued use of the buildings in their current configurations far outweigh the buildings’ relative contribution to the objectives of the Historic District, as discussed above, and therefore outweighs the public’s interest in preservation.

**E. 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.**

**RESPONSE:** For the above reasons, the HLC can find that the retention of these three buildings would not be in the best interests of the citizens of the City. These reasons can be summarized as follows:

- The buildings do not reflect their appearance or use during their respective periods of significance.
- The building have few remaining residual historic features charactering the Historic District, aside from their masses, structural frames, and roof lines.
- The buildings have limited value under current uses.
- Current or similar uses are probably unable to generate sufficient value to repair the buildings.
- Adaptive re-use would require seismic upgrades and the buildings cannot be economically used for hospitality.



Heather Richards  
December 15, 2022  
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On the other hand, the economic opportunity for the Historic District presented by the proposed Gwendolyn Hotel far outweighs the limited benefits of building preservation, as discussed above.

Historic features identified by the HRA, such as belt courses and cornices, are emulated by the proposed architectural design of the Gwendolyn. Any moveable historic features of these buildings, such as windows, can be incorporated into the proposed building. The remaining characteristics of the buildings—their massing and roof line—can be easily documented with photographs.

For these reasons, the HLC can find that on balance, retention of these buildings would not be in the best interest of the City's citizens when weighed against the benefits of the proposed Gwendolyn Hotel.

Best regards,



Garrett H. Stephenson

GST:jmhi  
Enclosures

Cc: Li Alligood (*via email w/enclosures*)  
Casey McKenna (*via email w/enclosures*)  
Gary Reddick (*via email w/enclosures*)  
Andrew Clarke (*via email w/enclosures*)  
Mark Vuong (*via email w/enclosures*)

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## EXHIBIT 2 – STAFF REPORT

**DATE:** January 5, 2023  
**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

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### Report in Brief:

This is a continuation of the 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 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 67 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.

The Historic Landmarks Committee opened the public hearing on September 29, 2022, and continued it to December 8, 2022, at which time they continued the public hearing to January 5, 2023.

The applicant provided supplemental materials on November 4, 2022, November 7, 2022, December 15, 2022, and December 19, 2022.

Staff has reviewed all of the materials 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).

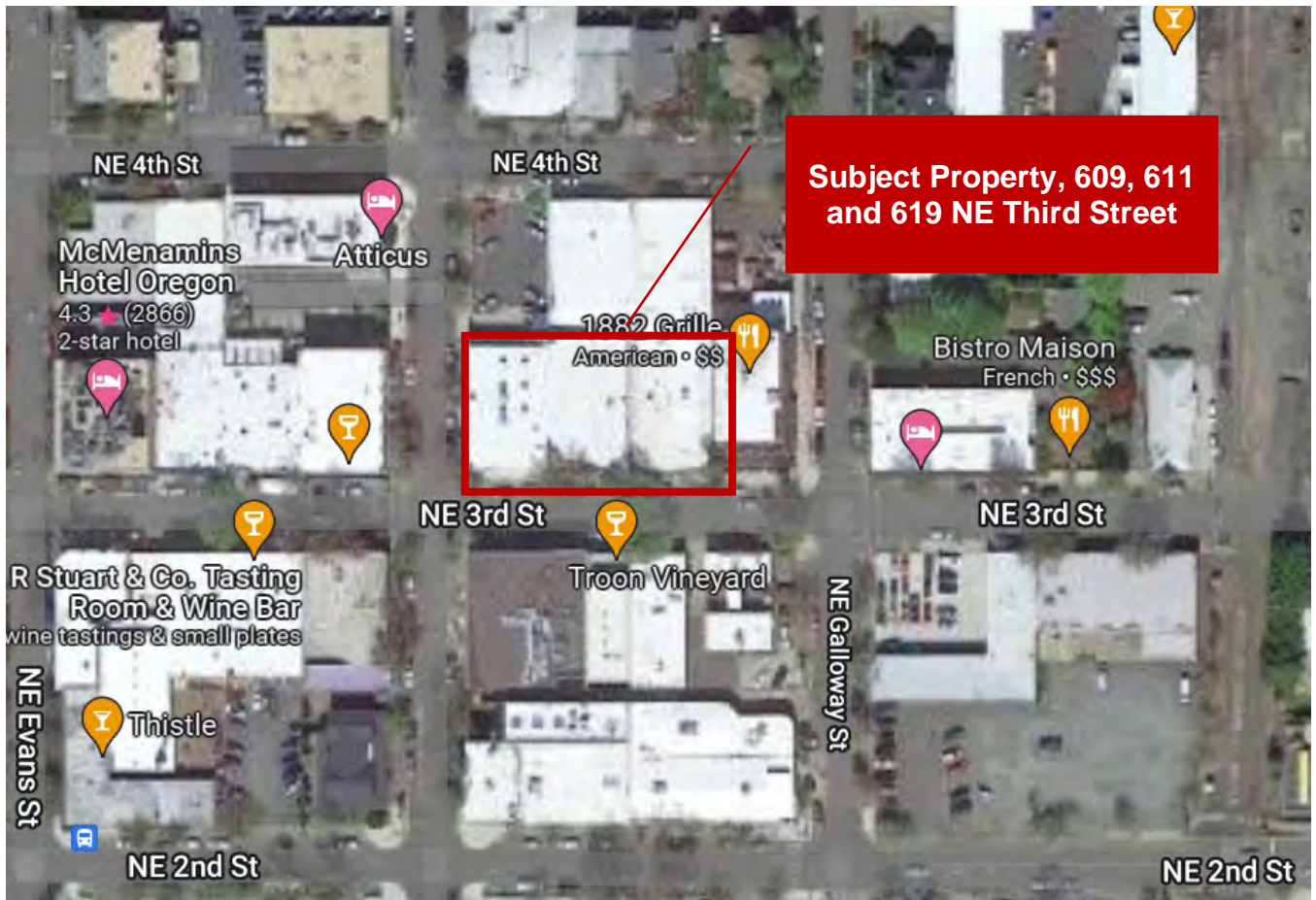
These draft decision documents are positioned as Approval with Conditions decisions. Staff is recommending approval with conditions based on the historical precedence of past HLC decisions. Due to the discretionary nature of both the state and local criteria relative to the requirement to consider many different factors when rendering a decision on demolition of historic resources (historic significance, historic integrity, age, economic feasibility, replacement project value to the community, etc.) the HLC can choose to deny the applications with the same general findings by identifying which factors led to the HLC decision of denial.

**Background and Discussion:**

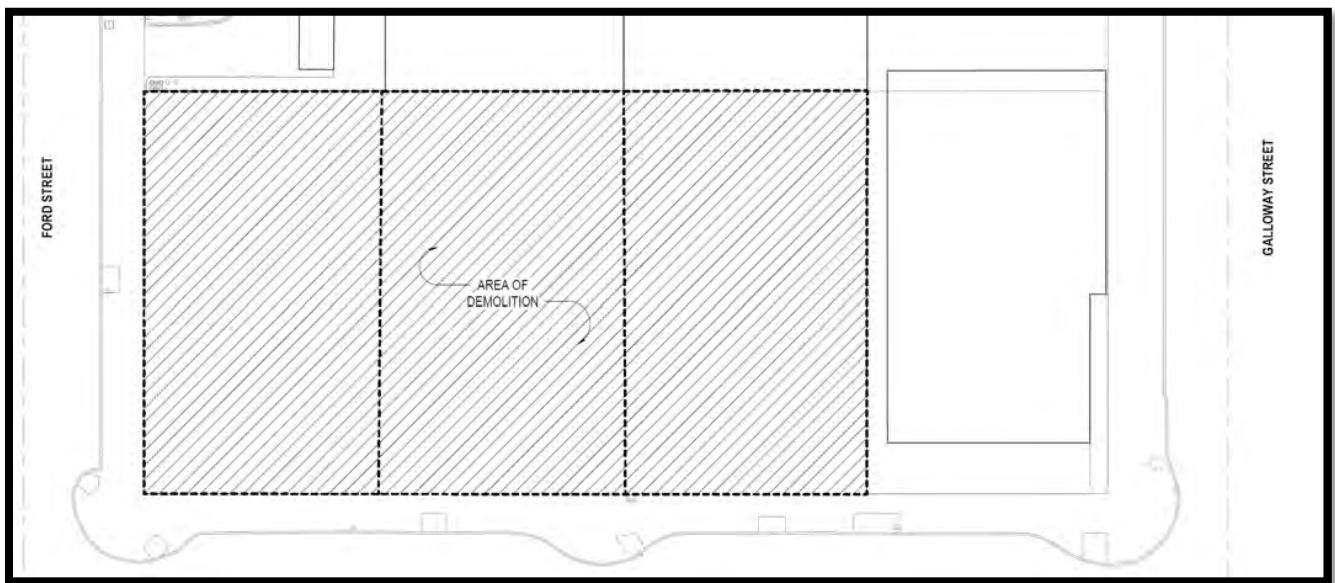
The subject property is located at 609, 611 and 619 NE Third Street. The property is identified as Tax Lots 4500, 4300, and 4201, Section 21BC, T. 4 S., R. 4 W., W.M. It is on the east end of Third Street, northern frontage between Ford Street and Galloway Street.

The site is at the northeast corner of NE 3<sup>rd</sup> Street and NE Ford Street and consists of three buildings: two tax lots addressed as 609 NE 3<sup>rd</sup> Street and 619 NE 3<sup>rd</sup> Street, and the southern portion of the tax lot addressed as 611 NE 3<sup>rd</sup> 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 3<sup>rd</sup> Street, is developed with restaurant and other commercial uses. The sites south of NE 3<sup>rd</sup> Street are developed with a variety of commercial uses. The Tributary Hotel is on the southeast corner of NE 3<sup>rd</sup> Street and NE Ford Street. The site to the northwest is in use as a surface parking lot; the site north of 611 NE 3<sup>rd</sup> Street is the location of The Bindery event space. Please see vicinity map below.



**Demolition Site**





## Structures to be Demolished:



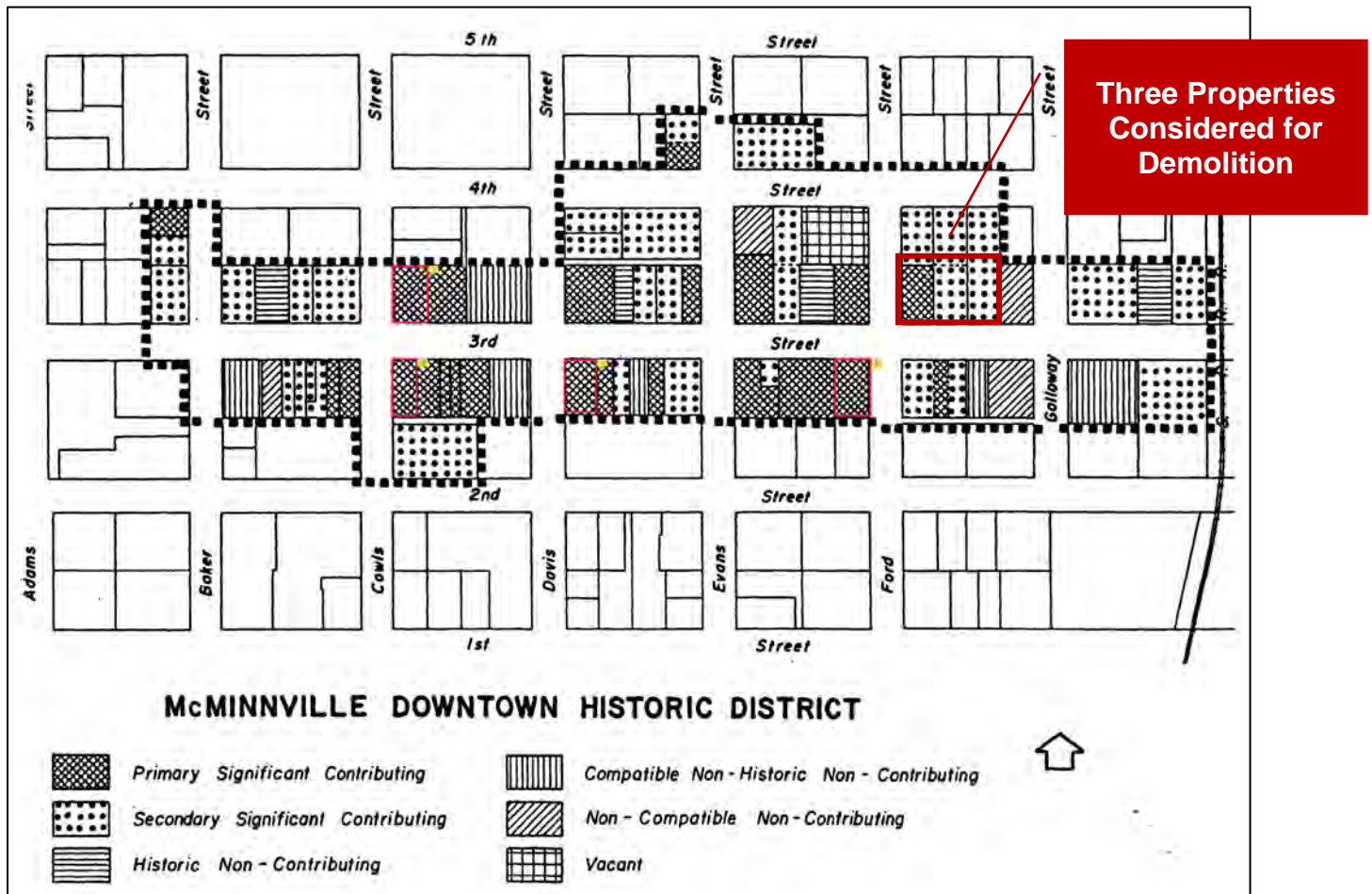
- 609 NE Third Street is considered a “Primary Significant Contributing” structure in the McMinnville Downtown Historic District and is listed as a B (Significant) resource on the McMinnville Historic Resources Inventory (B865).
- 611 NE Third Street is considered a “Secondary Significant Contributing” 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 3<sup>rd</sup> 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 (this was changed to 67 parking stalls with the modified design after the September 29 public hearing) is proposed. The garage ramp will be at the north end of the property, mid-block on Ford Street, to avoid interrupting the 3<sup>rd</sup> 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 (67 parking stalls).

At the public hearing on September 29, 2022, the Historic Landmarks Committee heard a staff report, the applicant's report and public testimony. At the end of the public testimony, the Historic Landmarks Committee had several questions for the applicant and requested more information. The applicant asked for the public hearing to be continued to December 8, 2022, to provide them the time to gather the information for staff review and presentation to the Historic Landmarks Committee.

The applicant provided the following supplemental materials on November 4, 2022.

Dockets HL 6-22, HL 7-22, HL 8-22:

- *609 NE Third Street Response for Additional Information Memorandum*, by OTAK, dated November 4, 2022
- *611 NE Third Street Response for Additional Information Memorandum*, by OTAK, dated November 4, 2022
- *619 NE Third Street Response for Additional Information Memorandum*, by OTAK, dated November 4, 2022
- *Attachment 2: Historic Resources Assessment for 609, 611, and 619 NE Third Street* by *Architectural Resource Group*, dated November 2022.
- *Attachment 3: Contaminated Media Management Plan for 609, 611 and 619 NE Third Street*, by *EVREN Northwest*, dated October 13, 2022
- *Attachment 4: McMinnville Lease Rates* by *Pacific Crest Real Estate Advisors*, dated November 2, 2022
- *Attachment 5:*
  - 609 NE Third Street Yamhill County Property Summary*, dated October 31, 2022
  - 611 NE Third Street Yamhill County Property Summary*, dated October 31, 2022
  - 619 NE Third Street Yamhill County Property Summary*, dated October 31, 2022
- *Attachment 6: Contractor Assessment, Existing Buildings*, by *Hugh Construction*, dated October 11, 2022

- Attachment 7: *Overview of Historic Preservation Incentives for 609, 611 and 619 NE Third Street*, by OTAK, dated October 31, 2022.
- Attachment 8: *Economic Value of Structures in Downtown McMinnville, Oregon*, by Johnson Economics, dated November 2, 2022

Docket DDR 2-22:

- *The Gwendolyn Hotel, Response for Additional Information Memorandum*, by OTAK, dated November 4, 2022
- Attachment 1: *Contaminated Media Management Plan for 609, 611 and 619 NE Third Street*, by EVREN Northwest, dated October 13, 2022
- Attachment 2: *Transportation Impact Analysis Addendum, Gwendolyn Hotel*, by OTAK, November 4, 2022

And the following memorandum on November 7, 2022, for HL 6-22, HL 7-22, and HL 8-22:

- *Gwendolyn Hotel HHPR Structure Report – Response to City of McMinnville Staff Report dated September 29, 2022*, by Harper Houf Peterson Righellis Inc., dated November 6, 2022.

Staff had some questions about the material provided necessitating more time to review the materials in preparation for the continued public hearing and asked the applicant if they would be willing to continue the public hearing to a later date than December 8, 2022. The applicant agreed to continue the public hearing to January 5, 2023 and extend the statutory deadline for a decision by 30 additional days.

The applicant provided the following supplemental materials on December 15, and December 19, 2022, in response to staff questions.

- Supplemental Findings for HL 6-22, HL 7-22, and HL 8-22
  - Exhibit 1, Historic Resources Assessment, Architectural Resource Group, November 2022
  - Exhibit 2, Existing Building Structural Summary, HHPR, November 6, 2022
  - Exhibit 3, Documentation of Existing Building Structures, HHPR, July 29, 2022
  - Exhibit 4, Contaminated Media Management Plan (Draft)
  - Exhibit 5, Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, November 2, 2022
  - Exhibit 6, Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022
  - Exhibit 7, McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022

- Exhibit 8, Memorandum Regarding Historic Preservation Incentives, Otak, October 31, 2022.
- Exhibit 9, 2022 Tax Statements
- Exhibit 10, The Gwendolyn Financial Pro-Forma, December 15, 2022
- Otak Letter, December 19, 2022, Responding to Public Comments

All documents associated with these dockets can be found on the project web page 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](#)

**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 met and not met, and where conditions of approval should be imposed to ensure compliance if the HLC approves the applications.

**Public Testimony:** The HLC has received written and oral testimony in opposition to either the demolition of the historic resources or the new hotel project, or both. Common themes have been to retain the historic properties as part of the overall fabric of the downtown historic district even if they themselves were not particularly historically compelling. Their massing, size and historic skeleton contribute to the overall sense of place downtown. Opposition to the new construction, the Gwendolyn Hotel, has focused primarily on massing – height, (overall and against the street), and size of the overall project. The applicants tried to mitigate some of those concerns with their revised design but the overall height remains the same. Some testimony expressed concerns about the business size of the project and the targeted customer. That is not an element of this land-use decision. There is also testimony in support of the project, commenting on the significant investment in downtown McMinnville, the proactive investment in dedicated parking when it is not needed, and the customers that the project will bring to the downtown and surrounding businesses. Others commented that private property owners should be able to move forward with projects on their property if it is considered an allowed use on the property and that government should not be regulating private property to that detail of micromanagement.

**Applicant Project Modification:** In response to the public testimony and the staff review of the project, the applicant modified the exterior design of the Gwendolyn Hotel significantly to address issues about massing and scale within the downtown built environment.

**Initial Design:**

**Third Street Elevation**





**View of Gwendolyn Hotel from Ford Street and Third Street**



**Mid-Block Street Perspective Along Third Street**





Amended Design:



**Rationale for Staff Recommendation:** Staff is recommending approval with conditions based on a multitude of factors. It is though a soft recommendation as the criteria for this type of land-use decision is more discretionary than most, and this is a large project in McMinnville's beloved downtown. Much of the public testimony has been compelling and thought provoking but it did not change all or most of the overall data points of the decision-making filters provided in the regulations.

Due to the discretionary nature of both the state and local criteria relative to the requirement to consider many different factors when rendering a decision on demolition of historic resources (historic significance, historic integrity, age, economic feasibility, replacement project value to the community, etc.) the HLC can choose to deny the applications with the same general findings by identifying which factors led to the HLC decision of denial.

- **Historic Integrity:** The buildings as originally built were beautiful brick buildings with the classic corbeling found throughout the McMinnville historic district. And clustered together to cater to an emerging automobile industry they collectively made a strong architectural statement in the 1920s as is demonstrated by the photo below. But the current buildings are ghosts of the original historic stature that graced this block of downtown McMinnville. They have been unfortunately significantly modified. There are still some original elements on the building and if there was a way to restore them to their original architectural visage that would be wonderful, but is probably even less economically feasible than rehabilitation.



1927 photograph showing 609, 611, and 619 NE 3rd Street, looking northwest (News-Register Publishing Co).

- ***Economic Feasibility of Rehabilitation:*** Given the purchase price of the properties, the amount of money needed to rehabilitate the properties, the size of the leasable space and the market rate of downtown McMinnville lease rates, rehabilitating the properties do not financially pencil out, leaving the properties to continue to experience disinvestment, and deterioration of vitality and structural integrity over time, resulting in blighted properties. If the properties were larger with more income-producing space and less structural issues, the rehabilitation might pencil out. Or, if the properties were rehabilitated for a high-end user the project might pencil out.
- ***Furthering McMinnville's Adopted Goals:*** There has been much discussion in the community about the successful emergence of the visitor industry in McMinnville and the impact that it is having on the community, including the downtown. A downtown that used to primarily serve local consumers is now populated with businesses that cater to a visitor industry – wine tasting rooms, restaurants, lodging, and boutiques. That changing dynamic has created some friction and frustration in the community. However, the community made a conscientious choice to develop a tourism industry as part of the community's economic development strategy many years ago which has been successful and has generated business vitality in the downtown core. It might be time to revisit that strategy, but the reality is that hotels and lodging are allowed uses in the downtown and on Third Street, and the location of a \$61 million hotel investment on the eastern fringe of the downtown will help to incentivize investment in an area of the downtown and Third Street that has historically been marginalized.



- **Precedence:** The HLC has approved historic resource demolitions with more historic integrity and significance than these buildings. Decisions of the past should not determine all decisions in the future, but fairness and transparency of decision-making is important when issuing land-use decisions that impact individuals financially, and should be a consideration.

**Recommended Conditions of Approval:**

**HL 6-22, HL 7-22, HL 8-22** (Conditions of Approval are the same for all three decisions):

1. The Certificate of Approval for Demolition of 609, 611 and 619 NE Third Street is contingent upon a replacement project that meets all of the city's local regulations, state regulations, and federal regulations, including DEQ requirements, directions and guidance related to any DEQ LUST case contained in a Contaminated Media Management Plan (CMMP) or instrument such as an Easement and Equitable Servitudes. 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. This will be assessed annually until the property is successfully redeveloped. (OAR 660-023-0200(8)(a))
2. 609, 611 and 619 NE Third Street, McMinnville Historic Resource Inventory 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)
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. Prior to submittal for a building demolition permit provide Engineering with detailed demolition plans for review and approval. (Comprehensive Plan Policy #25.00)

8. 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)
9. 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)
10. 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)
11. 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))
12. The replacement 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))
13. 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))
14. Prior to demolition the applicant will allow the Yamhill County Historical Society to photo document the building and scavenge any historical artifact associated with the building for preservation as part of their collection. (McMinnville Municipal Code 17.65.050(B)(8))
15. Prior to demolition the applicant will provide the City with an archaeological plan describing how the applicant will undertake demolition and excavation with a sensitivity to the potentiality of archaeological resources and if any archaeological resources are discovered how they will be documented and preserved. (McMinnville Municipal Code 17.65.050(B)(8))

**DDR 2-22:**

16. 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)
17. 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)

18. 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)
19. 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)
20. 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. The developer will be responsible for any necessary improvements identified by the capacity analysis. (Comprehensive Plan Policy #25.00)
21. 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)
22. 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)
23. 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)
24. 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)
25. 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)
26. 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))
27. 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))

28. 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:**

- Draft Decision Documents
  - HL 6-22 (Demolition of Historic Resource at 609 NE Third Street)
  - HL 7-22 (Demolition of Historic Resource at 611 NE Third Street)
  - HL 8-22 (Demolition of Historic Resource at 619 NE Third Street)
  - DDR 2-22 (Downtown Design Review of New Construction – Gwendolyn Hotel)
- Supplemental Application Materials Received
  - HL 6-22, HL 7-22 and HL 8-22
  - DDR 2-22
- Public Testimony Received
  - Prior to 9.21.22
  - 9.21.22 – 9.29.22
  - 9.29.22
  - After 9.29.22

**DRAFT  
DECISION  
DOCUMENTS**



**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:** First evidentiary hearing, September 29, 2022, 3:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 859 9565 0539, Meeting Password: 661305

Hearing continued to December 8, 2022, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 892 5565 1124, Meeting Password: 257277

Hearing continued to January 5, 2023, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 831 7965 5545, Meeting Password: 725658

**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, 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 17.59.030(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. The 120-day deadline is January 5, 2023. Per an email dated September 29, 2022 from Garrett H. Stephenson, the applicant requested a 70-day extension to the 120 day decision deadline. The 190-day deadline is March 16, 2023. Per an email dated December 1, 2022 from Garrett H. Stephenson, the applicant requested an additional 30-day extension for a total of 100 days added to the 120 day decision deadline. The 220 day deadline is April 15, 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 Certification of Approval for the demolition of the Historic Resource at 609 NE Third Street. (HL 6-22).

////////////////////////////////////  
**DECISION:**     **APPROVAL**         **APPROVAL WITH CONDITIONS**         **DENIAL**  
////////////////////////////////////

Historic Landmarks Committee: \_\_\_\_\_  
John Mead, Chair

Date: \_\_\_\_\_

Planning Department: \_\_\_\_\_  
Heather Richards, Community Development Director

Date: \_\_\_\_\_

## **I. APPLICATION SUMMARY:**

The applicant has provided information in their application narrative and findings 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.*

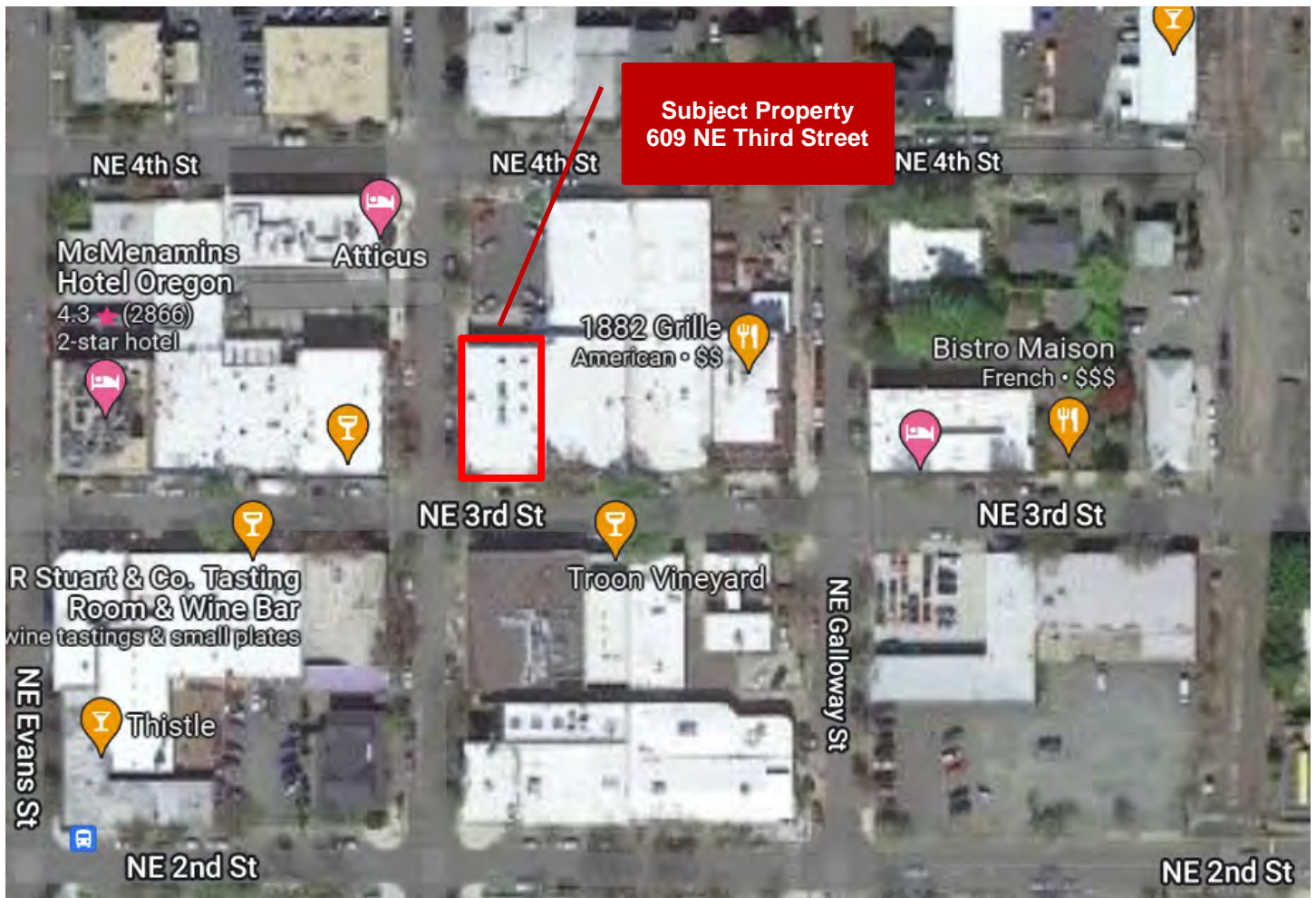
*The proposal is to replace the three underutilized buildings at 609, 611, and 619 NE 3<sup>rd</sup> Street with a 90-95 room boutique hotel. The ground floor will include the hotel lobby, a signature restaurant at the corner of 3rd and Ford streets, with seasonal sidewalk dining, and small retail shop(s). 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 (reduced to 67 parking spaces per supplemental materials provided on November 4, 2022) 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 3<sup>rd</sup> Street pedestrian experience.*

**(Application Narrative, page 3)**

**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.**

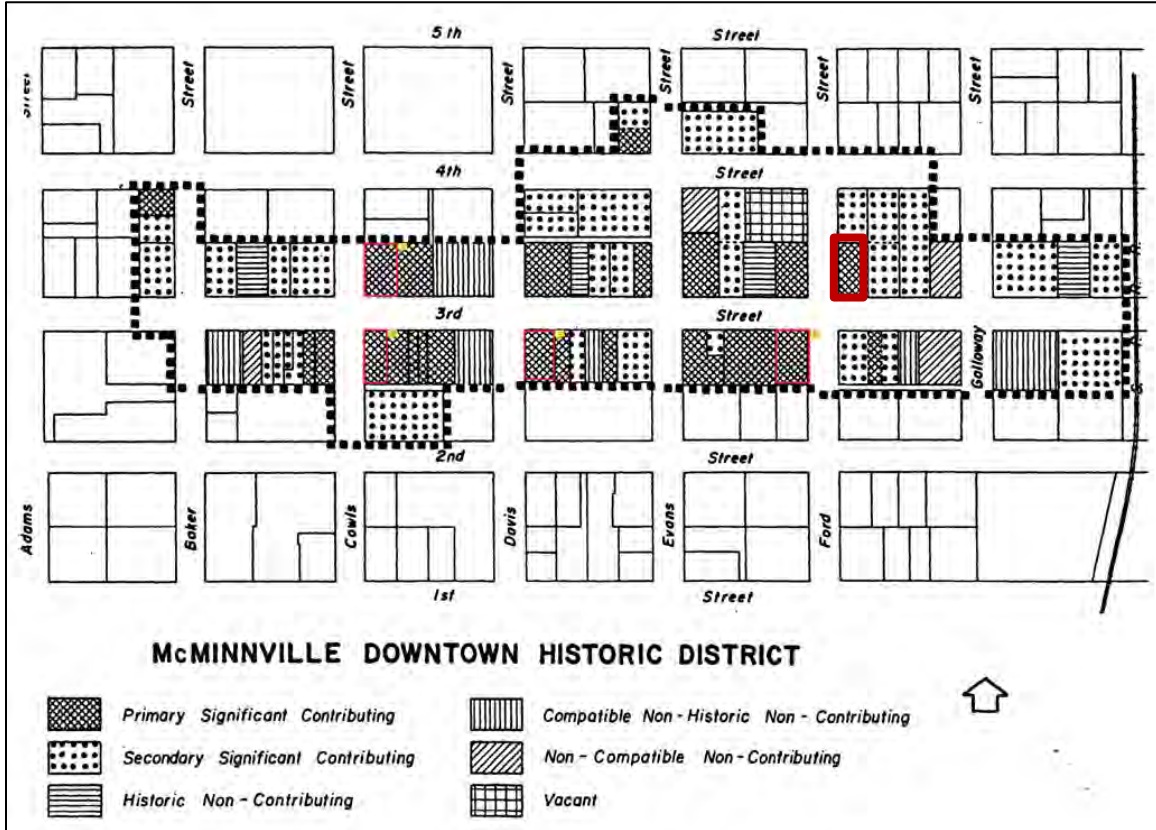
**Figure 1. Vicinity Map (Building Outline Approximate)**



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.**



Figure 2. McMinnville Downtown Historic District Map



**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.

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.

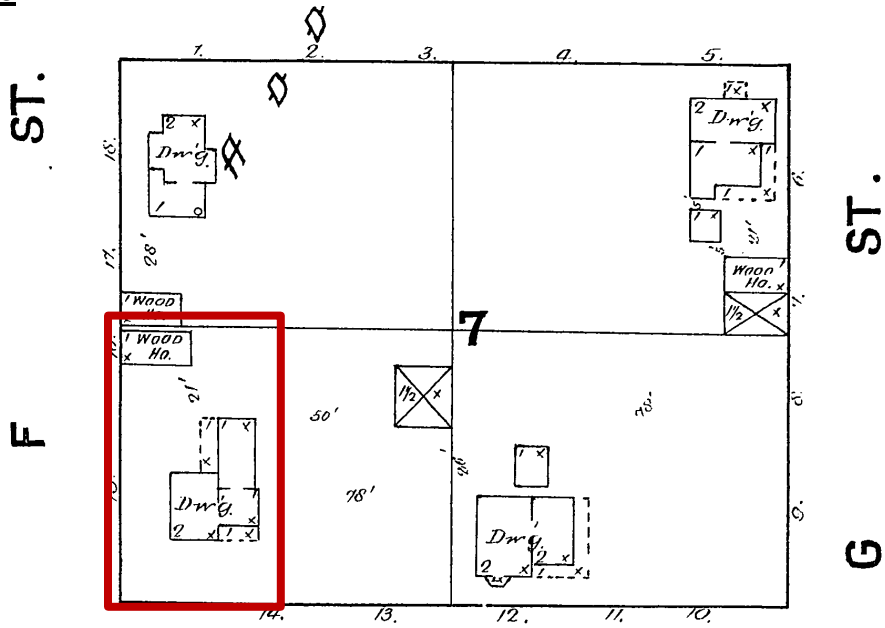
The building was erected by prominent lawyer Frank W. Fenton whose name still appears on a door upstairs. A photograph from 1904 shows the building's exposed brickwork and double row of dentils above the windows. The present cutaway portion was an enclosed storefront.

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.

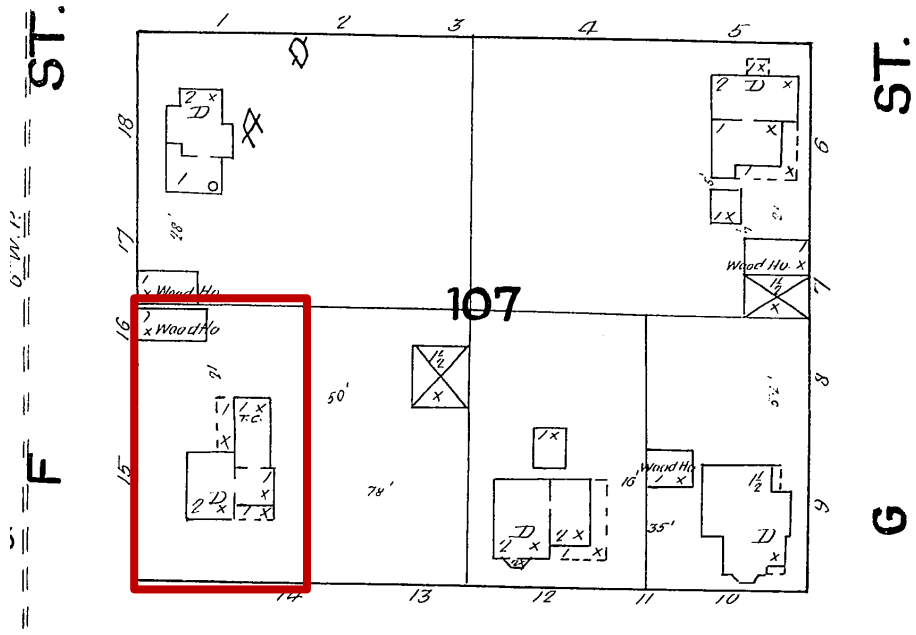
The property originally started off as a dwelling, prior to 1889, and between 1902 and 1912 it was redeveloped into an automobile garage and dealership. Then between 1928 and 1948 it was modified at the corner of Ford and Third Street to accommodate gas pumps. ***Please see Figure 5, Series of Sanborn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

Figure 5. Series of Sanborn Maps

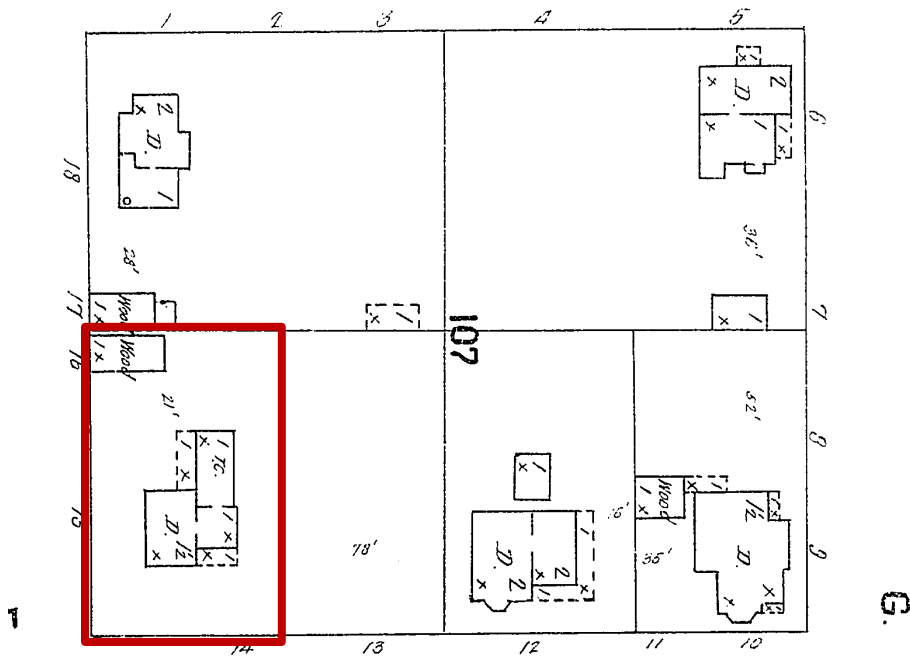
Sanborn Map, 1889



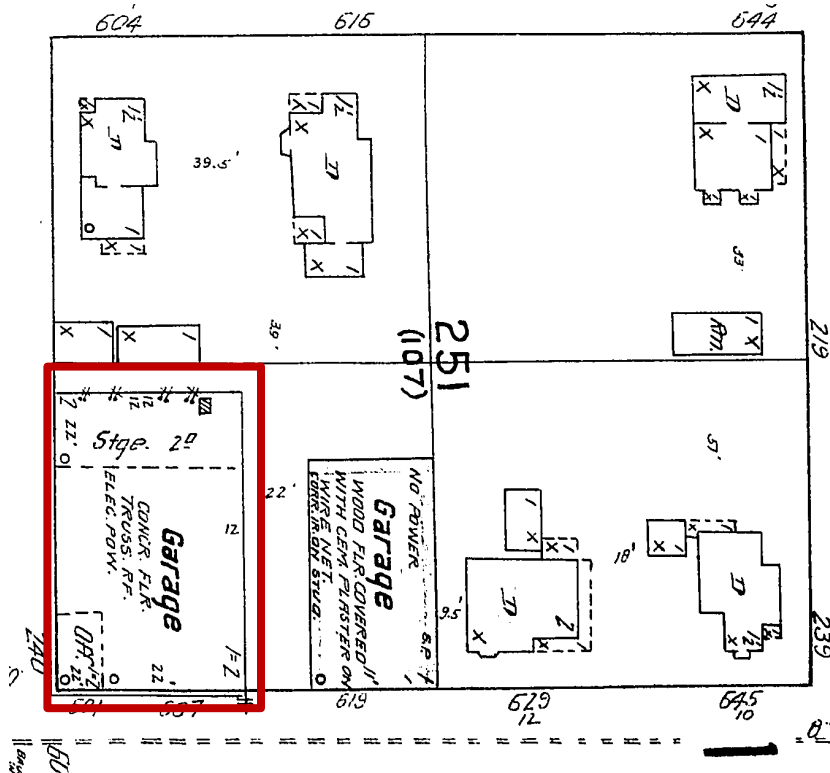
Sanborn Map, 1892



Sanborn Map, 1902

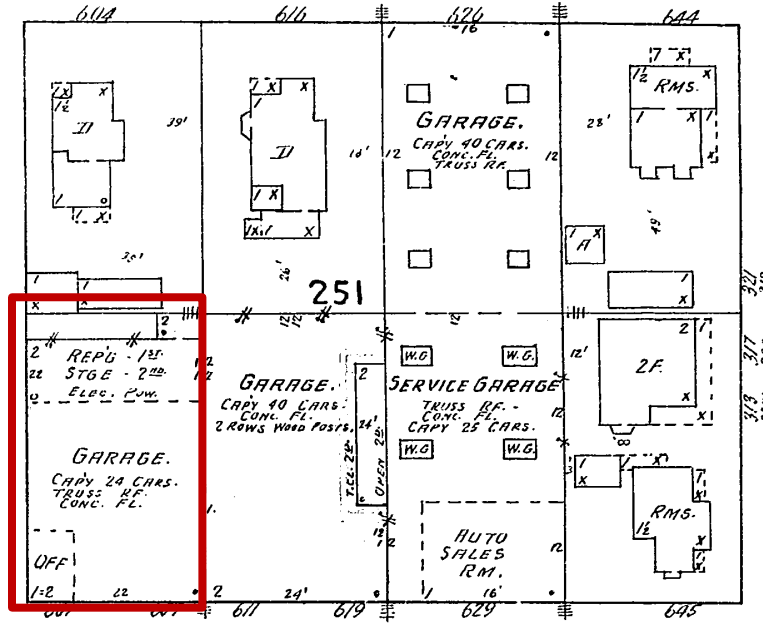


Sanborn Map, 1912

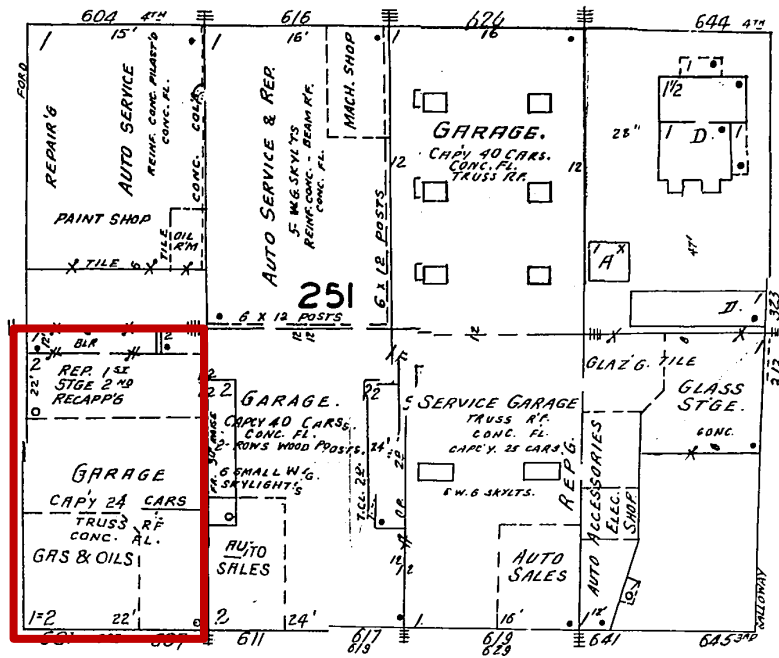




**Sanborn Map, 1928**



**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.**

**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)**



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.



## **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;*
  - 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: (If the Historic Landmarks Committee elects to approve the application, these conditions of approval will apply.)**

1. The Certificate of Approval for Demolition of 609 NE Third Street is contingent upon a replacement project that meets all of the city's local regulations, state regulations, and federal regulations, including DEQ requirements, directions and guidance related to any DEQ LUST case contained in a Contaminated Media Management Plan (CMMP) or instrument such as an Easement and Equitable Servitudes. 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. This will be assessed annually until the property is successfully redeveloped. (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)



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. Prior to submittal for a building demolition permit provide Engineering with detailed demolition plans for review and approval. (Comprehensive Plan Policy #25.00)
8. 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)
9. 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)
10. 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)
11. 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))
12. The replacement 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))
13. 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))

14. Prior to demolition the applicant will allow the Yamhill County Historical Society to photo document the building and scavenge any historical artifact associated with the building for preservation as part of their collection. (McMinnville Municipal Code 17.65.050(B)(8))

15. Prior to demolition the applicant will provide the City with an archaeological plan describing how the applicant will undertake demolition and excavation with a sensitivity to the potentiality of archaeological resources and if any archaeological resources are discovered how they will be documented and preserved. (McMinnville Municipal Code 17.65.050(B)(8))

### **III. ATTACHMENTS:**

#### ❖ HL 6-22 Application and Attachments

##### Original Submittal (August 9, 2022)

- Application Form
- Application Narrative
- Project Structural Analysis
- Project Site Plan and Concept Drawings
- Traffic Impact Analysis
- Memorandum
- Neighborhood Meeting Materials

##### Supplemental Submittal (November 4, 2022)

- Approvability Memorandum
- Structural Report
- Historic Resources Assessment
- Contaminated Media Management Plan (October 13, 2022)
- MAC Lease Rates
- 609 NE Third Street Tax Statement
- Third Party Contractor Assessment
- Historic Preservation Incentives Memorandum
- Economic Report
- Architectural Plans
- Traffic Impact Analysis Addendum

##### Supplemental Submittal (December 15, 2022)

- Letter to City with Additional Findings
- Exhibit 1, Historic Resources Assessment, Architectural Resource Group, November 2022
- Exhibit 2, Existing Building Structural Summary, HHPR, November 6, 2022
- Exhibit 3, Documentation of Existing Building Structures, HHPR, July 29, 2022
- Exhibit 4, Contaminated Media Management Plan (Draft)

- Exhibit 5, Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, November 2, 2022
- Exhibit 6, Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022
- Exhibit 7, McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022
- Exhibit 8, Memorandum Regarding Historic Preservation Incentives, Otak, October 31, 2022.
- Exhibit 9, 2022 Tax Statements
- Exhibit 10, The Gwendolyn Financial Pro-Forma, December 15, 2022

❖ 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, 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. 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.
2. Study shows that queue lengths exceed storage length at the eastbound thru and westbound all of 2<sup>nd</sup> 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 & 3<sup>rd</sup> 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) – 3<sup>rd</sup> 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 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.

## 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
- Email from Sylla McClellan, 09.21.22
- Email from Meg and Zach Hixson, 09.22.22
- Email from Sharon Julin, 09.25.22
- Email from Daniel Kiser, 09.27.22
- Letter from Carol Dinger, 09.28.22
- Letter from Carol Paddock, 09.28.22
- Letter from Katherine Huit, 09.28.22
- Letter from Jeb Bladine, 09.28.22
- Letter from Practice Hospitality, 09.28.22
- Email from Kellie Peterson, 09.28.22
- Letter from JP and Ames Bierly, 09.28.22
- Memo from Nathan Coopriders, 09.28.22
- Email from Elizabeth Goings, 09.29.22
- Email from Abigail Neilan, 09.29.22
- Letter from Ilsa Perse, 09.29.22
- Email from The Scott Family, 09.29.22
- Email from Mande Tatum, 10.05.22
- Email from Crystal55dreams, 10.25.22
- Email from Peter and Linda Enticknap, 11.22.22
- Letter from Karen Saxberg, 11.17.22
- Letter from Jeb Bladine, 11.29.22
- Letter from Nathan Coopriders, 11.29.22
- Letter from Ernie Munch, 11.30.22
- Letter from Marilyn Kosel, 11.30.22

## **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.
6. On September 29, 2022, the Historic Landmarks Committee held a duly noticed public hearing to consider the request.
7. At the public hearing on September 29, 2022, the Historic Landmarks Committee chose to continue the public hearing to December 8, 2022. The applicant requested to extend the 120-day decision deadline by 70 days.
8. On November 4, 2022, the applicant provided supplemental application materials based on the requests from the Historic Landmarks Committee.
9. On December 1, 2022, the applicant requested, with the concurrence of city staff, to continue the public hearing from December 8, 2022, to January 5, 2023, and to extend the 120-day decision deadline by an additional 30 days for a total extension of 100 days.
10. On December 8, the Historic Landmarks Committee continued the public hearing to January 5, 2023.
11. On December 15, 2022, and December 19, 2022, the applicant provided supplemental materials per the request of city staff.
12. On January 5, 2023, the Historic Landmarks Committee hosted a public hearing, closed the public hearing, deliberated, and rendered a decision.

## **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.

## **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

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.



- (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:** For the reasons explained below, consideration of the several factors addressed herein demonstrates that the value of these buildings to the historic character of the Historic District is relatively low, that the buildings' values with their current or similar uses are very limited and likely insufficient to provide for needed repairs, that the buildings cannot be economically seismically-retrofitted in their current configuration to allow for a hospitality or other adaptive re-use, and that the public interest in preserving them is outweighed by the public and private benefits achieved by construction of the proposed Gwendolyn Hotel..

The above provision requires local governments to consider a number of factors when deciding whether to allow demolition of structures that are located within National Historic Districts. However, the obligation

of the City is to consider these factors; the applicant is not required to prove that one or all of them are "met" as would be the case with a mandatory criterion begging a "yes or no" question. *Frankton Neighborhood Association v. Hood River County*, 25 Or LUBA 386, 395 (1993); *Von Lubken v. Hood River County*, 18 Or LUBA 18, 21-22 (1989). No particular balancing of these factors is required, either. The Historic Landmarks Committee ("HLC") can find (1) that these factors have all been considered with respect to the three buildings proposed for demolition and (2) consideration of these factors supports the Applicant's demolition proposal for each building, which are addressed separately, 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, 609 NE Third Street is considered a Primary Significant Contributing resource in the McMinnville Downtown Historic District.

**FINDING:** The City concurs with the Applicant's response that the provision applies but that the administrative rule does not provide any objective standards for how the Historic Landmarks Committee must consider these factors.

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

**APPLICANT RESPONSE (Original Application):** 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 3<sup>rd</sup> 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 3<sup>rd</sup> Street have more significant challenges, including interior water damage, a shared wall between the two, and deterioration of the exterior wall.

**APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022):** The applicant is not requesting demolition of the property due to significant structural issues or imminent public safety hazards. However, additional information from the structural engineer has been provided in response to HLC requests. See Attachment 1.

*Attachment 1 – Memo from Jason Dhanens PE SE, Structural Manager, Harper Houf Peterson Righellis Inc. (HHPR) dated November 6, 2022.*

### **Scope Summary:**

What follows is a response to the structural components of the City of McMinnville Staff Report dated September 29, 2022. The Staff Report is a response to the information submitted by the design team that contain information prepared by the HHPR Structural Team in relation to the structural condition of the existing buildings. The initial report prepared by HHPR is dated July 29, 2022.

### **Response:**

There is a common comment that is applied to each of the three buildings. This is:

*“The structural analysis is very cursory and did not include any load test sites. Without load testing of the unreinforced masonry walls, the structural analysis did 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 the demolition of the property.”*

- No analysis (structural calculations) was performed and would be premature based upon where we are in the process.
- Given that load testing of specific materials does not determine a building's seismic performance, and for the following additional reasons, HHPR's analysis does not include load testing of brick or other materials. Load testing the brick would be premature at this time and is typically used when the scope is to salvage the building. That scope would involve an ASCE Tier 1 Assessment and Tier 2 Retrofit. Industry knowledge regarding the shear capacity of brick-and-mortar assemblies is that they are known to be low strength in URM buildings, particularly older ones.
- An analysis of unreinforced masonry buildings (URM) is not required at this time to understand and convey the risks associated with URM buildings. We have used our knowledge and expertise as structural design professionals to convey the risks.
- Further, we have referenced FEMA documents below to further convey the risks associated with unreinforced masonry buildings.
  
- While our work did not find conditions that would require immediate demolition of the building structures, the list of previously presented Emergent Concerns do represent items that, if left unaddressed, could lead to a local failure or a partial collapse of the building structures.
- Items such as these are common across all buildings in that maintenance items, if left unaddressed, can become structural concerns that can lead to significant structural issues for a building. This varies across building type, age and environment. In general, the older the building and the longer without maintenance, the quicker the structural deterioration.
- The emergent concerns specifically noted in the original report are:
  - ✓ Building 609 – The most southern roof truss in the 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.



If we were in a position to advise the building owner, we would recommend that these items be addressed in the very near future. While the finding is that "The Historic Resource is not a hazard to the safety of the public," the emergent concerns are significant and should be addressed in the very near future.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):**. 609 NE Third Street designated as a "Primary Significant Contributing" and is described in the Staff Report as follows:

"This is a stucco-covered square brick building of two stories facing south and situated on a corner. The entire SW 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."

"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."

The condition of the building in general was not characterized by the HRA (Historic Resources Assessment, Architectural Resource Group, November 2022). Condition of the original features of the building are described as follows:

- o The three original wood storefront windows and transoms, and south, west, and north elevation second-floor windows, are in fair to good condition.
- o The second-floor interior, at the south side of the building, is vacant and has been unused for a significant time period. As noted previously, the windows are in fair to good condition, including original mill work surrounds. Where plaster remains, it is in poor condition.
- o Original wood trusses at the interior appear to be in good condition.

It is notable, however, that a return of the ground-floor facade to its historic character is likely very difficult:

"The brick may have been scarified for application of the stucco, and there may also be areas of wire mesh, wood blocking or other materials added to infill the original corbelled brick configuration. If a return to the original brick appearance were desired, the removal of the stucco would likely require substantial if not full replacement of the underlying brick."

The HPR Existing Building Structural Summary (Exhibit 2) identifies the following structural deficiency in the building:

"The most southern roof truss in the 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."

HPR 's initial structural review of the building, dated July 29, 2022, identified the following issues:

- o The roof framing over the original 2nd level offices is significantly deteriorated in several locations.
- o The south brick wall at the 2nd level offices is deteriorating and the mortar is no longer sound.
- o There are multiple diagonal cracks following the mortar lines at the 2nd level offices.
- o The 1st truss from the south elevation is displaced over 6 inches horizontally at the top which represents a significant structural concern.

**CITY RESPONSE:** 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 by itself as a factor.

The structural analysis focuses on maintenance issues that are compromising the structural integrity of the building and the overall structural integrity of all historic unreinforced masonry buildings. This would assume that all historic unreinforced masonry buildings that have not been maintained adequately are justification for demolition of historic resources.

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 out 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





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.

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

**APPLICANT RESPONSE (Original Application):** 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.

**Photo 1 609 NE 3rd Street ca. 1904**



*Source: Yamhill County Historical Society*

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.*



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*

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).*



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.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):**

Historic Integrity. In this context, the "Historic Integrity" of the building refers to features that existed within the date range of secondary significance. The building has been updated since 1983, when the Historic District was established. The Historic District Nominating Form did not identify any period after 1937 as historically significant; therefore, features added after that date are not considered historically significant.

The historic integrity of the building has been substantially compromised since it was originally constructed, based on the HRA report (Historic Resources Assessment, Architectural Resource Group, November 2022). The following is a list of alterations to the building since it was constructed:

- o Resurfacing with stucco.
- o Reconfiguration of the ground floor at the southwest corner of the building between 1928 and 1940 to a more open plan to accommodate gas pumps. Infill of these same bays (west two bays facing NE 3rd Street and south three bays facing NE Ford Street) after 1983.

- o Storefront in fill of north bay of NE Ford Street.
- o Replacement of ground floor windows at easternmost bay (original transom windows remain above).
- o Loss of historic garage blade signage.
- o Addition of brick chimney at rear (north) elevation.
- o Likely addition of the one-story north bay at the rear of the building (its materials differ from the original structure, with stucco-covered concrete masonry unit walls, and steel windows).

The HRA Report goes on to conclude that the only "character defining features" confirmed to be remaining on the building<sup>1</sup> include the following:

- o Wood sash windows.
- o One wood storefront window and transom at the easternmost bay of NE 3rd Street, although the glass at the storefront unit was replaced and subdivided with metal mullions.
- o Two bays of wood storefront windows and transoms at the NE Ford Street Elevation.
- o Interior finishes, such as window mill work, remain at several second-floor offices at the south end of the building.

Note that the HRA, while helpful, does not address "historic integrity" specifically but only

"character defining features." Even if the above are components of "historic integrity," these are far outweighed by the fact that the building has been reskinned, its corner removed and later replaced in a manner not reflective of its original historic character, windows have been replaced, a chimney added, and addition of a one-story garage bay at the north side of the building.

For the above reasons, the historic integrity of the building is minimal.

**CITY RESPONSE:** It appears that historic integrity is significantly compromised and is not a significant factor to prevent demolition. 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.

<sup>1</sup> The Report also lists the building's location, massing, flat roof, and structural members (i.e. the building's existence) as "character-defining features," but loss of these features would only occur if the building had been demolished to some extent and are not properly considered part of the building's "historic integrity," as they indicate no more than that the building still exists with the same number of stories. Indeed, all of these characteristics would be the same even if the building had been gutted and refinished entirely. Regardless, the above factor concerns "historic integrity," not "character defining features."

The HRA report clearly states that all three properties are important in terms of historic significance as they represent the time period of the McMinnville National Register of Historic Places Historic District context statement relative to the emergence of automobile transportation in McMinnville. It then describes that a building's historic integrity is different from its historic significance and is reflective of the materials, form and massing that are original to the building from the time period of its significance. For 609 NE Third Street, there are several elements that are original to the building (several wood windows on the second floor Third Street elevation and the storefronts on the ground floor of the NE Ford Street elevation and some on the Third Street elevation, the form and the massing.) Per the HRA report they are in fair and good condition.



*South Elevation facing NE Third Street, illustrating original features (ARG, October 2022).*





*West Elevation facing NE Ford Street, illustrating original features (ARG, October 2022).*

However, as the applicant points out, the historic integrity is based on the historic context of the National Register of Historic Places nomination which identified the emergence of the automobile industry as a significant factor. And the most significant changes to this property after the National Register of Historic Places Historic District nomination changed that aspect of the building by infilling the corner automobile bay of the building with a storefront that does not match the original storefront of the building in 1904.



*The bays at the corner of the ground floor have been infilled with the current street-facing storefront; three original storefront bays remain (ARG, October 2022).*

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

**APPLICANT RESPONSE (Original Application):** As noted above, the building at 609 NE 3<sup>rd</sup> Street was constructed in 1904 and is 118 years old. The building at 611 NE 3<sup>rd</sup> Street was constructed in 1920 and is 102 years old. The building at 619 NE 3<sup>rd</sup> 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.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** Age. The building was constructed in 1904. While this is within the 1881-1912 date range for a "primary contributing resource," it is the latter end of that range. Other than its age qualifying it as a contributing resource in the Historic District, its build year does not convey significance.

**CITY RESPONSE:** 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 some individual components.

The HRA report provided by the applicant indicates that many of the distinctive elements from the original structure in 1904 are no longer visible or restorable on the building including the original brick and ornamental brickwork and the majority of the original storefronts.



Source: Yamhill County Historical Society

*Original 1904 Structure*



*Current Structure*



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

**APPLICANT RESPONSE (Original Application):** 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.*
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 3<sup>rd</sup> 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.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022): Historic Significance.** The City's Historic District's 1983 statement of historic significance is as follows:

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 first paragraph explains how the building looked in 1983. The second paragraph explains who constructed the building and describes a photograph of the building taken in 1904. The third paragraph explains which businesses operated in the building (a battery shop, Plymouth dealership, and auto shop) between 1904 and 1933.

"Historic Significance" is not defined in OAR 660-033-023. However, OAR 660-033-023(5)(a) explains that the "evaluation of significance" should be based on the following<sup>2</sup>:

*(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. "*

With respect to (A), the Historic District's significance statement does not connect the building with any significant events. With respect to (B), while the building's original owner was identified as prominent attorney Frank W. Fenton, the statement of significance does not explain how Mr. Fenton's life was particularly significant to local, regional, state or national history. It is also notable that by at least 1912 it was an automobile garage and dealership. With respect to (C), there is no evidence that the building possessed a particularly distinctive or notable design, artistic values, "or represents a significant and distinguishable entity whose components may lack individual distinction." Even if it did, the substantial changes to the building would have eliminated any such distinctiveness. With respect to (D), given the substantial changes to the building since Mr. Fenton built it, there is nothing about this building that "yields information important in prehistory or history." Assuming that Mr. Fenton was important to local history, the building's appearance and use as an auto-shop for most of its existence does nothing to evoke his importance to history, unlike the other building he constructed in the Historic District, which is not proposed for demolition.<sup>3</sup>

Finally, with respect to (E) the Historic District's nominating form describes the local historic context for primary contributing buildings as follows:

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

According to its nomination form, the building was included because it was built before 1912, not because it "reflects the building styles, traditions or patterns of structures constructed before this

<sup>2</sup> Note that these are virtually identical to the National Register's "Criteria for Evaluation."

<sup>3</sup> Mr. Fenton built the Fenton Building at 448 E Third Street, which is the only building in the District bearing his name, and which (according to the Historic District Nomination Form), he considered to be his "masterpiece."

date." Therefore, it appears to be a "primary contributing" building by virtue of its date of construction alone.

**CITY RESPONSE:** Both the National Register of Historic Places and the City of McMinnville have adopted provisions that identify the property as historically significant per the National "Register of Historic Places McMinnville Historic District nomination and the City of McMinnville's classification of the property as a "B" (Significant) historic resource on the McMinnville Historic Landmarks Inventory.

Although, if reviewed now, the property could be classified differently, that does not negate the policy action that has occurred. With that said, the assigned historic significance is not a stand-alone factor for preservation or demolition.

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.

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.<sup>5</sup>

Population growth continued between 1910 and 1940, increasing from 2,767 in 1920 to 3,706 in 1940.<sup>6</sup> 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)

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.

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

**APPLICANT RESPONSE (Original Application):** The value the buildings current(ly) provide to the community include providing a consistent edge along historic 3<sup>rd</sup> 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 3<sup>rd</sup> 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.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** Value to the Community. Within living memory the building has been used as an automotive repair shop, gas station, and more recently, as offices of the New Register and small retail space, which occupies only the bottom floor. The building is not associated with any particularly meaningful community history, has never been used as a community gathering place, and does not appear to have any value to the community beyond its inclusion in the Historic District.

**CITY RESPONSE:** Balancing the assumptions that the subject structure does not retain much historic integrity, and is financially infeasible to rehabilitate, the replacement project has more value to the community than the preservation of the building.

609 NE Third Street does not appear to have as much historic integrity that many believe that it has due to the amount of modifications that have occurred to the property. 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 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 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.

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.*

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. 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 (Original Application):** 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; 200<sup>3</sup> (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.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** The building is not identified as being rare at all in terms of design or construction.

**CITY RESPONSE:** 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.

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 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, 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 #1: 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 condition, but does appear to have some historic integrity, components that are still extant from its original condition or historic significance. The question is what factors matter the most to the community – limited historic integrity or the economic vitality of the property.

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 compromised as an individual structure and is considered emotionally valuable based on its perceived contribution to the overall McMinnville downtown historic district and building fabric. 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 replacement project that meets all of the city's local regulations, state regulations, and federal regulations, including DEQ requirements, directions and guidance related to any DEQ LUST case contained in a Contaminated Media Management Plan (CMMP) or instrument such as an Easement and Equitable Servitudes. 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. This will be assessed annually until the property is successfully redeveloped.



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;*

*(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 (Original Application):** None

**APPLICANT RESPONSE (December 15, 2022):** A draft Contaminated Media Management Plan (CMMP) that addresses all three properties has been included (Contaminated Media Management Plan, October 13, 2022). The CMMP is a requirement of the Prospective Purchaser Agreement between the Applicant and Oregon Department of Environmental Quality ("DEQ"). As a practical matter, former automotive shops and

fuel stations are routinely redeveloped and there is nothing about these buildings that presents a unique risk. The draft CMMP requires removal and safe disposal of any contaminated media (i.e. soil or ground water), and recommends only standard protective measures to mitigate the limited identified risk of petroleum contamination.

This is sufficient to satisfy Goal II of the City's Comprehensive Plan, which implements Statewide Planning Goal 6. Goal 6 requires that the local government establish that there is a reasonable expectation that the use for which land use approval is requested will also be able to comply with the state and federal environmental quality standards that it must satisfy to be built. *Hess v. City of Corvallis*, 70 Or LUBA 283 (2014). The City's comprehensive plan does not address soil contamination, and with respect to water, Policy 10.00 of the Comprehensive Plan provides that "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." The Applicant's ongoing work with DEQ through the PPA process is evidence not only that DEQ will provide sufficient oversight to ensure the safety of workers and the public, but also demonstrates that the Application will be able to comply with DEQ's standards.

**CITY RESPONSE.** 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.

**FINDING: SATISFIED WITH CONDITION OF APPROVAL #3**

**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.

- 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 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.
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.

**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<sup>6</sup> (Area Plan), the 2013 Economic Opportunities Analysis (EOA), the 2019 MAC-Town 2032 Economic Development Strategic Plan<sup>7</sup> (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 3<sup>rd</sup> 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 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.”<sup>8</sup> 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 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.

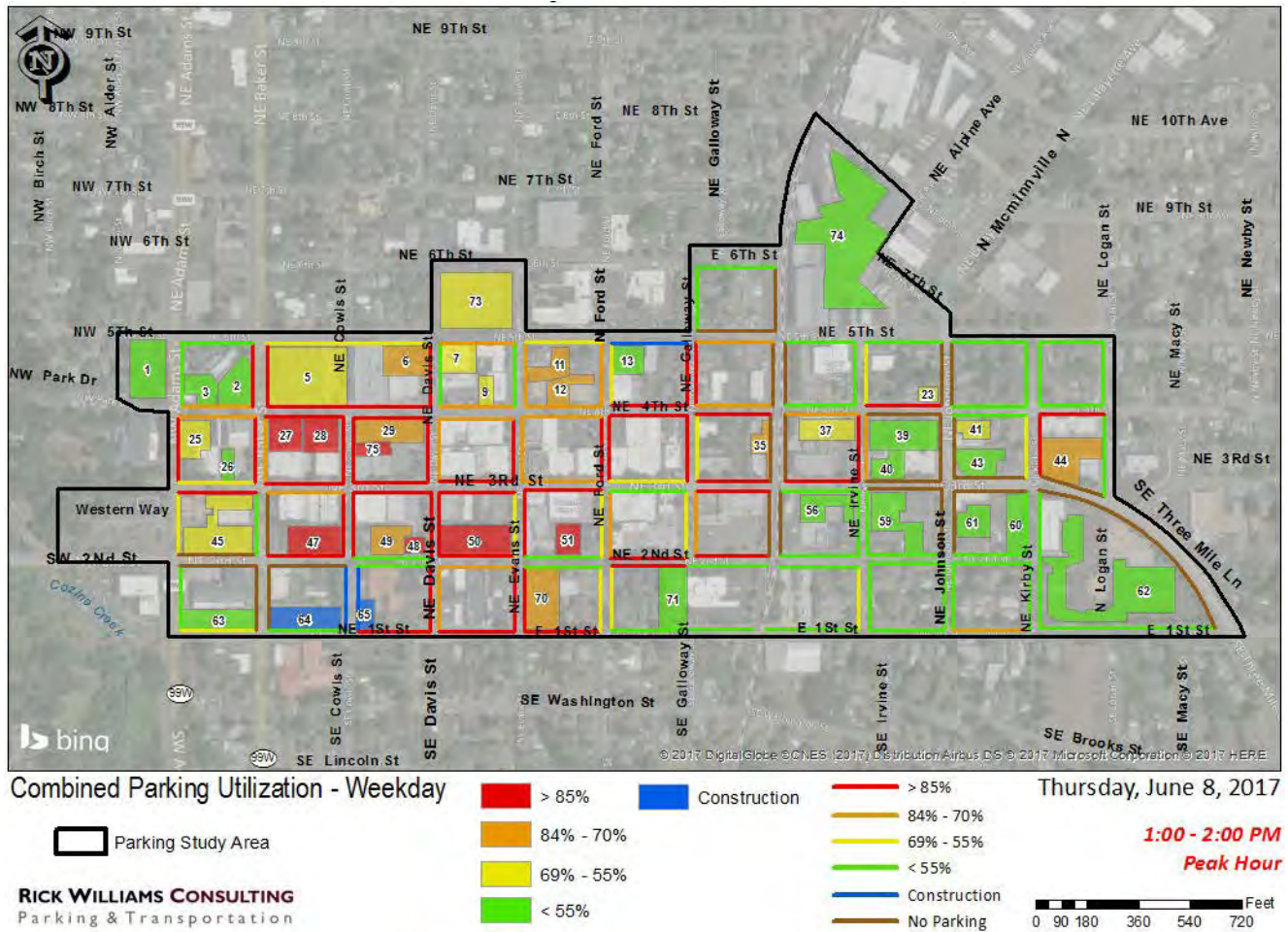
**CONDITION OF APPROVAL #6:** The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rain water into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building 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:** Prior to submittal for building demo permit provide Engineering with detailed demolition plans for review and approval.

- 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 3<sup>rd</sup> and 4<sup>th</sup> 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 67 off-street parking stalls in an underground parking structure.



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

**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.

- 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 67 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 67 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 #8:**

**CONDITION OF APPROVAL #8:** 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 #9:**

**CONDITION OF APPROVAL #9:** 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:*

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 #10:**

**CONDITION OF APPROVAL #10:** 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.

### **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**

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

*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 609 NE 3<sup>rd</sup> 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 #11.** 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 #11:** 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 3<sup>rd</sup> and Ford streets and complement the three-story buildings on each corner.

**FINDING: SATISFIED WITH CONDITION OF APPROVAL #12.**

**CONDITION OF APPROVAL #12:** 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 3<sup>rd</sup> 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.

**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 (Original Application):** 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-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

**APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022):** The applicant has provided the following additional information as described in Attachments 4-8:

- Phillip Higgins, a licensed commercial real estate broker, has provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memo includes high-level profit and loss information. See Attachment 4.
- 2022 Yamhill County Tax Assessor data including Assessed Value, Taxable Value, and Real Market Value and property taxes paid between 2018 and 2022 has been provided. See Attachment 5.
- An estimate of the cost of rehabilitation of the property from Hugh Construction, which is an entity separate from Hugh Development, provided the enclosed pro-forma showing the costs and likely returns from rehabilitation of the three structures. While no other contractors could provide an estimate without a more developed renovation plan set, the contractors Hugh consulted confirmed that Hugh Construction’s estimate was reasonable. See Attachment 6.
- A report of available economic incentives for rehabilitation of the existing buildings is included as Attachment 7.
- A report by Johnson Economics comparing the economic value of the project vs. preservation of the buildings is enclosed as Attachment 8.

The following table, provided by Hugh Construction, further defines the findings included in Attachment 6:

|                            | Current Results | Ideal Results<br>(Gwendolyn Hotel) |
|----------------------------|-----------------|------------------------------------|
| <b>Cash on Cash return</b> | 3%              | 23%                                |
| <b>Unlevered IRR</b>       | -9.10%          | 13%                                |
| <b>Levered IRR</b>         | 0%              | 26.80%                             |
| <b>Equity Multiple</b>     | 0.82x           | 4.11x                              |

**APPLICANT'S RESPONSE (December 15, 2022):** The Application proposes demolition of the three structures discussed above in order to allow it to construct the Gwendolyn Hotel. The economic value of the three buildings and their future use case are substantially limited. When compared to the potential economic value of the proposed hotel, the economic factors weight in favor of demolition for all three buildings.

While certainly not a model of linguistic clarity, 17.65.050(8)(2) appears to get at the comparative economic value when compared to the historic value of the buildings proposed for demolition. It appears to also evaluate the comparative economic value of the buildings if preserved or renovated.

The potential economic value of the Gwendolyn Hotel is addressed in Exhibit 5 (Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, November 2, 2022), and can be summarized as follows:

- Total project value: \$59,735,000
- Construction cost: \$36,500,000
- Annualized property tax project: \$576,197 (2026), \$590,602 (2027), \$605,367 (2028).

In comparison, a preservation use case (with similar occupancies and no renovation) are of very limited future value. Phillip Higgins, a licensed commercial real estate broker, has provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memorandum includes projected profit and loss information. Exhibit 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022). Mr. Higgins findings are summarized below:

"Combined rents across all 3 properties are \$11,365 (assuming fully occupied) or \$136,380 annual gross. The owners did not report taxes, insurance, utility costs, but an easy assumption is that a buildings operating costs are 45-55% of the gross revenue. Using the lower ratio: \$243,280 -45% = \$75,009 Net operating income. At a 6% CAP rate this would result in a [current] Market Value of \$1,250,150."

Mr. Higgins notes that the lease rates result in a net operating income is roughly \$75,000 annually, before any loan service, tenant improvements, or major repairs:

"The Current Market Valuation excludes any debt service, excludes tenant improvements, excludes any cost to bring the buildings up to current occupancy standards/ code compliance, with the addition of these line items the [net operating income] would shrink significantly below lender underwriting standards for OCR/ Debt Coverage Ratios for income to payments."

Based on this analysis, the buildings in their current form are of little or no net economic value to a new owner, given the need to service acquisition debt at their current value. Stated simply, the cost of debt and tenant improvements is likely so near the net operating income that a sound financial institution is unlikely to lend on such an acquisition with an as-is use case.

Even so, the July 29, 2022 HHPR Report (Exhibit 3) demonstrates that significant work must be done on these buildings in order for them to remain viable even for this use case. Necessary repairs would include the following:

- "The 2nd level of the 609 Building would require repair and remediation should that space be occupied.
- The 2nd level of the 611 Building would require repair and remediation should that space be occupied.
- As noted in the General Conditions section, each of the three buildings have structural conditions that we recommend be further analyzed for possible remedial actions should they remain.
  - o This includes the roof truss node that is out of plane in the 609 Building, the removed built up floor beam in the 611 Building, and the rotten truss bearing in the 619 Building.
- Additionally, all three buildings have sections of the roof framing that is deteriorated and requires repair."

While there are some grants and historic preservation tax credits that may be available, work to bring the buildings back into a sound condition is likely in the hundreds of thousands of dollars. The primary historic tax benefit, the "Special Assessment of Historic Property Program" is no longer available for the 609 and 611 Buildings. The most beneficial available federal program, the Federal Historic Tax Preservation Tax Incentive Program, provides a 20% income tax credit. With a current federal income tax rate of 21%, this would yield only about \$5,700 per year for all three buildings collectively, and this assumes that the gross income from these properties would otherwise be fully taxable. State grants for particular historic buildings generally yield a maximum \$20,000. Exhibit 8 (Memorandum Regarding Historic Preservation Incentives, Otak, October 31, 2022.) All of this assumes successful competition for such grants, which is certainly not a guarantee given the diminished historic character of these buildings. In summary, there is no reason to believe that historic grant programs and tax credits will be even close to sufficient to provide the repairs identified in the HHPR report.

Upgrading the buildings to a different use would almost certainly require seismic upgrades. To explore an alternative use case that would preserve but reuse the buildings for a hotel, the Applicant engaged its subsidiary Hugh Construction Company to prepare a financial pro-forma for re-use of the buildings as a hotel with ground-floor retail.<sup>4</sup> This is enclosed as Exhibit 6 (Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022). The key findings are as follows:

- The base construction costs are anticipated to be \$11,430,000, with a total project cost of roughly \$20,000,000, excluding land acquisition.
- The total construction costs, along with soft costs and land acquisition costs are anticipated to be \$24,994,838.

<sup>4</sup> While no other contractors could provide an estimate without a more developed renovation plan set, the contractors Hugh consulted confirmed that Hugh Construction's estimate was reasonable.



- Due to the limited number of rooms, high cost of historic rehabilitation and retrofit, and debt service, the total net operating income from the project will be approximately \$813,419, with an annual cash flow of only \$516,922. Note that this is before debt service. Net cash flow from the property as a whole is negative, with cash investments in the negative throughout the period to fiscal year 2032, as demonstrated by the cash income statement on pg. 8 of Exhibit 6 (Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022).

Considering this alternative program, the Johnson Economic Study dated Nov. 2, 2022 analyzed the potential returns as follows:

"Renovation of the site for lodging uses would require a significant investment in restoration to bring the structure into conformance with current code. The estimated current costs to develop this program is just under \$20 million in current dollars (excluding acquisition), with an overall cost of roughly \$25 million. The projected net operating income at stabilization is estimated at \$580,500, representing a 2.3% return on cost."

"The estimated capitalization rate for this type of project is likely in the 6.5% to 7.5% range. Assuming a 7.0% cap rate, the estimated value of the project would only be \$8.3 million in this configuration, roughly a third of estimated costs.

While the assumptions may shift, renovation of the current structure for retail and hotel space is highly unfeasible."

"Renovation of the structure does not provide the owner with a "reasonable economic use". There would be no expectation that the property owner or a rational developer would pursue this project as a renovation."

The upshot of the above discussions is that there is no rational economic value to a rehabilitation and re-use case for the buildings.

**CITY RESPONSE:** The applicant has provided the requested information to determine if rehabilitation of the structure is financially feasible within the existing McMinnville market. Based on the structure's construction needs (not just to meet existing building codes but to structurally maintain the existing uses within the building), the amount of leasable space within the existing McMinnville market does not support the acquisition and 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 609 NE 3<sup>rd</sup> 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 3<sup>rd</sup> 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 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."

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:** 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 (Original Application):** 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.

**APPLICANT'S RESPONSE (December 15, 2022):** HHPR 's Existing Building Summary identified a number of structural issues with these buildings, which are explained in detail below. Its general conclusions are that the buildings need significant work soon: "If we were in a position to advise the building owner, we would recommend that these items be addressed in the very near future." Exhibit 2 (Existing Building Structural Summary, HHPR, November 6, 2022). This is just to get the building back to something resembling their original design structural capacity. All have significant structural issues. For example, the 609 Building has a major truss that must be replaced. The 611 Building has load-bearing laminated beams that have been cut. Most of the roof trusses in the 619 Building are rotten where they intersect the party wall along the 611 Building. All of these conditions must be addressed.

The buildings are also all constructed of unreinforced masonry. Exhibit 2 (Existing Building Structural Summary, HHPR, November 6, 2022) provides a detailed literature review explaining why seismic reinforcement of these buildings is advisable, and concludes as follows:

"Like other similar URM buildings, the three buildings under review in this report would have the potential for similar failure points. Generally, these failure points could be attributed to the lack of ductility associated with URM construction and the lack of positive connections between the floor and roof framing and the walls of the structure. The anticipated failure points could be:

- In plane shear failure of the URM walls
- Out of plane bending failure of the URM walls
- URM walls pulling away from the roof or floor framing resulting in roof or floor collapse

Given their higher risk profile, URM buildings represent a unique and complicated challenge to the structural engineering community, to the building owners and to the community at large."

It is important to recognize that any significant changes to these buildings (such as significant tenant improvement) would likely trigger seismic retrofit to some degree. This is a likely scenario, for example, if the upper floors of the 609 and 611 Buildings are put back into use and qualify as an "alteration." Also, changes in occupancy and structural alterations (such as those required to address the buildings' identified structural problems) would likely trigger additional upgrades under the Existing Building Structural Code, as adopted by the State Building Codes division.

The costs of such upgrades are likely infeasible for these buildings in their current occupancy; as explained by the Western States Seismic Policy Council, "upgrading existing buildings to resist earthquake forces is more expensive than meeting code requirements for new construction."

<https://www.wsspc.org/public-policy/legislation/oregon/>. This is also demonstrated by the memorandum provided by Mr. Higgins (Exhibit 7, McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022), which demonstrates that such improvements are not financially feasible.

The physical condition of certain building elements-particularly those from the historic period of significance-is provided in the HRA. Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022). However, the HRA does not characterize the general condition of the buildings as a whole. The physical condition of the buildings is explained below:

609 E 3rd Street. The condition of the building in general was not characterized by the HRA. Condition of the original features of the building are described as follows:

- o "The three original wood storefront windows and transoms, and south, west, and north elevation second-floor windows, are in fair to good condition.
- o The second-floor interior, at the south side of the building, is vacant and has been unused for a significant time period. As noted previously, the windows are in fair to good condition, including original mill work surrounds. Where plaster remains, it is in poor condition.
- o Original wood trusses at the interior appear to be in good condition."

It is notable, however, that a return of the ground-floor facade to its historic character is likely very difficult:

"The brick may have been scarified for application of the stucco, and there may also be areas of wire mesh, wood blocking or other materials added to infill the original corbelled brick configuration. If a return to the original brick appearance were desired, the removal of the stucco would likely require substantial if not full replacement of the underlying brick."

The HHPR Existing Building Summary (Exhibit 2, Existing Building Structural Summary, HHPR, November 6, 2022) identifies the following structural deficiency in the building:

"The most southern roof truss in the 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."

HHPR's initial structural review of the building, dated July 29, 2022 (Exhibit 3), identified the following identified the following issues:

- o "The roof framing over the original 2nd level offices is significantly deteriorated in several locations.



- o The south brick wall at the 2nd level offices is deteriorating and the mortar is no longer sound.
- o There are multiple diagonal cracks following the mortar lines at the 2nd level offices.
- o The 1st truss from the south elevation is displaced over 6 inches horizontally at the top which represents a significant structural concern."

The July 29, 2022 HHPR report describes the general condition of the buildings as follows:

- o "Each of the three buildings has portions of brick wall that are in poor condition that would require significant work to remediate including new mortar and the replacement of bricks.
- o Each of the three buildings has portions of the roof structure that are rotting and are in poor condition. While it may be that the roofing has been repaired, it does not appear that in certain areas the supporting structure has been repaired. These areas also coincide with areas of the brick wall that are in poor condition
- o 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
- o The removed floor beams distributing roof load in the 611 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain.
- o The rotting bearing points of the roof trusses in the 619 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain."

Based on the information provided in Exhibits 1 (Historic Resources Assessment, Architectural Resource Group, November 2022), 2 (Existing Building Structural Summary, HHPR, November 6, 2022), and 3 (Documentation of Existing Building Structures, HHPR, July 29, 2022), the general condition of the buildings is best characterized as poor or marginal at best, depending on the proposed use case. While the buildings are not "dangerous" (which condition would require removal of the existing tenants), it is clear that significant work must be undertaken to ensure these buildings' future preservation, even if they are not seismically upgraded. Bear in mind that this is the requirement for continued use of the buildings for ground-floor retail or limited-occupancy offices; any more intensive uses will require substantially more structural upgrades. It is also important to note that, under both state and local criteria, the buildings need not be considered "dangerous" in order for their condition to be a major factor in allowing their demolition.

**CITY RESPONSE:** The applicant argues that the combination of structural issues associated with a lack of building maintenance and investment and the structural costs of reinforcing unreinforced masonry buildings is a significant cost burden for a one or two-story building to overcome. And the city concurs. However, unreinforced masonry buildings are rehabilitated all of the time and lack of maintenance should not be justification for demolition of a historic resource.

**FINDING:** The physical condition of the building is not a stand-alone reason to allow demolition of the property but however it is part of a collective consideration.

**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 are 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
- 67 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.*

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 3<sup>rd</sup> 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.

**APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022):** As noted in the land use application narrative dated August 6, 2022, the MAC-Town 2032 Economic Development Strategic Plan includes several relevant goals. The application to these goals focused on the potential of the proposed new Gwendolyn Hotel to implement the MAC-Town 2032 Plan.

Per staff's request, these addition responses focus on how the existing buildings could, or could not, implement the Plan.

***Goal 6 : Be a leader in hospitality and place-based tourism***

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.*

[...]

Following the adoption of the MAC-Town 2032 plan, the City revised its off-street parking and site landscaping requirements to exempt large portions of downtown, allowing more efficient use of the limited area in the downtown core.

Staff does not dispute that the current 1- and 2-story buildings do not represent the highest and best use of the site. The C-3 zone is applied to downtown McMinnville and other commercial areas, and includes a height allowance of 80 ft. The zero setback requirements, off-street parking exemptions, and landscaping exemptions encourage buildings that occupy the entire site. The proposed development will intensify the use of the corner of NE Third and Ford streets and will offer the highest and best use for the site under current zoning regulations.

*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.*

"Hospitality" generally includes housing and entertaining visitors, including lodging, food and drink, and activities. Likewise, "local opportunities" typically refer to available properties with willing sellers.

The proposed development includes hotel, restaurant, and retail uses, as well as a rooftop deck and lap pool. The rooftop space will be available for rent for special events and gatherings, filling an identified need in downtown McMinnville.

The existing buildings are available for sale by willing sellers. They do not currently include hospitality uses and cannot be upgraded to accommodate them without triggering substantial seismic and building code upgrades.

As noted in Attachment 6, upgrading the buildings to add 13 hotel guestrooms would cost almost \$25 million, which is not financially feasible. The building could be converted to a wine tasting or food service use, which would trigger the same seismic and building code upgrades noted above and would provide even less income.

*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.*

The current buildings include small meeting areas to serve the tenants. They do not include conference space or lodging for conference attendees. In order to accommodate conference space, the existing uses would need to be removed or downsized.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** The HLC can find that this factor favors demolition for the following reasons.

- As explained in detail in response to OAR 660-023-0200(8)(a), the buildings are listed as contributing to the district primarily due to their dates of construction. All appear to have been constructed (or at least re-constructed) for use as automobile garages and a car dealership and, in the case of the 609 Building, a gas station. The buildings were designed and adapted to this purpose. The buildings have each lost at least half of their historic facades (indeed, the 609 Building has lost its entire original facade), and the upper floors of the 609 and 611 Buildings are unoccupied and have few remaining interior historic finishes. Remaining historic features generally include some window casings on the 609 Building, the parapets on the 611 and 619 Buildings, and some interior features. Otherwise, their remaining characteristics are simply their masses and structural elements. For this reason, their historic value is low after having been substantially compromised prior to establishment of the Downtown Historic District.

There is no evidence that any of these buildings are connected with important historical events. While the 609 Building was built by McMinnville resident Frank W. Fenton, Mr. Fenton was a developer and built several buildings, and there is no evidence that he made personal use of the building for long, if at all. And, this building does not resemble at all its original exterior during the period in which Mr. Fenton might have made use of it. There is also no evidence that these buildings served as community gathering spaces during their periods of historic significance.

Based on the above, the public interest in preservation of these buildings is confined to the fact that they are listed as contributing structures within the Historic District. There are no other factors that reasonably weigh in favor of preservation. On the other hand, they are not remarkable in relation to the other contributing buildings within the Historic District and they retain very little of their respective historically-relevant features, most of which have been covered with stucco or removed. For all of the above reasons, the HLC can find that the public interest in their preservation is low.

- The buildings will require substantial structural repairs to continue to be used for the limited retail and office uses they have been used for since the establishment of the Historic District. Seismic retrofit of the buildings is unaffordable if their current configuration is maintained, and there is no positive return on investment if they were to be rehabilitated for use as a hotel.
- As explained in the HRA, the primary historical value of these buildings is their location, massing, and roof configuration. Assuming that the buildings' massing must be retained for that reason, no owner will be able to meaningfully intensify their uses. This is a further headwind against any substantial repair or seismic upgrade. Therefore, the economic value of the buildings to the City is represented by their current uses, with a Current Market Value of \$1,250,150 for all three buildings, collectively. Exhibit 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022). This is less than the combined assessed value of the buildings, noted below. Even excluding debt service obligations and tenant improvements, the collective market value



of the buildings is only \$2,230,066. On the other hand, the projected market value of the Gwendolyn after construction and occupancy in FY 2025 is roughly \$64M after an investment of approximately \$61 M. Exhibit 10 (The Gwendolyn Financial Pro-Forma, December 15, 2022).

The combined assessed value of all three buildings in 2022 is \$1,793,470; at a combined rate of 16.4925 these collectively generate roughly \$29,500 in annual property tax revenue, with roughly \$10,670 of that amount going to the City of McMinnville. Exhibit 9 (2022 Tax Statements). Assuming a standard rate (non-historic) of 16.5854, property taxes after completion and occupancy of the Gwendolyn in 2025 would be \$327,917. Exhibit 10 (The Gwendolyn Financial Pro-Forma, December 15, 2022).

Construction of the Gwendolyn will be a significant draw to McMinnville's downtown, increasing traffic to businesses within the Historic District. Given that this will increase the value of the other buildings in the Historic District, construction of the hotel is likely not only a benefit to the City from a financial perspective, but also a long-term benefit to the district itself. According to the Nov. 2, 2022 Johnson Economics Report, "[t]he proposed new hotel would provide significant economic value on the site, supporting the ongoing positive investment patterns in downtown McMinnville. Keeping the existing structures would effectively preclude new investment on the site, and result in underutilization of the parcels while yielding no economic return.'

- For the above reasons, the HLC can find that the proposed Gwendolyn Hotel is an "an improvement program of substantial benefit to the City." Preservation of these buildings presents a substantial barrier to this program because these buildings must be removed to allow for construction of the Gwendolyn, because they have little to no economic viability for adaptive re-use, and because their value under their current use case is miniscule compared to the proposed development. It is also worth considering that the value of the buildings is likely to decline even in their current or similar tenancies unless structural repairs are made; as explained above, such repairs are likely not financially rational without a more intensive use case for the buildings, which itself may trigger seismic upgrades.

**FINDING:** The preservation of the buildings would be a deterrent to advancing several 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 (Original Application):** 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.

**APPLICANT'S RESPONSE (December 15 Application):** The public interest in the resource's preservation is not clearly articulated in any adopted document. However, the HLC can find that the public interest in preservation of these buildings is related to their ability to reflect their historical period of

significance. As explained above, these buildings do so to only a limited degree because their facades have been largely replaced. Therefore, the public interest in their preservation should be viewed as reduced as compared to buildings that have not been substantially altered, and such interest is largely a factor of their year of construction.

The public interest in their preservation must necessarily include their ability to serve an economic function to McMinnville's historic Downtown. As explained above, the current economic viability of these buildings and their future prospects are poor. Adaptive re-use is not a realistic option because of the significant structural upgrades that would be required, and re-use of the buildings for the hotel use proposed by the Applicant is not economically feasible.

In view of both of these factors, the public's interest in these buildings' preservation seems limited at best, and low when compared to buildings in the District which have better future economic use prospects or better reflect their original appearance, or both.

The question posed by this criterion was directly evaluated in the Johnson Economics Report (Exhibit 5). This report concludes as follows:

"Keeping the buildings in their current use would negate the requirement to upgrade the structures but would also limit the amount of investment that could be made within triggering the requirement. The buildings have structural deficiencies and obvious deterioration that would need to be addressed prior to re-tenanting in any of the buildings.

Building the hotel above the existing structures would require a complete seismic upgrade of the structures, and new columns to support the hotel would need to penetrate the structures. The cost of this type of structure would be substantially higher than new construction and the resulting development would be significantly less efficient.

As a result of these myriad factors, the retention of the existing structures would cause substantial financial hardship to the owners. Based on our previous experience, the likely cost of the necessary improvements and upgrades would render the cost of space to likely be hundreds of dollars more per square foot than new construction. If the redevelopment was not done and the buildings were kept in their current use without significant upgrades, they would pose a life safety hazard and may not be insurable. The structures are depreciated to a point in which Investments in the structures would be unlikely over time as they would not yield an economic return. As a result the properties would be likely to face an extended period of declining condition and underutilization for the foreseeable future."

This conclusion is consistent with the other information discussed above, which generally demonstrates that the buildings are not likely to generate a meaningful return for Hugh Development with a current or similar tenant mix. This is reflected by the fact that the actual market value when accounting for debt service is actually less than the assessed value of the property. See Exhibits 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022) and 9 (2022 Tax Statements).

For the above reasons, the HLC can find that retention of the buildings in their current configurations would not just be a financial hardship to the owner, but will likely result in the eventual degradation of the buildings to the point where demolition for safety reasons becomes increasingly likely. These practical

headwinds against continued use of the buildings in their current configurations far outweigh the buildings' relative contribution to the objectives of the Historic District, as discussed above, and therefore outweighs the public's interest in preservation.

**FINDING. SATISFIED WITH CONDITION OF APPROVAL #13:** Based on the data provided, the City concurs with the applicant, unless another solution can be provided..

**CONDITION OF APPROVAL #13:** 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 (Original Application):** 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.

**APPLICANT'S RESPONSE (December 15, 2022 Application).** For the above reasons, the HLC can find that the retention of these three buildings would not be in the best interests of the citizens of the City. These reasons can be summarized as follows:

- The buildings do not reflect their appearance or use during their respective periods of significance.
- The building have few remaining residual historic features charactering the Historic District, aside from their masses, structural frames, and roof lines.
- The buildings have limited value under current uses.
- Current or similar uses are probably unable to generate sufficient value to repair the buildings.

- Adaptive re-use would require seismic upgrades and the buildings cannot be economically used for hospitality.

On the other hand, the economic opportunity for the Historic District presented by the proposed Gwendolyn Hotel far outweighs the limited benefits of building preservation, as discussed above.

Historic features identified by the HRA, such as belt courses and cornices, are emulated by the proposed architectural design of the Gwendolyn. Any moveable historic features of these buildings, such as windows, can be incorporated into the proposed building. The remaining characteristics of the buildings- their massing and roof line-can be easily documented with photographs.

For these reasons, the HLC can find that on balance, retention of these buildings would not be in the best interest of the City's citizens when weighed against the benefits of the proposed Gwendolyn Hotel.

**FINDING. SATISFIED WITH CONDITIONS OF APPROVAL #14 and #15:** The City concurs with the applicant's findings.

**CONDITION OF APPROVAL #14:** Prior to demolition the applicant will allow the Yamhill County Historical Society to photo document the building and scavenge any historical artifact associated with the building for preservation as part of their collection.

**CONDITION OF APPROVAL #15:** Prior to demolition the applicant will provide the City with an archaeological plan describing how the applicant will undertake demolition and excavation with a sensitivity to the potentiality of archaeological resources and if any archaeological resources are discovered how they will be documented and preserved. (Comprehensive Plan Goal III 2 – Historic Preservation)

**17.65.070 Public Notice.**

- After the adoption of the initial inventory, all new additions, deletions, or changes to the inventory shall comply with subsection (c) of this section.*
- 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.*
- 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:*
  - 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.*
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.**

HR

**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 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 859 9565 0539, Meeting Password: 661305

Hearing continued to December 8, 2022, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 892 5565 1124, Meeting Password: 257277

Hearing continued to January 5, 2023, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 831 7965 5545, Meeting Password: 725658

**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, 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 17.59.030(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. The 120-day deadline is January 5, 2023. Per an email dated September 29, 2022 from Garrett H. Stephenson, the applicant requested a 70-day extension to the 120 day decision deadline. The 190-day deadline is March 16, 2023. Per an email dated December 1, 2022 from Garrett H. Stephenson, the applicant requested an additional 30-day extension for a total of 100 days added to the 120 day decision deadline. The 220 day deadline is April 15, 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 Certificate of Approval for the demolition of the structure at 611 NE Third Street (HL 7-22).

////////////////////////////////////  
**DECISION:**     **APPROVAL**         **APPROVAL WITH CONDITIONS**         **DENIAL**  
////////////////////////////////////

Historic Landmarks Committee: \_\_\_\_\_  
John Mead, Chair

Date: \_\_\_\_\_

Planning Department: \_\_\_\_\_  
Heather Richards, Community Development Director

Date: \_\_\_\_\_



## **I. APPLICATION SUMMARY:**

The applicant has provided information in their application narrative and findings 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.*

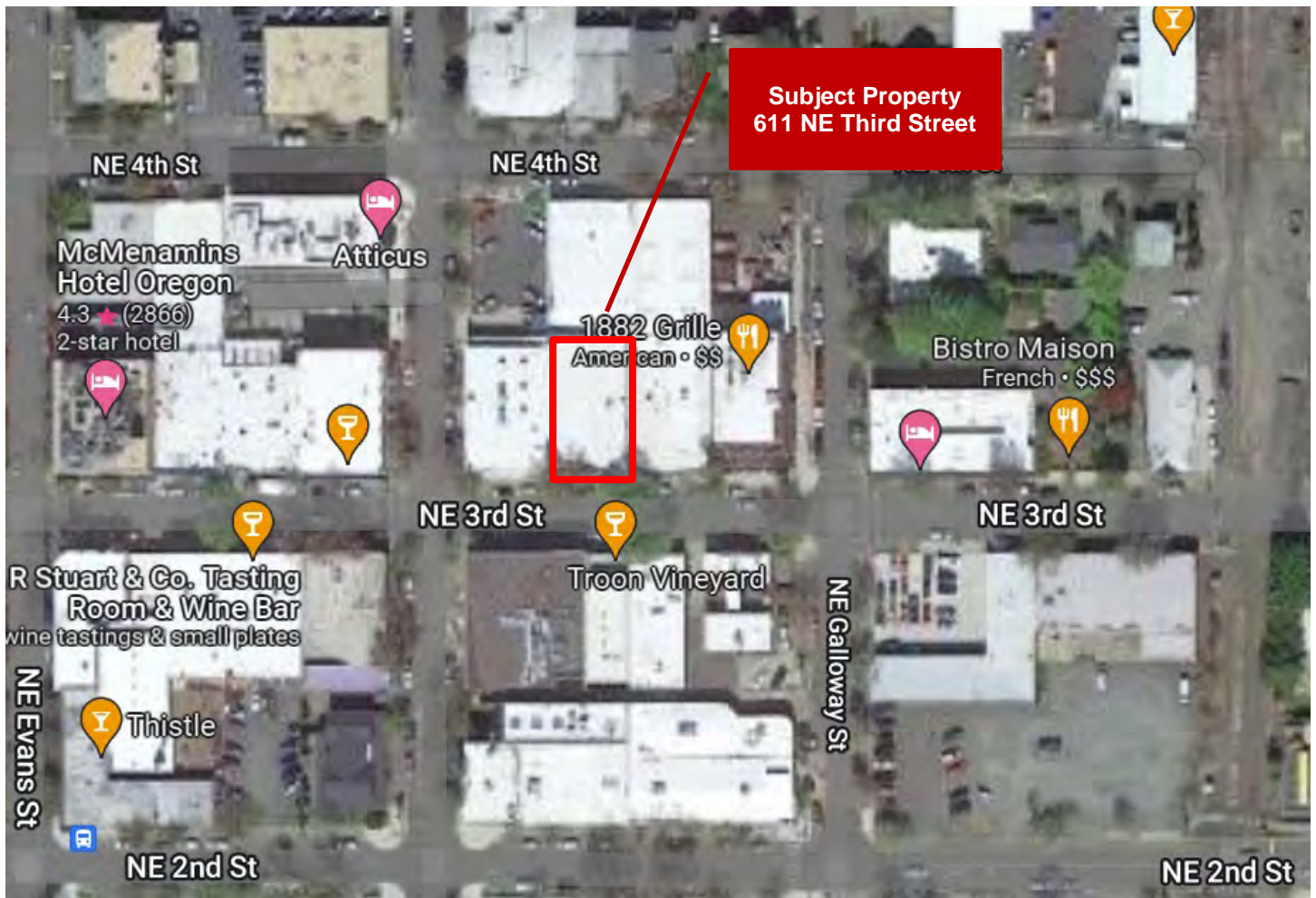
*The proposal is to replace the three underutilized buildings at 609, 611, and 619 NE 3<sup>rd</sup> Street with a 90-95 room boutique hotel. The ground floor will include the hotel lobby, a signature restaurant at the corner of 3rd and Ford streets, with seasonal sidewalk dining, and small retail shop(s). 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 (reduced to 67 parking spaces per supplemental materials provided on November 4, 2022) 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 3<sup>rd</sup> Street pedestrian experience.*

**(Application Narrative, page 3)**

**Subject Property & Request**

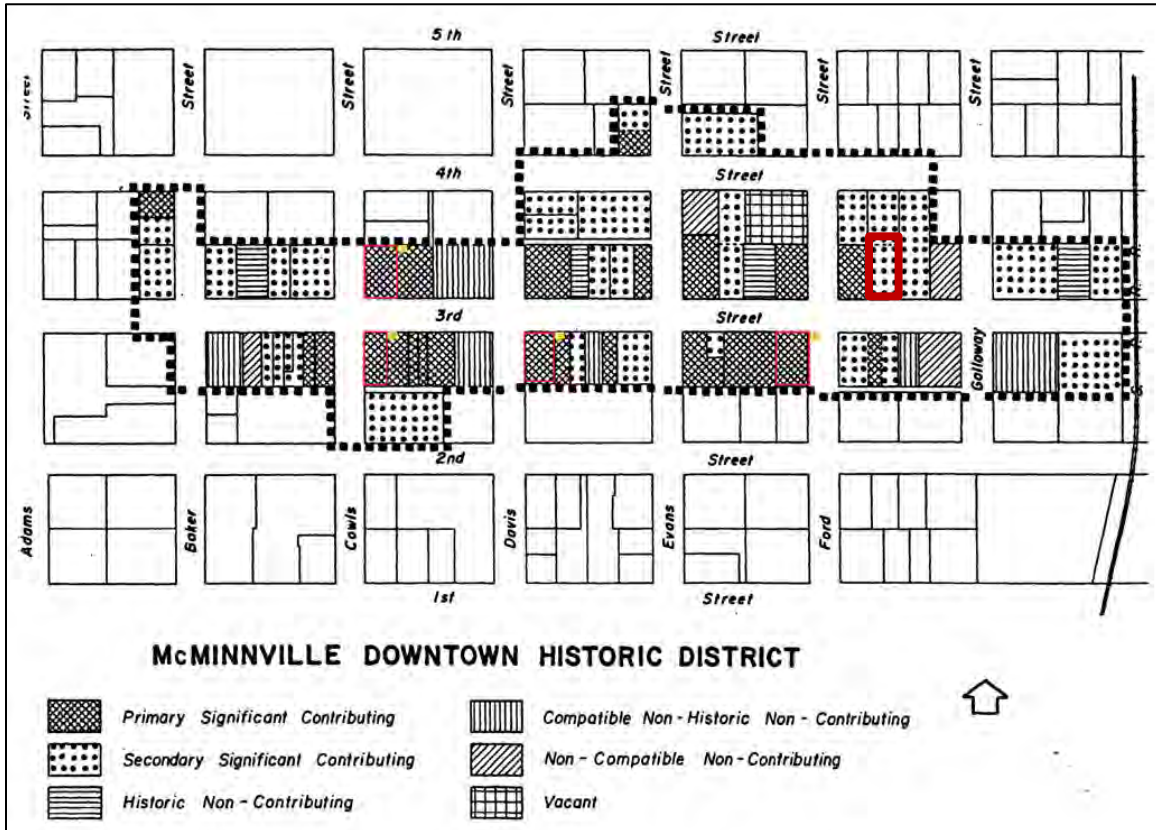
The subject property is located at 611 NE Third Street. The property is identified as Tax Lot 4500, Section 21BC, T. 4 S., R. 4 W., W.M. **See Vicinity Map (Figure 1) below, which identifies the approximate location of the building in question.**

**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.**

Figure 2. McMinnville Downtown Historic District Map



**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.*

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

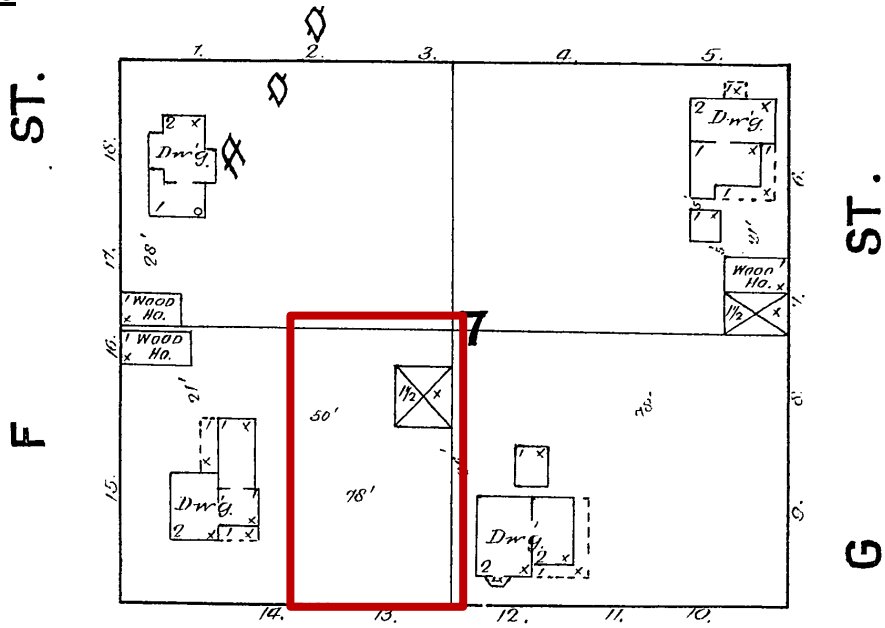
This is a square brick two story structure situated middle block between Ford and Galloway facing south on Third Street. The façade is five bayed, the second story windows being one over one double hung sash, paired, each pair articulated by rows of stretchers. A prominent bracketed and modillioned cornice 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.***

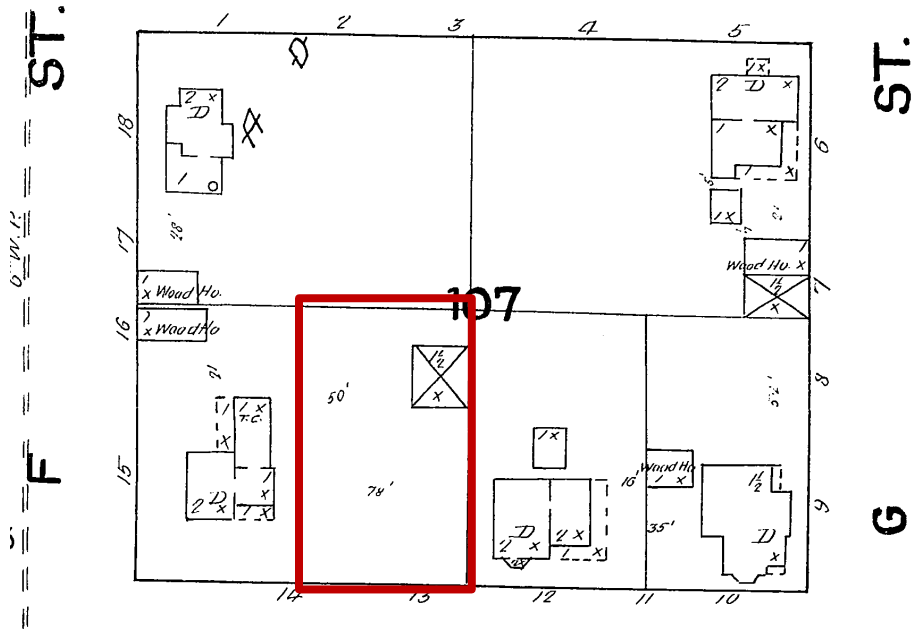


Figure 5. Series of Sanborn Maps

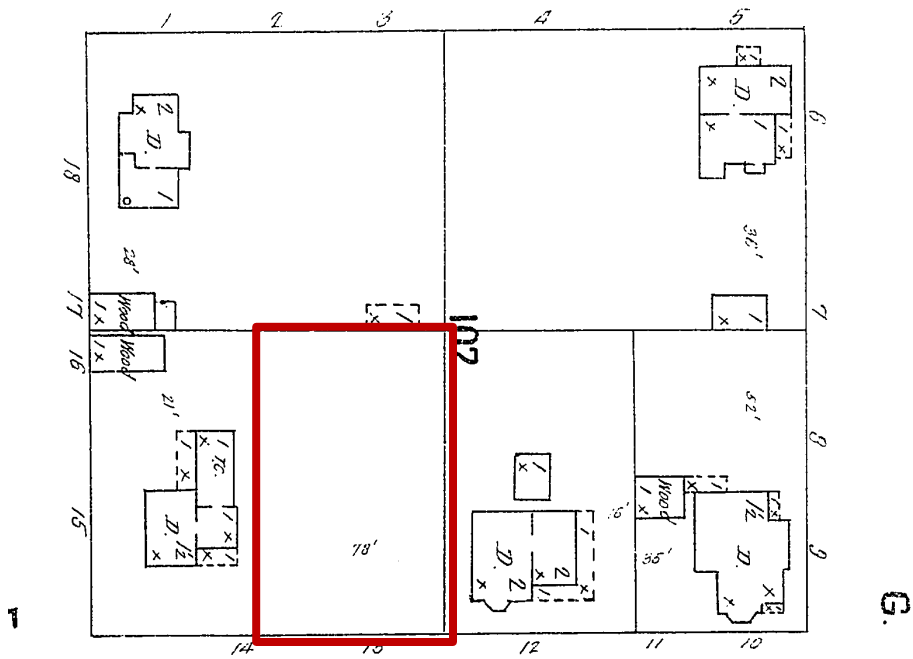
Sanborn Map, 1889



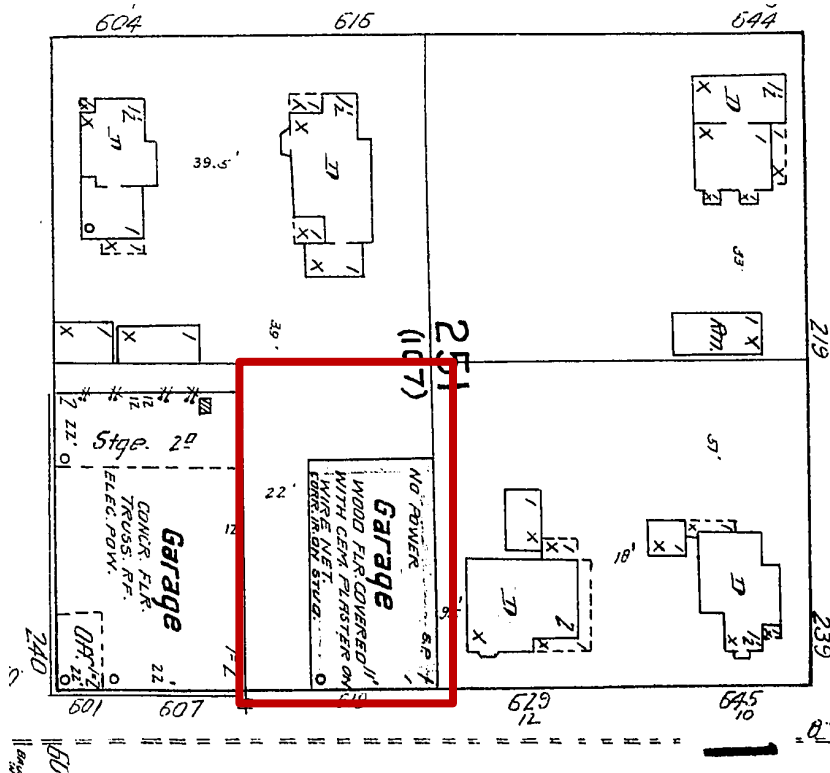
Sanborn Map, 1892



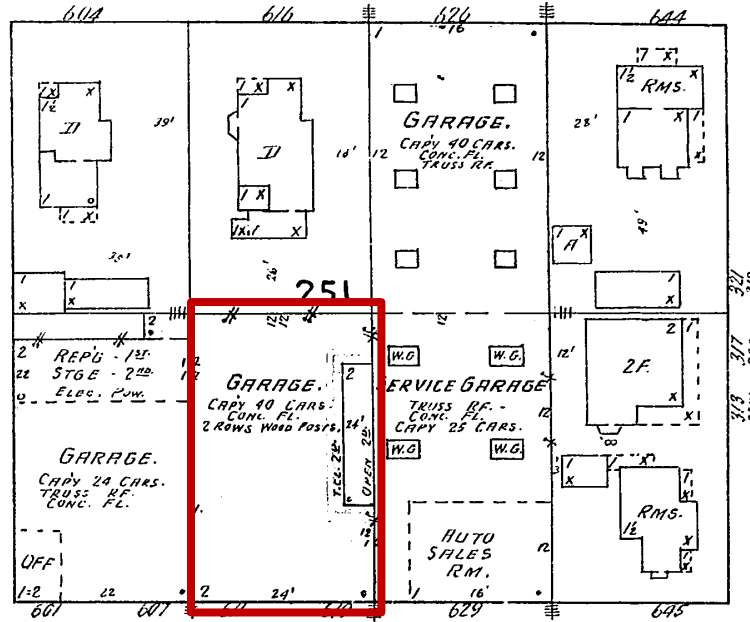
Sanborn Map, 1902



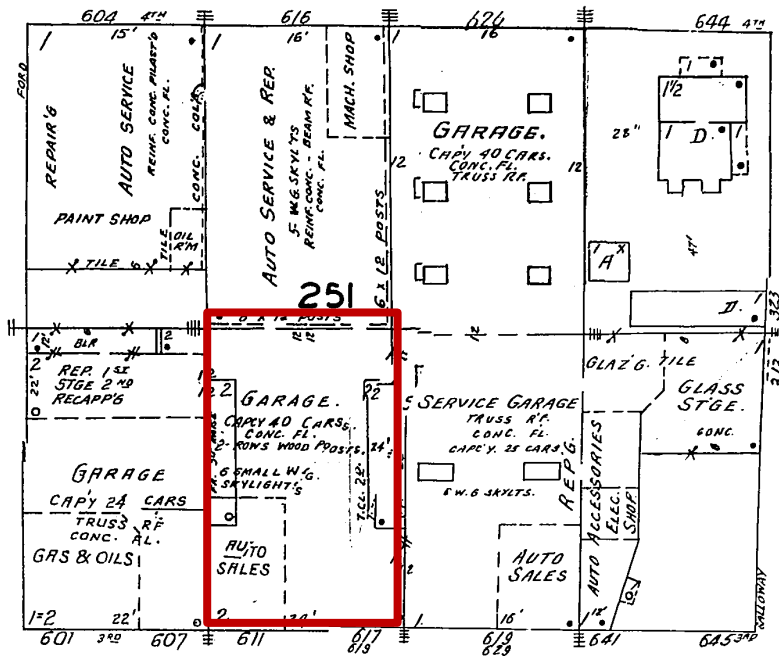
Sanborn Map, 1912



**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.**

**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.*

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)





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)



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.

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 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 replacement project that meets all of the city's local regulations, state regulations, and federal regulations, including DEQ requirements, directions and guidance related to any DEQ LUST case contained in a Contaminated Media Management Plan (CMMP) or instrument such as an Easement and Equitable Servitudes. 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. This will be assessed annually until the property is successfully redeveloped. (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 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. Prior to submittal for a building demolition permit provide Engineering with detailed demolition plans for review and approval. (Comprehensive Plan Policy #25.00)
8. 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)
9. 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)
10. 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)
11. 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)).
12. 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))
13. 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))
14. Prior to demolition the applicant will allow the Yamhill County Historical Society to photo document the building and scavenge any historical artifact associated with the building for preservation as part of their collection. (McMinnville Municipal Code 17.65.050(B)(8))
15. Prior to demolition the applicant will provide the City with an archaeological plan describing how the applicant will undertake demolition and excavation with a sensitivity to the potentiality of archaeological resources and if any archaeological resources are discovered how they will be documented and preserved. (McMinnville Municipal Code 17.65.050(B)(8))



### **III. ATTACHMENTS:**

#### ❖ HL 7-22 Application and Attachments

##### Original Submittal (August 9, 2022)

- Application Form
- Application Narrative
- Project Structural Analysis
- Project Site Plan and Concept Drawings
- Traffic Impact Analysis
- Memorandum
- Neighborhood Meeting Materials

##### Supplemental Submittal (November 4, 2022)

- Approvability Memorandum
- Structural Report
- Historic Resources Assessment
- Contaminated Media Management Plan (October 13, 2022)
- MAC Lease Rates
- 611 NE Third Street Tax Statement
- Third Party Contractor Assessment
- Historic Preservation Incentives Memorandum
- Economic Report
- Architectural Plans
- Traffic Impact Analysis Addendum

##### Supplemental Submittal (December 15, 2022)

- Letter to City with Additional Findings
- Exhibit 1, Historic Resources Assessment, Architectural Resource Group, November 2022
- Exhibit 2, Existing Building Structural Summary, HHPR, November 6, 2022
- Exhibit 3, Documentation of Existing Building Structures, HHPR, July 29, 2022
- Exhibit 4, Contaminated Media Management Plan (Draft)
- Exhibit 5, Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, November 2, 2022
- Exhibit 6, Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022
- Exhibit 7, McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022
- Exhibit 8, Memorandum Regarding Historic Preservation Incentives, Otak, October 31, 2022.
- Exhibit 9, 2022 Tax Statements
- Exhibit 10, The Gwendolyn Financial Pro-Forma, December 15, 2022

#### ❖ 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, 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. 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.
2. Study shows that queue lengths exceed storage length at the eastbound thru and westbound all of 2<sup>nd</sup> 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 & 3<sup>rd</sup> 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) – 3<sup>rd</sup> 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 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.

#### **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
- Email from Sylla McClellan, 09.21.22
- Email from Meg and Zach Hixson, 09.22.22
- Email from Sharon Julin, 09.25.22
- Email from Daniel Kiser, 09.27.22
- Letter from Carol Dinger, 09.28.22
- Letter from Carol Paddock, 09.28.22
- Letter from Katherine Huit, 09.28.22
- Letter from Jeb Bladine, 09.28.22
- Letter from Practice Hospitality, 09.28.22
- Email from Kellie Peterson, 09.28.22
- Letter from JP and Ames Bierly, 09.28.22
- Memo from Nathan Coopriider, 09.28.22
- Email from Elizabeth Goings, 09.29.22
- Email from Abigail Neilan, 09.29.22
- Letter from Ilsa Perse, 09.29.22
- Email from The Scott Family, 09.29.22
- Email from Mande Tatum, 10.05.22
- Email from Crystal55dreams, 10.25.22
- Email from Peter and Linda Enticknap, 11.22.22
- Letter from Karen Saxberg, 11.17.22
- Letter from Jeb Bladine, 11.29.22
- Letter from Nathan Coopriider, 11.29.22
- Letter from Ernie Munch, 11.30.22
- Letter from Marilyn Kosel, 11.30.22

**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.
7. At the public hearing on September 29, 2022, the Historic Landmarks Committee chose to continue the public hearing to December 8, 2022. The applicant requested to extend the 120-day decision deadline by 70 days.
8. On November 4, 2022, the applicant provided supplemental application materials based on the requests from the Historic Landmarks Committee.
9. On December 1, 2022, the applicant requested, with the concurrence of city staff, to continue the public hearing from December 8, 2022, to January 5, 2023, and to extend the 120-day decision deadline by an additional 30 days for a total extension of 100 days.
10. On December 8, the Historic Landmarks Committee continued the public hearing to January 5, 2023.
11. On December 15, 2022, and December 19, 2022, the applicant provided supplemental materials per the request of city staff.
12. On January 5, 2023, the Historic Landmarks Committee hosted a public hearing, closed the public hearing, deliberated, and rendered a decision.

## **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.

### **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 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.
- (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:** For the reasons explained below, consideration of the several factors addressed herein demonstrates that the value of these buildings to the historic character of the Historic District is relatively low, that the buildings' values with their current or similar uses are very limited and likely insufficient to provide for needed repairs, that the buildings cannot be economically seismically-retrofitted in their current configuration to allow for a hospitality or other adaptive re-use, and that the public interest in preserving them is outweighed by the public and private benefits achieved by construction of the proposed Gwendolyn Hotel..

The above provision requires local governments to consider a number of factors when deciding whether to allow demolition of structures that are located within National Historic Districts. However, the obligation of the City is to consider these factors; the applicant is not required to prove that one or all of them are "met" as would be the case with a mandatory criterion begging a "yes or no" question. *Frankton Neighborhood Association v. Hood River County*, 25 Or LUBA 386, 395 ( 1993); *Von lubken v. Hood River County*, 18 Or LUBA 18, 21-22 ( 1989). No particular balancing of these factors is required, either. The Historic Landmarks Committee ("HLC") can find (1) that these factors have all been considered with respect to the three buildings proposed for demolition and (2) consideration of these factors supports the Applicant's demolition proposal for each building, which are addressed separately, below.

The property at 611 NE 3rd Street is classified as a "Secondary Significant Contributing" building in the Downtown Historic District. Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) explains that property was developed sometime between 1912 and 1919 as an automobile garage, but it does not appear on Sanborn Fire Insurance Maps until 1928. At all times within the secondary historic period, the property was used as an automobile garage and by 1940 was used as a car dealership.



According to Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022), while the building's second story and parapet remains intact, the ground floor has been significantly modified.

**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:** The City concurs with the Applicant's response that the provision applies but that the administrative rule does not provide any objective standards for how the Historic Landmarks Committee must consider these factors.

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

**APPLICANT RESPONSE (Original Application):** All three of the buildings are constructed of unreinforced brick. The buildings at 611 and 619 NE 3<sup>rd</sup> 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 3<sup>rd</sup> Street is missing some floor beams.

**APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022):** The applicant is not requesting demolition of the property due to significant structural issues or imminent public safety hazards. However, additional information from the structural engineer has been provided in response to HLC requests. See Attachment 1.

*Attachment 1 – Memo from Jason Dhanens PE SE, Structural Manager, Harper Houf Peterson Righellis Inc. (HHPR) dated November 6, 2022.*

### **Scope Summary:**

What follows is a response to the structural components of the City of McMinnville Staff Report dated September 29, 2022. The Staff Report is a response to the information submitted by the design team that contain information prepared by the HHPR Structural Team in relation to the structural condition of the existing buildings. The initial report prepared by HHPR is dated July 29, 2022.

### **Response:**

There is a common comment that is applied to each of the three buildings. This is:

*“The structural analysis is very cursory and did not include any load test sites. Without load testing of the unreinforced masonry walls, the structural analysis did 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 the demolition of the property.”*

- No analysis (structural calculations) was performed and would be premature based upon where we are in the process.
- Given that load testing of specific materials does not determine a building's seismic performance, and for the following additional reasons, HHPR's analysis does not include load testing of brick or other materials. Load testing the brick would be premature at this time and is typically used when the scope is to salvage the building. That scope would involve an ASCE Tier 1 Assessment and Tier 2 Retrofit. Industry knowledge regarding the shear capacity of brick-and-mortar assemblies is that they are known to be low strength in URM buildings, particularly older ones.
- An analysis of unreinforced masonry buildings (URM) is not required at this time to understand and convey the risks associated with URM buildings. We have used our knowledge and expertise as structural design professionals to convey the risks.
- Further, we have referenced FEMA documents below to further convey the risks associated with unreinforced masonry buildings.
- While our work did not find conditions that would require immediate demolition of the building structures, the list of previously presented Emergent Concerns do represent items that, if left unaddressed, could lead to a local failure or a partial collapse of the building structures.
- Items such as these are common across all buildings in that maintenance items, if left unaddressed, can become structural concerns that can lead to significant structural issues for a building. This varies across building type, age and environment. In general, the older the building and the longer without maintenance, the quicker the structural deterioration.

If we were in a position to advise the building owner, we would recommend that these items be addressed in the very near future. While the finding is that “The Historic Resource is not a hazard to the safety of the public,” the emergent concerns are significant and should be addressed in the very near future.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** Condition. Exhibit I (Historic Resources Assessment, Architectural Resource Group, November 2022) described the second floor elevation as being in good condition, but the building appears to be in poor/marginal condition overall. Its upper parapet and roof system are intact. However, the HRA identifies a number of issues:

- o No original portions of the original ground floor storefront were visible at the interior side of the storefront.
- o Significant areas of damaged ceiling finishes and areas of water infiltration are visible at the north end of the second floor.
- o The roof surface drains to a drain at the rear, NW corner of the building, with an overflow scupper to an external leader emptying to the lower roof of 609 NE 3rd Street below. The roof drain is completely clogged, and it is therefore likely that during rain events water pools at this area of roofing, possibly infiltrating to the interior before reaching the overflow scupper.
- o The second-floor interior is vacant and has been unused for a significant period of time. Little of the original finishes remains. Finishes at the northern portion of the second floor are in poor condition. Outlines of removed partitions are visible in the remaining finish floor. Round pipe columns supported on added wood beams appear to have been added throughout to shore up the wood joists above and to distribute the load to joists below. The underside of the roof deck was not visible. Windows at the north elevation have been removed, and the openings enclosed with plywood with visible daylight at the perimeter, allowing air and water infiltration.

The HPR Existing Building Summary (Exhibit 2) identifies the following structural deficiency in the building:

"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. 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."

HPR's initial structural review of the building, dated July 29, 2022 (Exhibit 3), identified the following issues:

- o 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.
- o 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.
- o The north elevation has a series of old window openings along the 2nd level that have been filled in, however the condition of the wall and infill is poor with a significant amount of water entering the building and debris from bird nests.

**CITY RESPONSE:** 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 by itself as a factor.

The structural analysis focuses on maintenance issues that are compromising the structural integrity of the building and the overall structural integrity of all historic unreinforced masonry buildings. This would assume that all historic unreinforced masonry buildings that have not been maintained adequately are justification for demolition of historic resources.

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 out observed structural issues and concludes with emergent concerns.

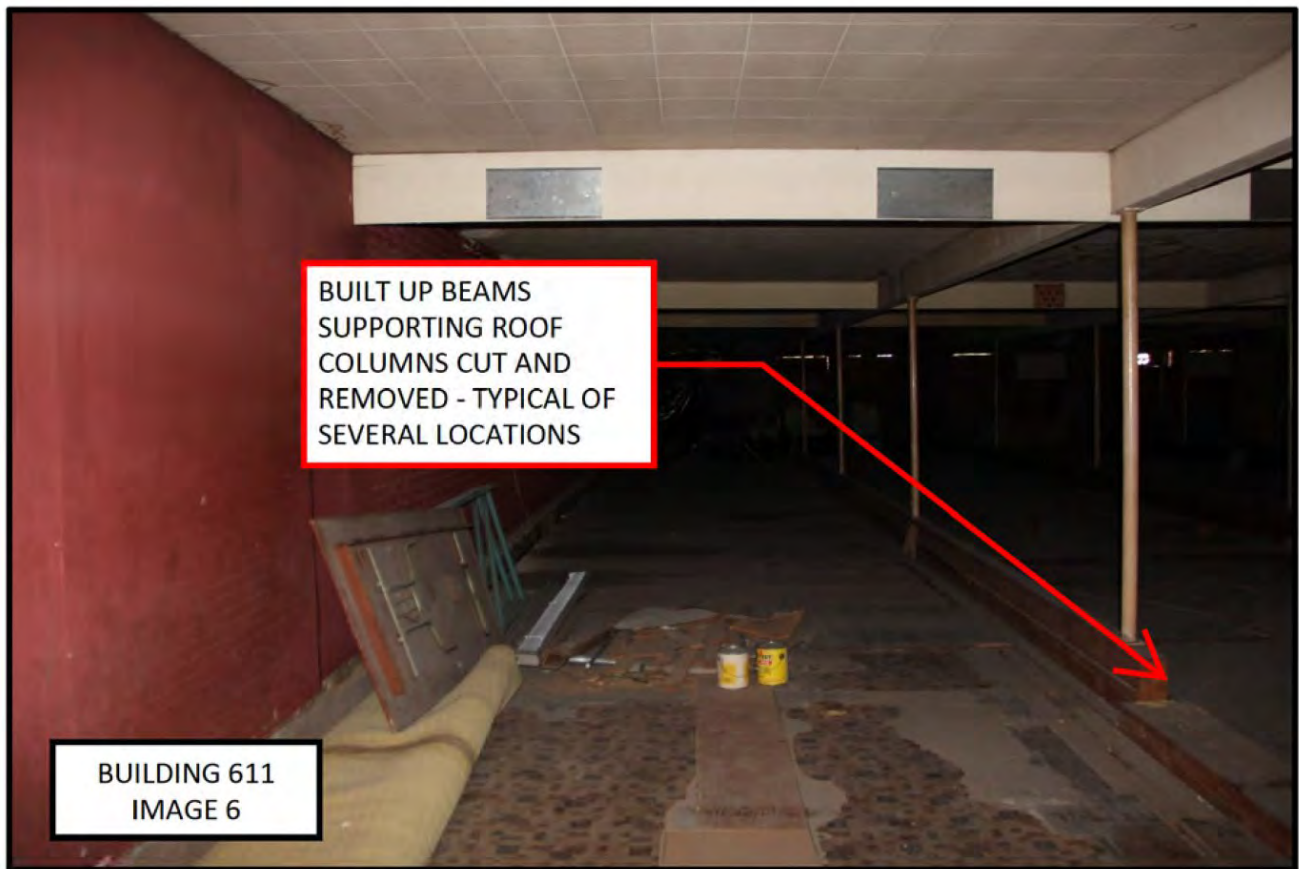
#### Emergent Concerns

- 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 for 611 NE Third Street.

- 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.

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 (Original Application):** According to the HRI, the building at 611 NE 3<sup>rd</sup> 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.

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.

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.*

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.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** Historic Integrity. In this context, the "Historic Integrity" of the building refers to features that existed within the date range of secondary significance. While the building is largely in the same configuration as it was in 1983 when the Historic District was established, the Historic District Nominating Form did not identify any period after 1937 as historically significant; therefore, features added after that date are not considered historically significant.

As explained in Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) and the Staff Report, the historic integrity of the building has been substantially compromised since it was originally constructed, principally due to:

- o Reconfiguration of the ground floor interior.
- o Replacement of the entire ground floor between 1928 and 1948 to include a car auto sales office, as shown in the Sanborn Maps.

- o Removal and replacement of all original ground-floor windows and window openings and re-cladding of the ground floor in stucco.
  - o Construction of a new inset facade with round columns.

Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) goes on to identify the following "character defining features" confirmed to be remaining with the building<sup>1</sup> include the following:

- o Second Story
  - Buff colored brick cladding with dark grey pigmented mortar joints.
  - Parapet with central pediment, with copings surfaced with painted stucco.
  - Pressed metal entablature with modillions and brackets.
  - Five bays of paired wood one-over-one windows surrounded by a brick soldier course and squares of cast stone.
  - Low relief belt course at windowsills.
- o Interior
  - Southeast entry stair to second floor, with pair of dual-swing doors at stair landing.
  - Portions of the ornamental wood flooring at the rear area of the second floor.

Note that the Report, while helpful, does not address "historic integrity" specifically but only "character defining features." Even if the above are components of "historic integrity," these features pertain almost exclusively to the second floor, which is unoccupied. The entire first floor of the building has lost virtually all of its historic integrity.

**CITY RESPONSE:** It appears that historic integrity is significantly compromised. 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 HRA report clearly states that all three properties are important in terms of historic significance as they represent the time period of the McMinnville National Register of Historic Places Historic District context statement relative to the emergence of automobile transportation in McMinnville. It then describes that a building's historic integrity is different from its historic significance and is reflective of the materials, form and massing that are original to the building from the time period of its significance.

<sup>1</sup> The Report also lists the building's massing and number of stories as "character-defining features," but loss of these features would only occur if the building had been demolished to some extent and are not properly considered part of the building's "historic integrity," as they indicate no more than that the building still exists with the same number of stories. Indeed, all of these characteristics would be the same even if the building had been gutted and refinished entirely. Regardless, the above factor concerns "historic integrity," not "character defining features."



For 611 NE Third Street, the first floor has been significantly modified and the second floor appears to remain intact, including original wood windows, original brick and cast concrete elements, and original pressed metal cornice. Per the HRA Report they are in generally in good condition.



Original wood windows, frames and sash  
Original brick and cast concrete elements  
Original pressed metal cornice

611 NE 3rd Street, current view (ARG, October 2022)

However, as the applicant points out, the historic integrity is based on the historic context of the National Register of Historic Places nomination which identified the emergence of the automobile industry for the historic context and integrity of this property. Unfortunately the most significant changes to this property are the original ground floor automobile bays that have been removed and modified.

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

**APPLICANT RESPONSE (Original Application):** As noted, the building at 609 NE 3<sup>rd</sup> Street was constructed in 1904 and is 118 years old. The building at 611 NE 3<sup>rd</sup> Street was constructed in 1920 and is 102 years old. The building at 619 NE 3<sup>rd</sup> 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.

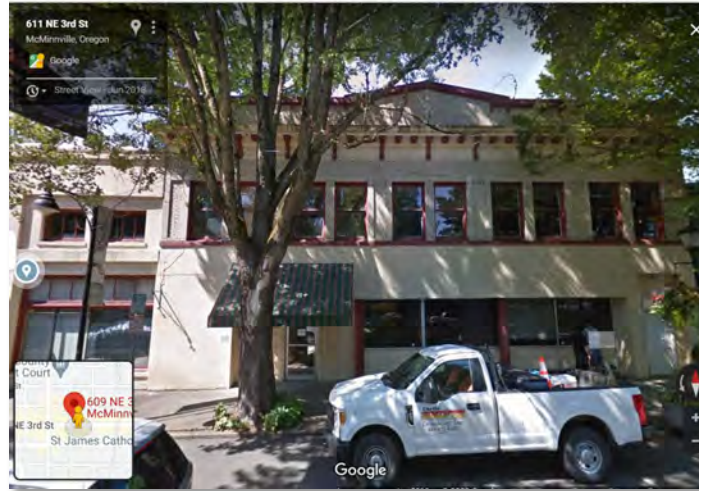
**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** Age. The actual date of construction is unknown, the Historic District Nominating Form identifies its construction year as between 1912 and 1928. A photo dated 1919 included in the application materials show the building nearing completion.



**CITY RESPONSE:** The date of construction falls within the historic context statement of the McMinnville National Register of Historic Places context statement. Only the second floor retains historic integrity from that time period.



*Original Structure, circa 1919*



*Current Structure*

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

**APPLICANT RESPONSE (Original Application):** 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.*

- 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 3<sup>rd</sup> 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.

+++

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 statement of significance explains the original physical characteristics of the buildings, but notes that the first-floor facade was "extensively altered" with stucco cladding and has been "cutaway to expose two pillars." The photos below illustrate the scope of how the building's facade was altered after its period of significance:

### 1 611 NE 3rd Street (1948)



**2 611 NE 3rd Street (1983)**



"Historic Significance" is not defined in OAR 660-033-023. However, OAR 660-033-023(5)(a) explains that the "evaluation of significance" should be based on the following<sup>2</sup>:

*"(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*

<sup>2</sup> Note that these are virtually identical to the National Register's "Criteria for Evaluation."

*(E) Relevance within the local historic context and priorities described in the historic preservation plan. "*

With respect to (A), the Historic District's significance statement does not connect the building with any significant events. With respect to (B), the building is not noted as being associated with any particular person significant to local, regional, state, or national history. With respect to (C), there is no evidence that the building possessed a particularly distinctive or notable design, artistic values, "or represents a significant and distinguishable entity whose components may lack individual distinction." With respect to (D), given the substantial changes to the building, only the second-floor facade is indicative of historic character, but it is not clear how this "yields information important in prehistory or history."

Finally, with respect to (E) the Historic District's nominating form describes the local historic context for primary contributing buildings as follows:

"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."

All that is required to qualify a building as Secondary-Significant is construction within the date range above. According to its nomination form, the building was included because it was built sometime between 1912 and 1928.

**CITY RESPONSE:** Both the National Register of Historic Places and the City of McMinnville have adopted provisions that identify the property as historically significant per the National "Register of Historic Places McMinnville Historic District nomination and the City of McMinnville's classification of the property as a "B" (Significant) historic resource on the McMinnville Historic Landmarks Inventory.

Although, if reviewed now, the property could be classified differently, that does not negate the policy action that has occurred. With that said, the assigned historic significance is not a stand-alone factor for preservation or demolition.

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.



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 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.<sup>5</sup>

Population growth continued between 1910 and 1940, increasing from 2,767 in 1920 to 3,706 in 1940.<sup>6</sup> 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)

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.

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

**APPLICANT RESPONSE (Original Application):** The value the buildings current(ly) provide to the community include providing a consistent edge along historic 3<sup>rd</sup> 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 3<sup>rd</sup> 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.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** Value to the Community. Within living memory the building has been used as an automotive repair shop, car dealership, and as an office of the New Register and small retail space, which occupies only the bottom floor. The building is not associated with any particularly meaningful community history, has never been used as a community gathering place, and does not appear to have any value to the community beyond its inclusion in the downtown historic district.

**CITY RESPONSE:** Balancing the assumptions that the subject structure does not retain much historic integrity, and is financially infeasible to rehabilitate, the replacement project 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 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. 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 (Original Application):** 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; 200<sup>3</sup> (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.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** The building is not identified as being rare at all in terms of design or construction.

**CITY RESPONSE:** 611 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 second floor exterior façade's 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:

**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.

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 #1: 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 replacement project that meets all of the city's local regulations, state regulations, and federal regulations, including DEQ requirements, directions and guidance related to any DEQ LUST case contained in a Contaminated Media Management Plan (CMMP) or instrument such as an Easement and Equitable Servitudes. 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. This will be assessed annually until the property is successfully redeveloped.

*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 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.

**FINDING: SATISFIED WITH CONDITION 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, 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 (Original Application):** None

**APPLICANT RESPONSE (December 15, 2022):** A draft Contaminated Media Management Plan (CMMP) that addresses all three properties has been included (Contaminated Media Management Plan, October 13, 2022). The CMMP is a requirement of the Prospective Purchaser Agreement between the Applicant and

Oregon Department of Environmental Quality ("DEQ"). As a practical matter, former automotive shops and fuel stations are routinely redeveloped and there is nothing about these buildings that presents a unique risk. The draft CMMP requires removal and safe disposal of any contaminated media (i.e. soil or ground water), and recommends only standard protective measures to mitigate the limited identified risk of petroleum contamination.

This is sufficient to satisfy Goal II of the City's Comprehensive Plan, which implements Statewide Planning Goal 6. Goal 6 requires that the local government establish that there is a reasonable expectation that the use for which land use approval is requested will also be able to comply with the state and federal environmental quality standards that it must satisfy to be built. *Hess v. City of Corvallis*, 70 Or LUBA 283 (2014). The City's comprehensive plan does not address soil contamination, and with respect to water, Policy 10.00 of the Comprehensive Plan provides that "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." The Applicant's ongoing work with DEQ through the PPA process is evidence not only that DEQ will provide sufficient oversight to ensure the safety of workers and the public, but also demonstrates that the Application will be able to comply with DEQ's standards.

**FINDING: SATISFIED WITH CONDITION OF APPROVAL #3**

**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.**

**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.

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.**

**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.

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.
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.

**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 Plan<sup>7</sup> (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 3<sup>rd</sup> 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 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.”<sup>8</sup> 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 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.

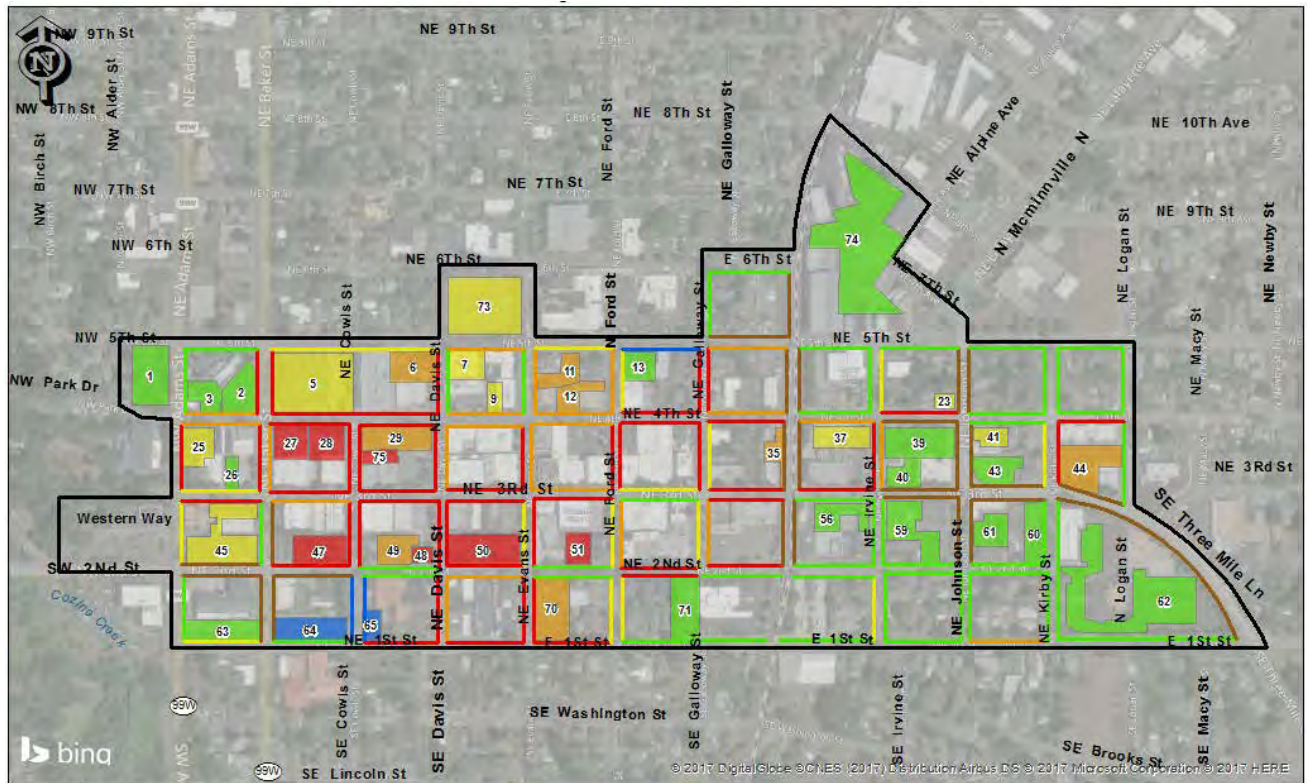
**CONDITION OF APPROVAL #6:** The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rain water into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building 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:** Prior to submittal for building demo permit provide Engineering with detailed demolition plans for review and approval.

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 3<sup>rd</sup> and 4<sup>th</sup> 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 67 off-street parking stalls in an underground parking structure.



Combined Parking Utilization - Weekday  
 Rick Williams Consulting  
 Parking & Transportation  
 Thursday, June 8, 2017  
 1:00 - 2:00 PM  
 Peak Hour  
 Feet  
 0 90 180 360 540 720

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

**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.

- 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 67 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 67 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 #8:**

**CONDITION OF APPROVAL #8:** 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 #9:**

**CONDITION OF APPROVAL #9:** 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:*

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 #10:**

**CONDITION OF APPROVAL #10:** 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.

### **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 <sup>rd</sup> Street     | \$515,480           | \$664,643              |
| 611 NE 3 <sup>rd</sup> Street     | \$742,760           | \$1,010,601            |
| 611 NE 3 <sup>rd</sup> Street BPP | \$41,333            | \$41,333               |
| 619 NE 3 <sup>rd</sup> Street     | \$482,993           | \$556,964              |
| <b>Total</b>                      | <b>\$1,782,566</b>  | <b>\$2,273,541</b>     |

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 3<sup>rd</sup> 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 #11.** 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 #11:** 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 3<sup>rd</sup> and Ford streets and complement the three-story buildings on each corner.

**FINDING: SATISFIED WITH CONDITION OF APPROVAL #12.**

**CONDITION OF APPROVAL #12:** 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 3<sup>rd</sup> 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 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.

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 (Original Application):** 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-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

**APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022):** The applicant has provided the following additional information as described in Attachments 4-8:

- Phillip Higgins, a licensed commercial real estate broker, has provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memo includes high-level profit and loss information. See Attachment 4.
- 2022 Yamhill County Tax Assessor data including Assessed Value, Taxable Value, and Real Market Value and property taxes paid between 2018 and 2022 has been provided. See Attachment 5.
- An estimate of the cost of rehabilitation of the property from Hugh Construction, which is an entity separate from Hugh Development, provided the enclosed pro-forma showing the costs and likely returns from rehabilitation of the three structures. While no other contractors could provide an estimate without a more developed renovation plan set, the contractors Hugh consulted confirmed that Hugh Construction's estimate was reasonable. See Attachment 6.
- A report of available economic incentives for rehabilitation of the existing buildings is included as Attachment 7.
- A report by Johnson Economics comparing the economic value of the project vs. preservation of the buildings is enclosed as Attachment 8.

The following table, provided by Hugh Construction, further defines the findings included in Attachment 6:

|                            | Current Results | Ideal Results<br>(Gwendolyn Hotel) |
|----------------------------|-----------------|------------------------------------|
| <b>Cash on Cash return</b> | 3%              | 23%                                |
| <b>Unlevered IRR</b>       | -9.10%          | 13%                                |
| <b>Levered IRR</b>         | 0%              | 26.80%                             |
| <b>Equity Multiple</b>     | 0.82x           | 4.11x                              |

**APPLICANT’S RESPONSE (December 15, 2022):** The Application proposes demolition of the three structures discussed above in order to allow it to construct the Gwendolyn Hotel. The economic value of the three buildings and their future use case are substantially limited. When compared to the potential economic value of the proposed hotel, the economic factors weight in favor of demolition for all three buildings.

While certainly not a model of linguistic clarity, 17.65.050(8)(2) appears to get at the comparative economic value when compared to the historic value of the buildings proposed for demolition. It appears to also evaluate the comparative economic value of the buildings if preserved or renovated.

The potential economic value of the Gwendolyn Hotel is addressed in Exhibit 5 (Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, November 2, 2022), and can be summarized as follows:

- Total project value: \$59,735,000
- Construction cost: \$36,500,000
- Annualized property tax project: \$576,197 (2026), \$590,602 (2027), \$605,367 (2028).

In comparison, a preservation use case (with similar occupancies and no renovation) are of very limited future value. Phillip Higgins, a licensed commercial real estate broker, has provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memorandum includes projected profit and loss information. Exhibit 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022). Mr. Higgins findings are summarized below:

"Combined rents across all 3 properties are \$11,365 (assuming fully occupied) or \$136,380 annual gross. The owners did not report taxes, insurance, utility costs, but an easy assumption is that a buildings operating costs are 45-55% of the gross revenue. Using the lower ratio: \$243,280 -45% = \$75,009 Net operating income. At a 6% CAP rate this would result in a [current] Market Value of \$1,250,150."

Mr. Higgins notes that the lease rates result in a net operating income is roughly \$75,000 annually, before any loan service, tenant improvements, or major repairs:

"The Current Market Valuation excludes any debt service, excludes tenant improvements, excludes any cost to bring the buildings up to current occupancy standards/ code compliance,

with the addition of these line items the [net operating income] would shrink significantly below lender underwriting standards for OCR/ Debt Coverage Ratios for income to payments."

Based on this analysis, the buildings in their current form are of little or no net economic value to a new owner, given the need to service acquisition debt at their current value. Stated simply, the cost of debt and tenant improvements is likely so near the net operating income that a sound financial institution is unlikely to lend on such an acquisition with an as-is use case.

Even so, the July 29, 2022 HHPR Report (Exhibit 3) demonstrates that significant work must be done on these buildings in order for them to remain viable even for this use case. Necessary repairs would include the following:

- "The 2nd level of the 609 Building would require repair and remediation should that space be occupied.
- The 2nd level of the 611 Building would require repair and remediation should that space be occupied.
- As noted in the General Conditions section, each of the three buildings have structural conditions that we recommend be further analyzed for possible remedial actions should they remain.
  - o This includes the roof truss node that is out of plane in the 609 Building, the removed built up floor beam in the 611 Building, and the rotten truss bearing in the 619 Building.
- Additionally, all three buildings have sections of the roof framing that is deteriorated and requires repair."

While there are some grants and historic preservation tax credits that may be available, work to bring the buildings back into a sound condition is likely in the hundreds of thousands of dollars. The primary historic tax benefit, the "Special Assessment of Historic Property Program" is no longer available for the 609 and 611 Buildings. The most beneficial available federal program, the Federal Historic Tax Preservation Tax Incentive Program, provides a 20% income tax credit. With a current federal income tax rate of 21%, this would yield only about \$5,700 per year for all three buildings collectively, and this assumes that the gross income from these properties would otherwise be fully taxable. State grants for particular historic buildings generally yield a maximum \$20,000. Exhibit 8 (Memorandum Regarding Historic Preservation Incentives, Otak, October 31, 2022.) All of this assumes successful competition for such grants, which is certainly not a guarantee given the diminished historic character of these buildings. In summary, there is no reason to believe that historic grant programs and tax credits will be even close to sufficient to provide the repairs identified in the HHPR report.

Upgrading the buildings to a different use would almost certainly require seismic upgrades. To explore an alternative use case that would preserve but reuse the buildings for a hotel, the Applicant engaged its subsidiary Hugh Construction Company to prepare a financial pro-forma for re-use of the buildings as a hotel with ground-floor retail.<sup>3</sup> This is enclosed as Exhibit 6 (Construction Cost Estimate and Financial

<sup>3</sup> While no other contractors could provide an estimate without a more developed renovation plan set, the contractors Hugh consulted confirmed that Hugh Construction's estimate was reasonable.



Model for Re-Use of Historic Buildings, Hugh Construction, November 2022). The key findings are as follows:

- The base construction costs are anticipated to be \$11,430,000, with a total project cost of roughly \$20,000,000, excluding land acquisition.
- The total construction costs, along with soft costs and land acquisition costs are anticipated to be \$24,994,838.
- Due to the limited number of rooms, high cost of historic rehabilitation and retrofit, and debt service, the total net operating income from the project will be approximately \$813,419, with an annual cash flow of only \$516,922. Note that this is before debt service. Net cash flow from the property as a whole is negative, with cash investments in the negative throughout the period to fiscal year 2032, as demonstrated by the cash income statement on pg. 8 of Exhibit 6 (Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022).

Considering this alternative program, the Johnson Economic Study dated Nov. 2, 2022 analyzed the potential returns as follows:

"Renovation of the site for lodging uses would require a significant investment in restoration to bring the structure into conformance with current code. The estimated current costs to develop this program is just under \$20 million in current dollars (excluding acquisition), with an overall cost of roughly \$25 million. The projected net operating income at stabilization is estimated at \$580,500, representing a 2.3% return on cost."

"The estimated capitalization rate for this type of project is likely in the 6.5% to 7.5% range. Assuming a 7.0% cap rate, the estimated value of the project would only be \$8.3 million in this configuration, roughly a third of estimated costs."

While the assumptions may shift, renovation of the current structure for retail and hotel space is highly unfeasible."

"Renovation of the structure does not provide the owner with a "reasonable economic use". There would be no expectation that the property owner or a rational developer would pursue this project as a renovation."

The upshot of the above discussions is that there is no rational economic value to a rehabilitation and re-use case for the buildings.

**CITY RESPONSE:** The applicant has provided the requested information to determine if rehabilitation of the structure is financially feasible within the existing McMinnville market. Based on the structure's construction needs (not just to meet existing building codes but to structurally maintain the existing uses within the building), the amount of leasable space within the existing McMinnville market does not support the acquisition and 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 3<sup>rd</sup> 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*

611 NE Third Street

The building at 611 NE 3<sup>rd</sup> 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 3<sup>rd</sup> 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 (Original Application):** 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.

**APPLICANT’S RESPONSE (December 15, 2022):** HHPR 's Existing Building Summary identified a number of structural issues with these buildings, which are explained in detail below. Its general conclusions are that the buildings need significant work soon: "If we were in a position to advise the building owner, we would recommend that these items be addressed in the very near future." Exhibit 2 (Existing Building Structural Summary, HHPR, November 6, 2022). This is just to get the building back to something resembling their original design structural capacity. All have significant structural issues. For example, the 609 Building has a major truss that must be replaced. The 611 Building has load-bearing laminated beams that have been cut. Most of the roof trusses in the 619 Building are rotten where they intersect the party wall along the 611 Building. All of these conditions must be addressed.

The buildings are also all constructed of unreinforced masonry. Exhibit 2 (Existing Building Structural Summary, HHPR, November 6, 2022) provides a detailed literature review explaining why seismic reinforcement of these buildings is advisable, and concludes as follows:

"Like other similar URM buildings, the three buildings under review in this report would have the potential for similar failure points. Generally, these failure points could be attributed to the lack of ductility associated with URM construction and the lack of positive connections between the floor and roof framing and the walls of the structure. The anticipated failure points could be:

- In plane shear failure of the URM walls
- Out of plane bending failure of the URM walls
- URM walls pulling away from the roof or floor framing resulting in roof or floor collapse

Given their higher risk profile, URM buildings represent a unique and complicated challenge to the structural engineering community, to the building owners and to the community at large."

It is important to recognize that any significant changes to these buildings (such as significant tenant improvement) would likely trigger seismic retrofit to some degree. This is a likely scenario, for example, if the upper floors of the 609 and 611 Buildings are put back into use and qualify as an "alteration." Also, changes in occupancy and structural alterations (such as those required to address the buildings' identified structural problems) would likely trigger additional upgrades under the Existing Building Structural Code, as adopted by the State Building Codes division.

The costs of such upgrades are likely infeasible for these buildings in their current occupancy; as explained by the Western States Seismic Policy Council, "upgrading existing buildings to resist earthquake forces is more expensive than meeting code requirements for new construction." <https://www.wsspc.org/public-policy/legislation/oregon/>. This is also demonstrated by the memorandum provided by Mr. Higgins (Exhibit 7, McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022), which demonstrates that such improvements are not financially feasible.

The physical condition of certain building elements-particularly those from the historic period of significance-is provided in the HRA. Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022). However, the HRA does not characterize the general condition of the buildings as a whole. The physical condition of the building is explained below:

611 E 3rd Street: Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) described the second floor elevation as being in good condition, but the building appears to be in marginal condition overall. Its upper parapet and roof system are intact. However, the HRA identifies a number of issues:

- o "No original portions of the original ground floor storefront were visible at the interior side of the storefront.
- o Significant areas of damaged ceiling finishes and areas of water infiltration are visible at the north end of the second floor, but it is unknown if water infiltration is active or if it pre-dates the roofing replacement.
- o The roof surface drains to a drain at the rear, NW corner of the building, with an overflow scupper to an external leader emptying to the lower roof of 609 NE 3rd Street below. The roof drain is completely clogged, and it is therefore likely that during rain events water pools at this area of roofing, possibly infiltrating to the interior before reaching the overflow scupper.
- o The second-floor interior is vacant and has been unused for a significant period of time. Little of the original finishes remains. Finishes at the northern portion of the second floor are in poor condition. Outlines of removed partitions are visible in the remaining finish floor. Round pipe columns supported on added wood beams appear to have been added throughout to shore up the wood joists above and to distribute the load to joists below. The underside of the roof deck was not visible. Windows at the north elevation have been removed, and the openings enclosed with plywood with visible daylight at the perimeter, allowing air and water infiltration."

The HPR Existing Building Summary (Exhibit 2, Existing Building Structural Summary, HPR, November 6, 2022) identifies the following structural deficiency in the building:

"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. 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."

HHPR's initial structural review of the building, dated July 29, 2022 {Exhibit 3), identified the following issues:

- o "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.
- o 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.
- o The north elevation has a series of old window openings along the 2nd level that have been filled in, however the condition of the wall and infill is poor with a significant amount of water entering the building and debris from bird nests."

The July 29, 2022 HHPR report describes the general condition of the buildings as follows:

- o "Each of the three buildings has portions of brick wall that are in poor condition that would require significant work to remediate including new mortar and the replacement of bricks.
- o Each of the three buildings has portions of the roof structure that are rotting and are in poor condition. While it may be that the roofing has been repaired, it does not appear that in certain areas the supporting structure has been repaired. These areas also coincide with areas of the brick wall that are in poor condition
- o 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
- o The removed floor beams distributing roof load in the 611 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain.
- o The rotting bearing points of the roof trusses in the 619 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain."

Based on the information provided in Exhibits 1 (Historic Resources Assessment, Architectural Resource Group, November 2022), 2 (Existing Building Structural Summary, HHPR, November 6,



2022), and 3 (Documentation of Existing Building Structures, HHPR, July 29, 2022), the general condition of the buildings is best characterized as poor or marginal at best, depending on the proposed use case. While the buildings are not "dangerous" (which condition would require removal of the existing tenants), it is clear that significant work must be undertaken to ensure these buildings' future preservation, even if they are not seismically upgraded. Bear in mind that this is the requirement for continued use of the buildings for ground-floor retail or limited-occupancy offices; any more intensive uses will require substantially more structural upgrades. It is also important to note that, under both state and local criteria, the buildings need not be considered "dangerous" in order for their condition to be a major factor in allowing their demolition.

**CITY RESPONSE:** The applicant argues that the combination of structural issues associated with a lack of building maintenance and investment and the structural costs of reinforcing unreinforced masonry buildings is a significant cost burden for a one or two-story building to overcome. And the city concurs. However, unreinforced masonry buildings are rehabilitated all of the time and lack of maintenance should not be justification for demolition of a historic resource.

**FINDING:** The physical condition of the building is not a stand-alone reason to allow demolition of the property but however it is part of a collective consideration.

**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 (Original Application):** 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
- 67 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.*

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 3<sup>rd</sup> 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.

**APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022):** As noted in the land use application narrative dated August 6, 2022, the MAC-Town 2032 Economic Development Strategic Plan includes several relevant goals. The application to these goals focused on the potential of the proposed new Gwendolyn Hotel to implement the MAC-Town 2032 Plan.

Per staff's request, these addition responses focus on how the existing buildings could, or could not, implement the Plan.

**Goal 6 : Be a leader in hospitality and place-based tourism**

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.*

[...]

Following the adoption of the MAC-Town 2032 plan, the City revised its off-street parking and site landscaping requirements to exempt large portions of downtown, allowing more efficient use of the limited area in the downtown core.

Staff does not dispute that the current 1- and 2-story buildings do not represent the highest and best use of the site. The C-3 zone is applied to downtown McMinnville and other commercial areas, and includes a height allowance of 80 ft. The zero setback requirements, off-street parking exemptions, and landscaping exemptions encourage buildings that occupy the entire site. The proposed development will intensify the use of the corner of NE Third and Ford streets and will offer the highest and best use for the site under current zoning regulations.

*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.*

"Hospitality" generally includes housing and entertaining visitors, including lodging, food and drink, and activities. Likewise, "local opportunities" typically refer to available properties with willing sellers.

The proposed development includes hotel, restaurant, and retail uses, as well as a rooftop deck and lap pool. The rooftop space will be available for rent for special events and gatherings, filling an identified need in downtown McMinnville.

The existing buildings are available for sale by willing sellers. They do not currently include hospitality uses and cannot be upgraded to accommodate them without triggering substantial seismic and building code upgrades.

As noted in Attachment 6, upgrading the buildings to add 13 hotel guestrooms would cost almost \$25 million, which is not financially feasible. The building could be converted to a wine tasting or food service use, which would trigger the same seismic and building code upgrades noted above and would provide even less income.

*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.*

The current buildings include small meeting areas to serve the tenants. They do not include conference space or lodging for conference attendees. In order to accommodate conference space, the existing uses would need to be removed or downsized.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** The HLC can find that this factor favors demolition for the following reasons.

- As explained in detail in response to OAR 660-023-0200(8)(a), the buildings are listed as contributing to the district primarily due to their dates of construction. All appear to have been constructed (or at least re-constructed) for use as automobile garages and a car dealership and, in the case of the 609 Building, a gas station. The buildings were designed and adapted to this purpose. The buildings have each lost at least half of their historic facades (indeed, the 609 Building has lost its entire original facade), and the upper floors of the 609 and 611 Buildings are unoccupied and have few remaining interior historic finishes. Remaining historic features generally include some window casings on the 609 Building, the parapets on the 611 and 619 Buildings, and some interior features. Otherwise, their remaining characteristics are simply their masses and structural elements. For this reason, their historic value is low after having been substantially compromised prior to establishment of the Downtown Historic District.

There is no evidence that any of these buildings are connected with important historical events. While the 609 Building was built by McMinnville resident Frank W. Fenton, Mr. Fenton was a developer and built several buildings, and there is no evidence that he made personal use of the building for long, if at all. And, this building does not resemble at all its original exterior during the period in which Mr. Fenton might have made use of it. There is also no evidence that these buildings served as community gathering spaces during their periods of historic significance.

Based on the above, the public interest in preservation of these buildings is confined to the fact that they are listed as contributing structures within the Historic District. There are no other factors that reasonably weigh in favor of preservation. On the other hand, they are not remarkable in relation to the other contributing buildings within the Historic District and they retain very little of their respective historically-relevant features, most of which have been covered with stucco or removed. For all of the above reasons, the HLC can find that the public interest in their preservation is low.

- The buildings will require substantial structural repairs to continue to be used for the limited retail and office uses they have been used for since the establishment of the Historic District. Seismic retrofit of the buildings is unaffordable if their current

configuration is maintained, and there is no positive return on investment if they were to be rehabilitated for use as a hotel.

- As explained in the HRA, the primary historical value of these buildings is their location, massing, and roof configuration. Assuming that the buildings' massing must be retained for that reason, no owner will be able to meaningfully intensify their uses. This is a further headwind against any substantial repair or seismic upgrade. Therefore, the economic value of the buildings to the City is represented by their current uses, with a Current Market Value of \$1,250,150 for all three buildings, collectively. Exhibit 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022). This is less than the combined assessed value of the buildings, noted below. Even excluding debt service obligations and tenant improvements, the collective market value of the buildings is only \$2,230,066. On the other hand, the projected market value of the Gwendolyn after construction and occupancy in FY 2025 is roughly \$64M after an investment of approximately \$61 M. Exhibit 10 (The Gwendolyn Financial Pro-Forma, December 15, 2022).

The combined assessed value of all three buildings in 2022 is \$1,793,470; at a combined rate of 16.4925 these collectively generate roughly \$29,500 in annual property tax revenue, with roughly \$10,670 of that amount going to the City of McMinnville. Exhibit 9 (2022 Tax Statements). Assuming a standard rate (non-historic) of 16.5854, property taxes after completion and occupancy of the Gwendolyn in 2025 would be \$327,917. Exhibit 10 (The Gwendolyn Financial Pro-Forma, December 15, 2022).

Construction of the Gwendolyn will be a significant draw to McMinnville's downtown, increasing traffic to businesses within the Historic District. Given that this will increase the value of the other buildings in the Historic District, construction of the hotel is likely not only a benefit to the City from a financial perspective, but also a long-term benefit to the district itself. According to the Nov. 2, 2022 Johnson Economics Report, "[t]he proposed new hotel would provide significant economic value on the site, supporting the ongoing positive investment patterns in downtown McMinnville. Keeping the existing structures would effectively preclude new investment on the site, and result in underutilization of the parcels while yielding no economic return.'

- For the above reasons, the HLC can find that the proposed Gwendolyn Hotel is an "an improvement program of substantial benefit to the City." Preservation of these buildings presents a substantial barrier to this program because these buildings must be removed to allow for construction of the Gwendolyn, because they have little to no economic viability for adaptive re-use, and because their value under their current use case is miniscule compared to the proposed development. It is also worth considering that the value of the buildings is likely to decline even in their current or similar tenancies unless structural repairs are made; as explained above, such repairs are likely not financially rational without a more intensive use case for the buildings, which itself may trigger seismic upgrades.

**FINDING:** The preservation of the buildings would be a deterrent to advancing several 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 (Original Application):** 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.

**APPLICANT'S RESPONSE (December 15 Application):** The public interest in the resource's preservation is not clearly articulated in any adopted document. However, the HLC can find that the public interest in preservation of these buildings is related to their ability to reflect their historical period of significance. As explained above, these buildings do so to only a limited degree because their facades have been largely replaced. Therefore, the public interest in their preservation should be viewed as reduced as compared to buildings that have not been substantially altered, and such interest is largely a factor of their year of construction.

The public interest in their preservation must necessarily include their ability to serve an economic function to McMinnville's historic Downtown. As explained above, the current economic viability of these buildings and their future prospects are poor. Adaptive re-use is not a realistic option because of the significant structural upgrades that would be required, and re-use of the buildings for the hotel use proposed by the Applicant is not economically feasible.

In view of both of these factors, the public's interest in these buildings' preservation seems limited at best, and low when compared to buildings in the District which have better future economic use prospects or better reflect their original appearance, or both.

The question posed by this criterion was directly evaluated in the Johnson Economics Report (Exhibit 5). This report concludes as follows:

"Keeping the buildings in their current use would negate the requirement to upgrade the structures but would also limit the amount of investment that could be made within triggering the requirement. The buildings have structural deficiencies and obvious deterioration that would need to be addressed prior to re-tenanting in any of the buildings.

Building the hotel above the existing structures would require a complete seismic upgrade of the structures, and new columns to support the hotel would need to penetrate the structures. The cost of this type of structure would be substantially higher than new construction and the resulting development would be significantly less efficient.

As a result of these myriad factors, the retention of the existing structures would cause substantial financial hardship to the owners. Based on our previous experience, the likely cost of the necessary improvements and upgrades would render the cost of space to likely be hundreds of dollars more per square foot than new construction. If the redevelopment was not done and the buildings were kept in their current use without significant upgrades, they would pose a life safety hazard and may not be insurable. The structures are depreciated to a point in which Investments in the structures would be unlikely over time as they would not yield an

economic return. As a result the properties would be likely to face an extended period of declining condition and underutilization for the foreseeable future."

This conclusion is consistent with the other information discussed above, which generally demonstrates that the buildings are not likely to generate a meaningful return for Hugh Development with a current or similar tenant mix. This is reflected by the fact that the actual market value when accounting for debt service is actually less than the assessed value of the property. See Exhibits 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022) and 9 (2022 Tax Statements).

For the above reasons, the HLC can find that retention of the buildings in their current configurations would not just be a financial hardship to the owner, but will likely result in the eventual degradation of the buildings to the point where demolition for safety reasons becomes increasingly likely. These practical headwinds against continued use of the buildings in their current configurations far outweigh the buildings' relative contribution to the objectives of the Historic District, as discussed above, and therefore outweighs the public's interest in preservation.

**FINDING. SATISFIED WITH CONDITION OF APPROVAL #13:** Based on the data provided, the City concurs with the applicant, unless another solution can be provided.

**CONDITION OF APPROVAL #13:** 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 (Original Application):** 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.

**APPLICANT'S RESPONSE (December 15, 2022 Application).** For the above reasons, the HLC can find that the retention of these three buildings would not be in the best interests of the citizens of the City. These reasons can be summarized as follows:

- The buildings do not reflect their appearance or use during their respective periods of significance.
- The building have few remaining residual historic features charactering the Historic District, aside from their masses, structural frames, and roof lines.
- The buildings have limited value under current uses.
- Current or similar uses are probably unable to generate sufficient value to repair the buildings.
- Adaptive re-use would require seismic upgrades and the buildings cannot be economically used for hospitality.

On the other hand, the economic opportunity for the Historic District presented by the proposed Gwendolyn Hotel far outweighs the limited benefits of building preservation, as discussed above.

Historic features identified by the HRA, such as belt courses and cornices, are emulated by the proposed architectural design of the Gwendolyn. Any moveable historic features of these buildings, such as windows, can be incorporated into the proposed building. The remaining characteristics of the buildings-their massing and roof line-can be easily documented with photographs.

For these reasons, the HLC can find that on balance, retention of these buildings would not be in the best interest of the City's citizens when weighed against the benefits of the proposed Gwendolyn Hotel.

**FINDING. SATISFIED WITH CONDITIONS OF APPROVAL #14 and #15:** The City concurs with the applicant's findings.

**CONDITION OF APPROVAL #14:** Prior to demolition the applicant will allow the Yamhill County Historical Society to photo document the building and scavenge any historical artifact associated with the building for preservation as part of their collection.

**CONDITION OF APPROVAL #15:** Prior to demolition the applicant will provide the City with an archaeological plan describing how the applicant will undertake demolition and excavation with a sensitivity to the potentiality of archaeological resources and if any archaeological resources are discovered how they will be documented and preserved. (Comprehensive Plan Goal III 2 – Historic Preservation)

**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:*
  - 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.*
  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.**

**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 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 859 9565 0539, Meeting Password: 661305

Hearing continued to December 8, 2022, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 892 5565 1124, Meeting Password: 257277

Hearing continued to January 5, 2023, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 831 7965 5545, Meeting Password: 725658

**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, 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 17.59.030(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. The 120-day deadline is January 5, 2023. Per an email dated September 29, 2022 from Garrett H. Stephenson, the applicant requested a 70-day extension to the 120 day decision deadline. The 190-day deadline is March 16, 2023. Per an email dated December 1, 2022 from Garrett H. Stephenson, the applicant requested an additional 30-day extension for a total of 100 days added to the 120 day decision deadline. The 220 day deadline is April 15, 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 Certificate of Approval for the demolition of the structure at 619 NE Third Street (HL 8-22).

////////////////////////////////////  
**DECISION:**     **APPROVAL**         **APPROVAL WITH CONDITIONS**         **DENIAL**  
////////////////////////////////////

Historic Landmarks Committee: \_\_\_\_\_  
John Mead, Chair

Date: \_\_\_\_\_

Planning Department: \_\_\_\_\_  
Heather Richards, Community Development Director

Date: \_\_\_\_\_

## **I. APPLICATION SUMMARY:**

The applicant has provided information in their application narrative and findings 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 3<sup>rd</sup> 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 (reduced to 67 parking spaces per supplemental materials provided on November 4, 2022) 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 3<sup>rd</sup> Street pedestrian experience.*

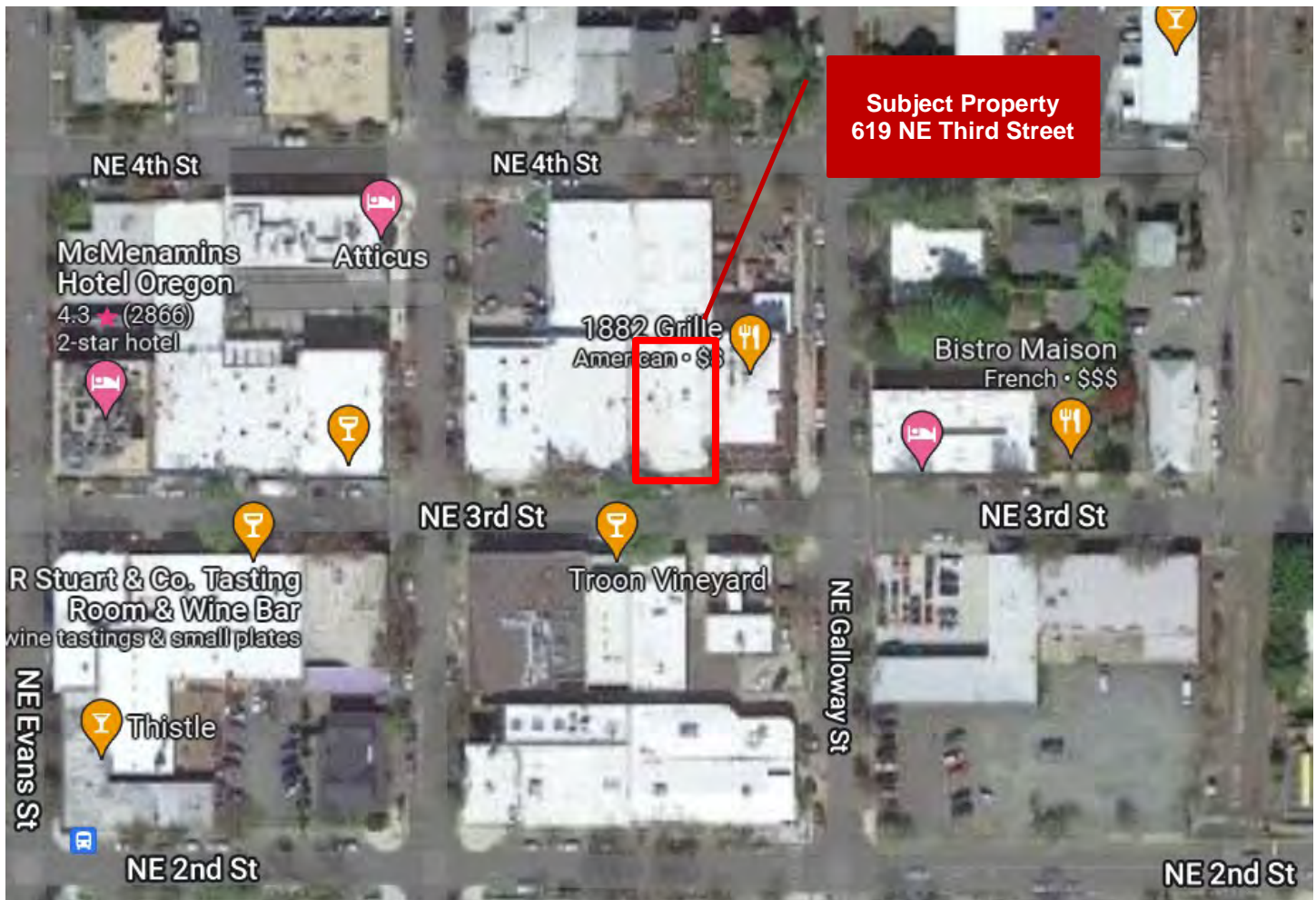
**(Application Narrative, page 3)**



### Subject Property & Request

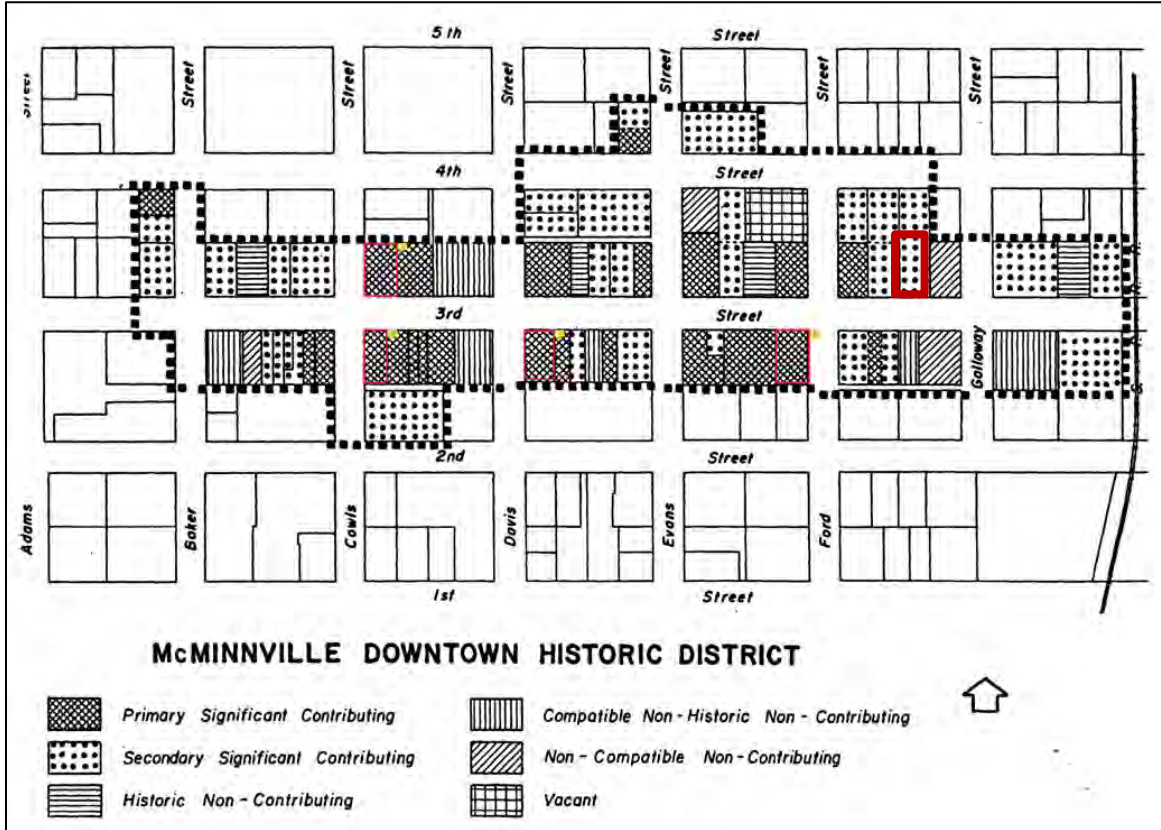
The subject property is located at 619 NE Third Street. The property is identified as Tax Lot 4500, Section 21BC, T. 4 S., R. 4 W., W.M. **See Vicinity Map (Figure 1) below, which identifies the approximate location of the building in question.**

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.**

Figure 2. McMinnville Downtown Historic District Map



**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.

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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.**

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

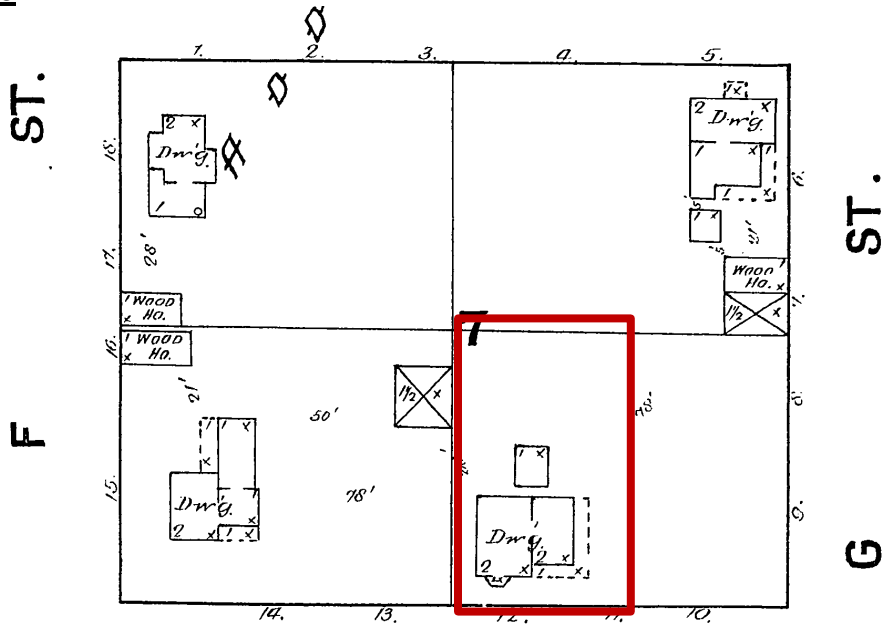
This building is a one story brick structure facing south on Third street and extending north the entire depth of the block with a similar elevation on Fourth. A flat roof is concealed by parapet walls on either end and the facades each have seven stepped forward piers and corbelled cornice lines. The south facade has a large window and three doors. Two of them are large enough to accommodate automobiles. Three low gabled projection 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

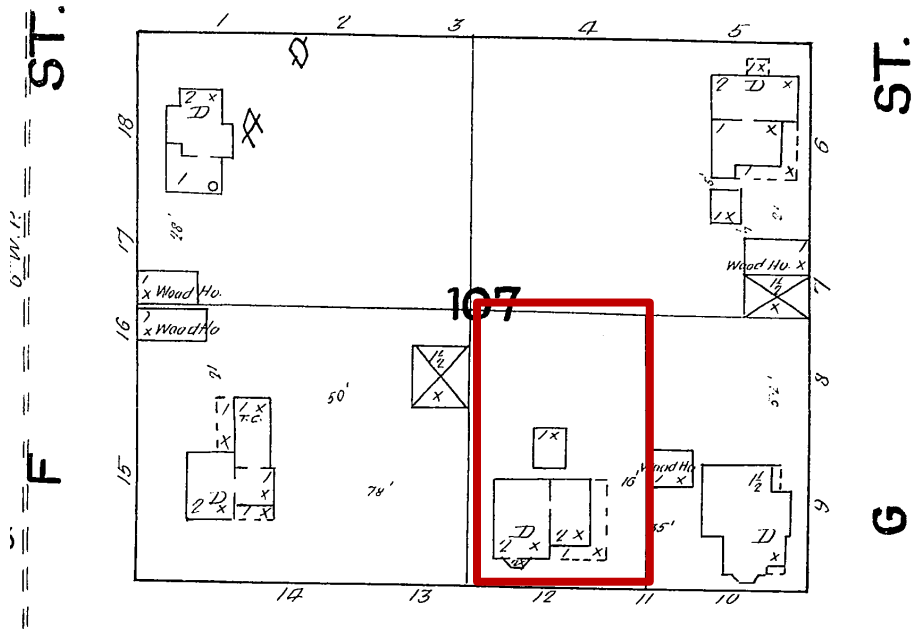
The property originally started off as an dwelling structure, prior to 1889, and between 1912 and 1928 it was redeveloped into an automobile garage. **Please see Figure 5, Series of Sanborn Maps below.**

Figure 5. Series of Sanborn Maps

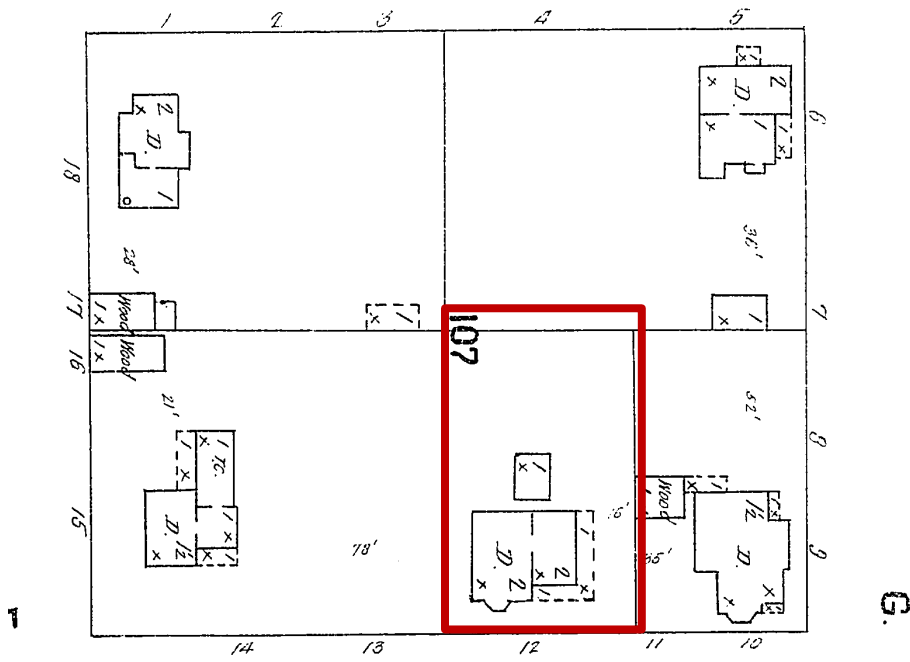
Sanborn Map, 1889



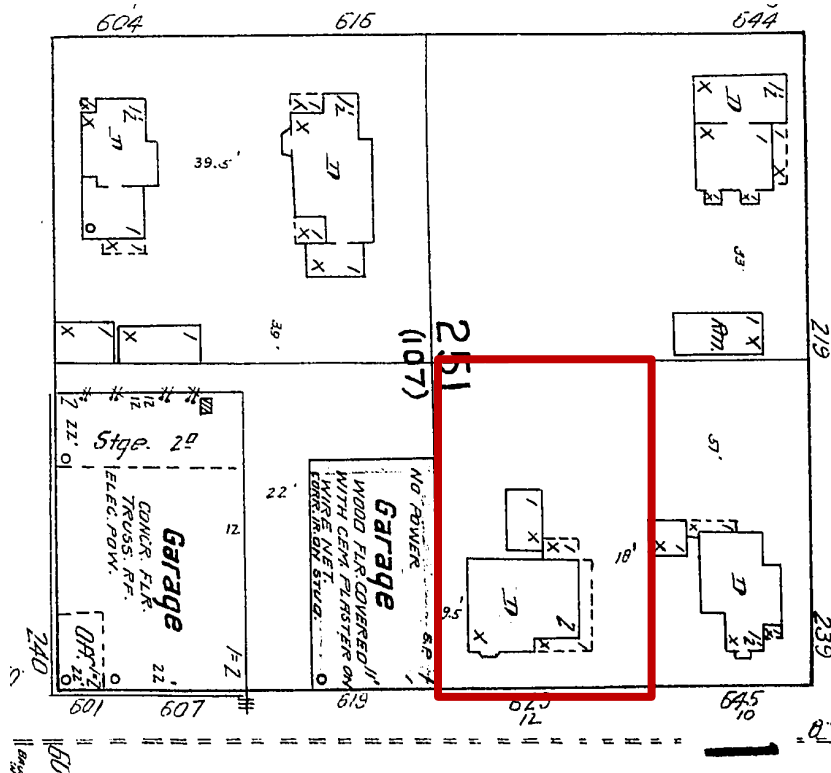
Sanborn Map, 1892



Sanborn Map, 1902

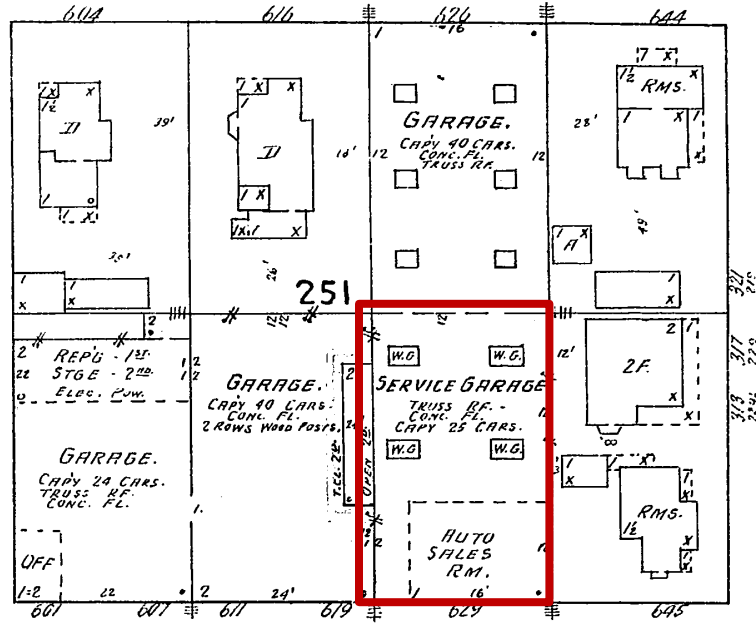


Sanborn Map, 1912

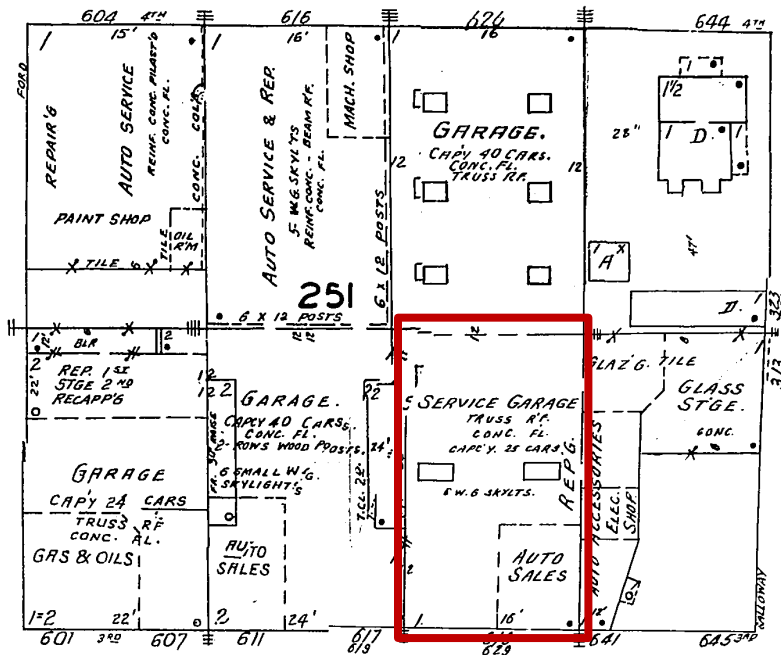




**Sanborn Map, 1928**



**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.

Figure 6, Series of Photos Over Time

1969 Photo of 619 NE Third Street depicting the automobile bays.  
(Yamhill County News Register)



1983 photo of the property shows the modified automobile bays and decorative brick work.  
(Historic Resources Survey, City of McMinnville, Yamhill County, Oregon)



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.

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 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 replacement project that meets all of the city's local regulations, state regulations, and federal regulations, including DEQ requirements, directions and guidance related to any DEQ LUST case contained in a Contaminated Media Management Plan (CMMP) or instrument such as an Easement and Equitable Servitudes. 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. This will be assessed annually until the property is successfully redeveloped. (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 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. Prior to submittal for a building demolition permit provide Engineering with detailed demolition plans for review and approval. (Comprehensive Plan Policy #25.00)
8. 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)
9. 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)
10. 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)
11. 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)).
12. 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))
13. 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))
14. Prior to demolition the applicant will allow the Yamhill County Historical Society to photo document the building and scavenge any historical artifact associated with the building for preservation as part of their collection. (McMinnville Municipal Code 17.65.050(B)(8))
15. Prior to demolition the applicant will provide the City with an archaeological plan describing how the applicant will undertake demolition and excavation with a sensitivity to the potentiality of archaeological resources and if any archaeological resources are discovered how they will be documented and preserved. (McMinnville Municipal Code 17.65.050(B)(8))

### **III. ATTACHMENTS:**

#### ❖ HL 8-22 Application and Attachments

##### Original Submittal (August 9, 2022)

- Application Form
- Application Narrative
- Project Structural Analysis
- Project Site Plan and Concept Drawings
- Traffic Impact Analysis
- Memorandum
- Neighborhood Meeting Materials

##### Supplemental Submittal (November 4, 2022)

- Approvability Memorandum
- Structural Report
- Historic Resources Assessment
- Contaminated Media Management Plan (October 13, 2022)
- MAC Lease Rates
- 619 NE Third Street Tax Statement
- Third Party Contractor Assessment
- Historic Preservation Incentives Memorandum
- Economic Report
- Architectural Plans
- Traffic Impact Analysis Addendum

##### Supplemental Submittal (December 15, 2022)

- Letter to City with Additional Findings
- Exhibit 1, Historic Resources Assessment, Architectural Resource Group, November 2022
- Exhibit 2, Existing Building Structural Summary, HHPR, November 6, 2022
- Exhibit 3, Documentation of Existing Building Structures, HHPR, July 29, 2022
- Exhibit 4, Contaminated Media Management Plan (Draft)
- Exhibit 5, Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, November 2, 2022
- Exhibit 6, Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022
- Exhibit 7, McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022
- Exhibit 8, Memorandum Regarding Historic Preservation Incentives, Otak, October 31, 2022.
- Exhibit 9, 2022 Tax Statements
- Exhibit 10, The Gwendolyn Financial Pro-Forma, December 15, 2022

#### ❖ 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, 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. 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.
2. Study shows that queue lengths exceed storage length at the eastbound thru and westbound all of 2<sup>nd</sup> 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 & 3<sup>rd</sup> 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) – 3<sup>rd</sup> 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 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.

#### **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
- Email from Sylla McClellan, 09.21.22
- Email from Meg and Zach Hixson, 09.22.22
- Email from Sharon Julin, 09.25.22
- Email from Daniel Kiser, 09.27.22
- Letter from Carol Dinger, 09.28.22
- Letter from Carol Paddock, 09.28.22
- Letter from Katherine Huit, 09.28.22
- Letter from Jeb Bladine, 09.28.22
- Letter from Practice Hospitality, 09.28.22
- Email from Kellie Peterson, 09.28.22
- Letter from JP and Ames Bierly, 09.28.22
- Memo from Nathan Coopridner, 09.28.22
- Email from Elizabeth Goings, 09.29.22
- Email from Abigail Neilan, 09.29.22
- Letter from Ilsa Perse, 09.29.22
- Email from The Scott Family, 09.29.22
- Email from Mandee Tatum, 10.05.22
- Email from Crystal55dreams, 10.25.22
- Email from Peter and Linda Enticknap, 11.22.22
- Letter from Karen Saxberg, 11.17.22
- Letter from Jeb Bladine, 11.29.22
- Letter from Nathan Coopridner, 11.29.22
- Letter from Ernie Munch, 11.30.22
- Letter from Marilyn Kosel, 11.30.22

## **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.
7. At the public hearing on September 29, 2022, the Historic Landmarks Committee chose to continue the public hearing to December 8, 2022. The applicant requested to extend the 120-day decision deadline by 70 days.
8. On November 4, 2022, the applicant provided supplemental application materials based on the requests from the Historic Landmarks Committee.
9. On December 1, 2022, the applicant requested, with the concurrence of city staff, to continue the public hearing from December 8, 2022, to January 5, 2023, and to extend the 120-day decision deadline by an additional 30 days for a total extension of 100 days.
10. On December 8, the Historic Landmarks Committee continued the public hearing to January 5, 2023.
11. On December 15, 2022, and December 19, 2022, the applicant provided supplemental materials per the request of city staff.
12. On January 5, 2023, the Historic Landmarks Committee hosted a public hearing, closed the public hearing, deliberated, and rendered a decision.

## **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.

### **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 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.*
- (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:** For the reasons explained below, consideration of the several factors addressed herein demonstrates that the value of these buildings to the historic character of the Historic District is relatively low, that the buildings' values with their current or similar uses are very limited and likely insufficient to provide for needed repairs, that the buildings cannot be economically seismically-retrofitted in their current configuration to allow for a hospitality or other adaptive re-use, and that the public interest in preserving them is outweighed by the public and private benefits achieved by construction of the proposed Gwendolyn Hotel..

The above provision requires local governments to consider a number of factors when deciding whether to allow demolition of structures that are located within National Historic Districts. However, the obligation of the City is to consider these factors; the applicant is not required to prove that one or all of them are "met" as would be the case with a mandatory criterion begging a "yes or no" question. *Frankton Neighborhood Association v. Hood River County*, 25 Or LUBA 386, 395 ( 1993); *Von Lubken v. Hood River County*, 18 Or LUBA 18, 21-22 ( 1989). No particular balancing of these factors is required, either. The Historic Landmarks Committee ("HLC") can find (1) that these factors have all been considered with respect to the three buildings proposed for demolition and (2) consideration of these factors supports the Applicant's demolition proposal for each building, which are addressed separately, 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, 609 NE Third Street is considered a Primary Significant Contributing resource in the McMinnville Downtown Historic District.

**FINDING:** The City concurs with the Applicant's response that the provision applies but that the administrative rule does not provide any objective standards for how the Historic Landmarks Committee must consider these factors.

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

**APPLICANT RESPONSE (Original Application):** All three of the buildings are constructed of unreinforced brick. The buildings at 611 and 619 NE 3<sup>rd</sup> 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 3<sup>rd</sup> Street has rotting bearing points at the roof trusses.

**APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022):** The applicant is not requesting demolition of the property due to significant structural issues or imminent public safety hazards. However, additional information from the structural engineer has been provided in response to HLC requests. See Attachment 1.

*Attachment 1 – Memo from Jason Dhanens PE SE, Structural Manager, Harper Houf Peterson Righellis Inc. (HHPR) dated November 6, 2022.*

**Scope Summary:**

What follows is a response to the structural components of the City of McMinnville Staff Report dated September 29, 2022. The Staff Report is a response to the information submitted by the design team that contain information prepared by the HHPR Structural Team in relation to the structural condition of the existing buildings. The initial report prepared by HHPR is dated July 29, 2022.

**Response:**

There is a common comment that is applied to each of the three buildings. This is:

*“The structural analysis is very cursory and did not include any load test sites. Without load testing of the unreinforced masonry walls, the structural analysis did 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 the demolition of the property.”*



- No analysis (structural calculations) was performed and would be premature based upon where we are in the process.
- Given that load testing of specific materials does not determine a building's seismic performance, and for the following additional reasons, HHPR's analysis does not include load testing of brick or other materials. Load testing the brick would be premature at this time and is typically used when the scope is to salvage the building. That scope would involve an ASCE Tier 1 Assessment and Tier 2 Retrofit. Industry knowledge regarding the shear capacity of brick-and-mortar assemblies is that they are known to be low strength in URM buildings, particularly older ones.
- An analysis of unreinforced masonry buildings (URM) is not required at this time to understand and convey the risks associated with URM buildings. We have used our knowledge and expertise as structural design professionals to convey the risks.
- Further, we have referenced FEMA documents below to further convey the risks associated with unreinforced masonry buildings.
- While our work did not find conditions that would require immediate demolition of the building structures, the list of previously presented Emergent Concerns do represent items that, if left unaddressed, could lead to a local failure or a partial collapse of the building structures.
- Items such as these are common across all buildings in that maintenance items, if left unaddressed, can become structural concerns that can lead to significant structural issues for a building. This varies across building type, age and environment. In general, the older the building and the longer without maintenance, the quicker the structural deterioration.

If we were in a position to advise the building owner, we would recommend that these items be addressed in the very near future. While the finding is that "The Historic Resource is not a hazard to the safety of the public," the emergent concerns are significant and should be addressed in the very near future.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):**. The property at 619 NE 3rd Street is classified as a "Secondary Significant Contributing" building in the Downton Historic District. Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) explains that the property was developed as an automobile garage in 1923. At all times within the secondary historic period, the property was used as an automobile garage and by 1940 was used as a car dealership. At that time, ground floor building openings included an entry at the westernmost bay, with five windows to the east. Each of these six bays has been modified, including substantial reconfiguration of masonry openings. There were not then, and are not now, any upper-floor windows. According to Exhibit 1, the ground floor has been significantly modified.

Condition. The HRA notes that the roof and signage are in good condition, but identifies a number of issues:

- o The original white brick of the attic story/parapet remains, although it has been painted. Original unpainted white brick remains visible at the corner of the east elevation. Significant areas of brick cracking and displacement were observed in the attic story at the southeast corner of the building.
- o Little remains of the original building materials at the ground floor. The original brick moulding at the westernmost opening remains, although the opening has been infilled with a new door.

The HHPR Existing Building Structural Summary (Exhibit 2, Existing Building Structural Summary, HHPR, November 6, 2022) identifies the following structural deficiency in the building:

"The bearing points of the trusses are deteriorated along the west wall and supplemental support has been framed under the trusses. This condition exists at the connection to the 611 Building and is the result of water penetration along the north south valley between the buildings."

Exhibit 2 also notes that there is cracking in the brick facade along the south exterior elevation.

HHPR's initial structural review of the building, dated July 29, 2022 (Exhibit 3), identified the following issues:

- o "The bearing points of the trusses are deteriorated (rotten) along the west wall and supplemental support has been framed under the trusses.
- o This condition exists at the connection to the 611 Building and is the result of water penetration along the north south valley between the buildings.
- o The brick and mortar at south elevation show signs of deterioration and diagonal cracks along the mortar lines.
- o The east wall exterior has significant deterioration and is exposed due to the separation between the 619 Building and the recently constructed building to the east."

**CITY RESPONSE:** 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 by itself as a factor.

The structural analysis focuses on maintenance issues that are compromising the structural integrity of the building and the overall structural integrity of all historic unreinforced masonry buildings. This would assume that all historic unreinforced masonry buildings that have not been maintained adequately are justification for demolition of historic resources.

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 out 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



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.

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

**APPLICANT RESPONSE (Original Application):** According to the HRI, the building at 619 NE 3<sup>rd</sup> 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.

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.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** Historic Integrity. In this context, the "Historic Integrity" of the building refers to features that existed within the date range of secondary significance. While the building is largely in the same configuration as it was in 1983 when the Historic District was established, the Historic District Nominating Form did not identify any period after 1937 as historically significant; therefore, features added after that date are not considered historically significant.

As explained in Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) and the Staff Report, the historic integrity of the building has been substantially compromised since it was originally constructed, principally due to:

- o Insertion of paired doors with wood trim elements in westernmost bay.

- o Removal of all five windows and window openings that were originally east of the westernmost bay (four have been replaced with two double-wide storefront windows and one has been replaced with a door with sidelights and awning).
- o White brick has been painted.

Exhibit I (Historic Resources Assessment, Architectural Resource Group, November 2022) goes on to identify the following "character defining features" confirmed to be remaining with the building<sup>1</sup> include the following:

- o Brick cladding.
- o Flat parapet with corbelled cornice and six bays articulated by seven pilasters.
- o Metal flue at southeast corner of building.
- o The original wood brick mould and protective bollards at the westernmost opening (wood posts, entry and transom at this location are not original).
- o Wood trusses spanning east-west over the width of the interior space.

Note that the report, while helpful, does not address "historic integrity" specifically but only "character defining features."

The photo and caption from the HRA is illustrative of the magnitude of the alterations of the building from its characteristics during the period of significance:

<sup>1</sup> The HRA also lists the building's massing, flat roof, and structural members as "character-defining features," but loss of these features would only occur if the building had been demolished to some extent or added on to, and are not properly considered part of the building's "historic integrity," as they indicate no more than that the building still exists with the same number of stories. Indeed, all of these characteristics would be the same even if the building had been gutted and refinished entirely. Regardless, the above factor concerns "historic integrity," not "character defining features."





*By the time of this 1983 historic survey photograph, the window to the east of the double-wide opening had been converted to an entry and the windows in the two easternmost bays had been replaced with a storefront window spanning both bays (Historic Resources Survey, City of McMinnville, Yamhill County, Oregon).*

**CITY RESPONSE:** It appears that historic integrity is significantly compromised. 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.

The HRA report clearly states that all three properties are important in terms of historic significance as they represent the time period of the McMinnville National Register of Historic Places Historic District context statement relative to the emergence of automobile transportation in McMinnville. It then describes that a building's historic integrity is different from its historic significance and is reflective of the materials, form and massing that are original to the building from the time period of its significance.

For 619 NE Third Street, little remains at the ground floor of the original materials and configuration. The parapet remains intact and the sign on the side has been restored/replicated.



Current view of 619 NE 3rd Street (ARG, October 2022). Paired doors with wood trim elements have been inserted into the westernmost bay, while the formerly double-wide opening has been replaced with a storefront window matching the window in the easternmost bays.



619 NE 3rd Street, Southwest corner, showing restored signage at east elevation (ARG, October 2022).

However, as the applicant points out, the historic integrity is based on the historic context of the National Register of Historic Places nomination which identified the emergence of the automobile industry for the historic context and integrity of this property. Unfortunately, the most significant changes to this property is the original ground floor that have been removed and modified.



1927 photograph showing the original configuration of 619 NE 3rd Street (News-Register Publishing Co).

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

**APPLICANT RESPONSE (Original Application):** As noted, the building at 609 NE 3<sup>rd</sup> Street was constructed in 1904 and is 118 years old. The building at 619 NE 3<sup>rd</sup> Street was constructed in 1920 and is 102 years old. The building at 619 NE 3<sup>rd</sup> 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.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** Age. The Historic District Nominating Form identifies its construction year as 1923.



**CITY RESPONSE:** The date of construction falls within the historic context statement of the McMinnville National Register of Historic Places context statement. However, the modifications are significant.



Photo: 1927, 4 years after construction



Current Structure

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

**APPLICANT RESPONSE (Original Application):** 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.

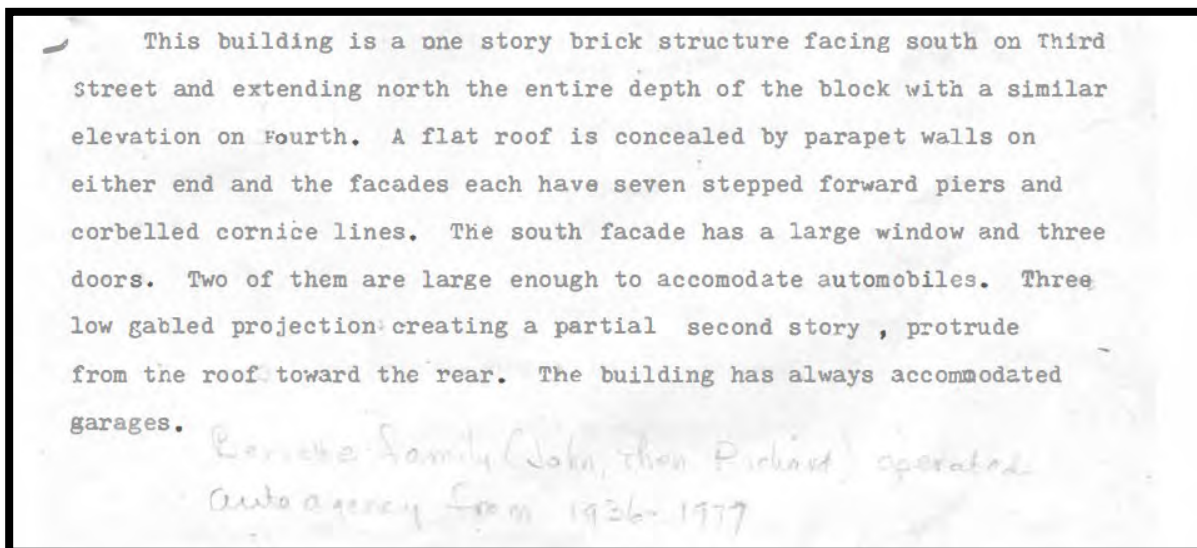
The National Register nomination describes the categories as such:

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.*
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 3<sup>rd</sup> 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 3<sup>rd</sup> 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.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** Historic Significance. The City's Historic District's 1983 statement of historic significance is as follows:



"Historic Significance" is not defined in OAR 660-033-023. However, OAR 660-033-023(5)(a) explains that the "evaluation of significance" should be based on the following<sup>2</sup>:

*(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. "*

With respect to (A), the Historic District's significance statement does not connect the building with any significant events. With respect to (B), the building is not noted as being associated with any particular person significant to local, regional, state, or national history. With respect to (C), there is no evidence that the building possessed a particularly distinctive or notable design, artistic values, "or represents a significant and distinguishable entity whose components may lack individual distinction." With respect to (D), given the substantial changes to the building significant and its historic use as an automobile garage and car dealership, it does not "yield information important in prehistory or history."

<sup>2</sup> Note that these are virtually identical to the National Register's "Criteria for Evaluation."



Finally, with respect to (E) the Historic District's nominating form describes the local historic context for primary contributing buildings as follows:

"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."

All that is required to qualify a building as Secondary-Significant is construction within the date range above. According to its nomination form, the building was included because it was built in 1923.

**CITY RESPONSE:** Both the National Register of Historic Places and the City of McMinnville have adopted provisions that identify the property as historically significant per the National "Register of Historic Places McMinnville Historic District nomination and the City of McMinnville's classification of the property as a "D" (Environmental) historic resource on the McMinnville Historic Landmarks Inventory. Albeit the local "D" classification is the lowest classification of resources on the McMinnville Historic Landmarks Inventory.

Although, if reviewed now, the property could be classified differently, that does not negate the policy action that has occurred. With that said, the assigned historic significance is not a stand-alone factor for preservation or demolition.

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.

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.<sup>5</sup>

Population growth continued between 1910 and 1940, increasing from 2,767 in 1920 to 3,706 in 1940.<sup>6</sup> 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)

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.

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

**APPLICANT RESPONSE (Original Application):** The value the buildings current(ly) provide to the community include providing a consistent edge along historic 3<sup>rd</sup> 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 3<sup>rd</sup> 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.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** Value to the Community. Within living memory the building has been used as an automotive repair shop, car dealership, and small retail spaces. The building is not associated with any particularly meaningful community history, has never been used as a community gathering place, and does not appear to have any value to the community beyond its inclusion in the Historic District.

**CITY RESPONSE:** Balancing the assumptions that the subject structure does not retain much historic integrity, and is financially infeasible to rehabilitate, the replacement project 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).

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. 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 (Original Application):** 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; 200<sup>3</sup> (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.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** The building is not identified as being rare at all in terms of design or construction.

**CITY RESPONSE:** 619 NE Third Street does not possess any specific design or construction standard that would be described as rare or significant for 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:

**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.

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 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 replacement project that meets all of the city's local regulations, state regulations, and federal regulations, including DEQ requirements, directions and guidance related to any DEQ LUST case contained in a Contaminated Media Management Plan (CMMP) or instrument such as an Easement and Equitable Servitudes. 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. This will be assessed annually until the property is successfully redeveloped.

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 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 CONDITION OF APPROVAL #2.** If the structure at 619 NE Third Street is demolished it will automatically be removed from the McMinnville Historic Resources Inventory.

**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, 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 (Original Application):** None

**APPLICANT RESPONSE (December 15, 2022):** A draft Contaminated Media Management Plan (CMMP) that addresses all three properties has been included (Contaminated Media Management Plan, October 13, 2022). The CMMP is a requirement of the Prospective Purchaser Agreement between the Applicant and Oregon Department of Environmental Quality ("DEQ"). As a practical matter, former automotive shops and fuel stations are routinely redeveloped and there is nothing about these buildings that presents a unique risk. The draft CMMP requires removal and safe disposal of any contaminated media (i.e. soil or ground water), and recommends only standard protective measures to mitigate the limited identified risk of petroleum contamination.

This is sufficient to satisfy Goal II of the City's Comprehensive Plan, which implements Statewide Planning Goal 6. Goal 6 requires that the local government establish that there is a reasonable expectation that the use for which land use approval is requested will also be able to comply with the state and federal environmental quality standards that it must satisfy to be built. *Hess v. City of Corvallis*, 70 Or LUBA 283 (2014). The City's comprehensive plan does not address soil contamination, and with respect to water, Policy 10.00 of the Comprehensive Plan provides that "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." The Applicant's ongoing work with DEQ through the PPA process is evidence not only that DEQ will provide sufficient oversight to ensure the safety of workers and the public, but also demonstrates that the Application will be able to comply with DEQ's standards.

**FINDING: SATISFIED WITH CONDITION OF APPROVAL #3**

**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.**

**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.

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.**

**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.

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.
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.

**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 Plan<sup>7</sup> (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 3<sup>rd</sup> 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 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.”<sup>8</sup> 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 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.

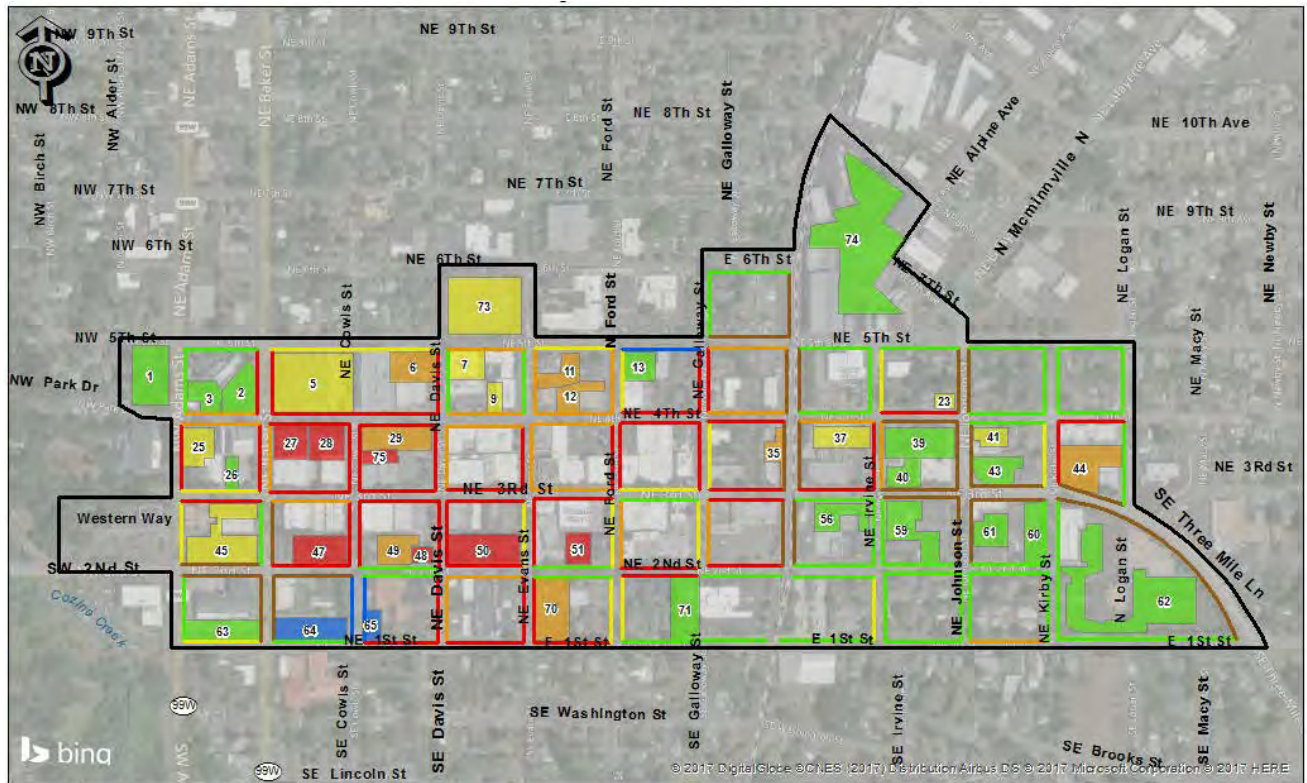
**CONDITION OF APPROVAL #6:** The applicant shall evaluate the existing sanitary sewer system onsite for defects that allow inflow and infiltration (I&I) of rain water into the sanitary sewer system. The city has an aggressive I&I program that specifically targets aging sewer laterals. Prior to the issuance of a building 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:** Prior to submittal for building demo permit provide Engineering with detailed demolition plans for review and approval.

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 3<sup>rd</sup> and 4<sup>th</sup> 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 67 off-street parking stalls in an underground parking structure.



Combined Parking Utilization - Weekday  
 Rick Williams Consulting  
 Parking & Transportation  
 Thursday, June 8, 2017  
 1:00 - 2:00 PM  
 Peak Hour  
 Feet  
 0 90 180 360 540 720

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

**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 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 67 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 67 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 #8:**

**CONDITION OF APPROVAL #8:** 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 #9:**

**CONDITION OF APPROVAL #9:** 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:*

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 #10:**

**CONDITION OF APPROVAL #10:** 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.

### **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 <sup>rd</sup> Street     | \$515,480           | \$664,643              |
| 611 NE 3 <sup>rd</sup> Street     | \$742,760           | \$1,010,601            |
| 611 NE 3 <sup>rd</sup> Street BPP | \$41,333            | \$41,333               |
| 619 NE 3 <sup>rd</sup> Street     | \$482,993           | \$556,964              |
| <b>Total</b>                      | <b>\$1,782,566</b>  | <b>\$2,273,541</b>     |

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 3<sup>rd</sup> 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 #11.** 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 #11:** 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 3<sup>rd</sup> and Ford streets and complement the three-story buildings on each corner.

**FINDING: SATISFIED WITH CONDITION OF APPROVAL #12.**

**CONDITION OF APPROVAL #12:** 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 3<sup>rd</sup> 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 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.

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 (Original Application):** 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-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

**APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022):** The applicant has provided the following additional information as described in Attachments 4-8:

- Phillip Higgins, a licensed commercial real estate broker, has provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memo includes high-level profit and loss information. See Attachment 4.
- 2022 Yamhill County Tax Assessor data including Assessed Value, Taxable Value, and Real Market Value and property taxes paid between 2018 and 2022 has been provided. See Attachment 5.
- An estimate of the cost of rehabilitation of the property from Hugh Construction, which is an entity separate from Hugh Development, provided the enclosed pro-forma showing the costs and likely returns from rehabilitation of the three structures. While no other contractors could provide an estimate without a more developed renovation plan set, the contractors Hugh consulted confirmed that Hugh Construction's estimate was reasonable. See Attachment 6.
- A report of available economic incentives for rehabilitation of the existing buildings is included as Attachment 7.
- A report by Johnson Economics comparing the economic value of the project vs. preservation of the buildings is enclosed as Attachment 8.

The following table, provided by Hugh Construction, further defines the findings included in Attachment 6:

|                     | Current Results | Ideal Results<br>(Gwendolyn Hotel) |
|---------------------|-----------------|------------------------------------|
| Cash on Cash return | 3%              | 23%                                |
| Unlevered IRR       | -9.10%          | 13%                                |
| Levered IRR         | 0%              | 26.80%                             |
| Equity Multiple     | 0.82x           | 4.11x                              |

**APPLICANT’S RESPONSE (December 15, 2022):** The Application proposes demolition of the three structures discussed above in order to allow it to construct the Gwendolyn Hotel. The economic value of the three buildings and their future use case are substantially limited. When compared to the potential economic value of the proposed hotel, the economic factors weight in favor of demolition for all three buildings.

While certainly not a model of linguistic clarity, 17.65.050(8)(2) appears to get at the comparative economic value when compared to the historic value of the buildings proposed for demolition. It appears to also evaluate the comparative economic value of the buildings if preserved or renovated.

The potential economic value of the Gwendolyn Hotel is addressed in Exhibit 5 (Economic Value of Structures in Downtown McMinnville, Oregon, Johnson Economics, November 2, 2022), and can be summarized as follows:

- Total project value: \$59,735,000
- Construction cost: \$36,500,000
- Annualized property tax project: \$576,197 (2026), \$590,602 (2027), \$605,367 (2028).

In comparison, a preservation use case (with similar occupancies and no renovation) are of very limited future value. Phillip Higgins, a licensed commercial real estate broker, has provided a memo addressing existing net income, net income of a fully-leased building at market rate, and an evaluation of the existing rental/lease market. This memorandum includes projected profit and loss information. Exhibit 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022). Mr. Higgins findings are summarized below:

"Combined rents across all 3 properties are \$11,365 (assuming fully occupied) or \$136,380 annual gross. The owners did not report taxes, insurance, utility costs, but an easy assumption is that a buildings operating costs are 45-55% of the gross revenue. Using the lower ratio: \$243,280 -45% = \$75,009 Net operating income. At a 6% CAP rate this would result in a [current] Market Value of \$1,250,150."

Mr. Higgins notes that the lease rates result in a net operating income is roughly \$75,000 annually, before any loan service, tenant improvements, or major repairs:

"The Current Market Valuation excludes any debt service, excludes tenant improvements, excludes any cost to bring the buildings up to current occupancy standards/ code compliance,

with the addition of these line items the [net operating income] would shrink significantly below lender underwriting standards for OCR/ Debt Coverage Ratios for income to payments."

Based on this analysis, the buildings in their current form are of little or no net economic value to a new owner, given the need to service acquisition debt at their current value. Stated simply, the cost of debt and tenant improvements is likely so near the net operating income that a sound financial institution is unlikely to lend on such an acquisition with an as-is use case.

Even so, the July 29, 2022 HHPR Report (Exhibit 3) demonstrates that significant work must be done on these buildings in order for them to remain viable even for this use case. Necessary repairs would include the following:

- "The 2nd level of the 609 Building would require repair and remediation should that space be occupied.
- The 2nd level of the 611 Building would require repair and remediation should that space be occupied.
- As noted in the General Conditions section, each of the three buildings have structural conditions that we recommend be further analyzed for possible remedial actions should they remain.
  - o This includes the roof truss node that is out of plane in the 609 Building, the removed built up floor beam in the 611 Building, and the rotten truss bearing in the 619 Building.
- Additionally, all three buildings have sections of the roof framing that is deteriorated and requires repair."

While there are some grants and historic preservation tax credits that may be available, work to bring the buildings back into a sound condition is likely in the hundreds of thousands of dollars. The primary historic tax benefit, the "Special Assessment of Historic Property Program" is no longer available for the 609 and 611 Buildings. The most beneficial available federal program, the Federal Historic Tax Preservation Tax Incentive Program, provides a 20% income tax credit. With a current federal income tax rate of 21%, this would yield only about \$5,700 per year for all three buildings collectively, and this assumes that the gross income from these properties would otherwise be fully taxable. State grants for particular historic buildings generally yield a maximum \$20,000. Exhibit 8 (Memorandum Regarding Historic Preservation Incentives, Otak, October 31, 2022.) All of this assumes successful competition for such grants, which is certainly not a guarantee given the diminished historic character of these buildings. In summary, there is no reason to believe that historic grant programs and tax credits will be even close to sufficient to provide the repairs identified in the HHPR report.

Upgrading the buildings to a different use would almost certainly require seismic upgrades. To explore an alternative use case that would preserve but reuse the buildings for a hotel, the Applicant engaged its subsidiary Hugh Construction Company to prepare a financial pro-forma for re-use of the buildings as a hotel with ground-floor retail.<sup>3</sup> This is enclosed as Exhibit 6 (Construction Cost Estimate and Financial

<sup>3</sup> While no other contractors could provide an estimate without a more developed renovation plan set, the contractors Hugh consulted confirmed that Hugh Construction's estimate was reasonable.

Model for Re-Use of Historic Buildings, Hugh Construction, November 2022). The key findings are as follows:

- The base construction costs are anticipated to be \$11,430,000, with a total project cost of roughly \$20,000,000, excluding land acquisition.
- The total construction costs, along with soft costs and land acquisition costs are anticipated to be \$24,994,838.
- Due to the limited number of rooms, high cost of historic rehabilitation and retrofit, and debt service, the total net operating income from the project will be approximately \$813,419, with an annual cash flow of only \$516,922. Note that this is before debt service. Net cash flow from the property as a whole is negative, with cash investments in the negative throughout the period to fiscal year 2032, as demonstrated by the cash income statement on pg. 8 of Exhibit 6 (Construction Cost Estimate and Financial Model for Re-Use of Historic Buildings, Hugh Construction, November 2022).

Considering this alternative program, the Johnson Economic Study dated Nov. 2, 2022 analyzed the potential returns as follows:

"Renovation of the site for lodging uses would require a significant investment in restoration to bring the structure into conformance with current code. The estimated current costs to develop this program is just under \$20 million in current dollars (excluding acquisition), with an overall cost of roughly \$25 million. The projected net operating income at stabilization is estimated at \$580,500, representing a 2.3% return on cost."

"The estimated capitalization rate for this type of project is likely in the 6.5% to 7.5% range. Assuming a 7.0% cap rate, the estimated value of the project would only be \$8.3 million in this configuration, roughly a third of estimated costs."

While the assumptions may shift, renovation of the current structure for retail and hotel space is highly unfeasible."

"Renovation of the structure does not provide the owner with a "reasonable economic use". There would be no expectation that the property owner or a rational developer would pursue this project as a renovation."

The upshot of the above discussions is that there is no rational economic value to a rehabilitation and re-use case for the buildings.

**CITY RESPONSE:** The applicant has provided the requested information to determine if rehabilitation of the structure is financially feasible within the existing McMinnville market. Based on the structure's construction needs (not just to meet existing building codes but to structurally maintain the existing uses within the building), the amount of leasable space within the existing McMinnville market does not support the acquisition and 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 3<sup>rd</sup> 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*

619 NE Third Street

The building at 619 NE 3<sup>rd</sup> 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 (Original Application):** 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.

**APPLICANT’S RESPONSE (December 15, 2022):** HHPR 's Existing Building Summary identified a number of structural issues with these buildings, which are explained in detail below. Its general conclusions are that the buildings need significant work soon: "If we were in a position to advise the building owner, we would recommend that these items be addressed in the very near future." Exhibit 2 (Existing Building Structural Summary, HHPR, November 6, 2022). This is just to get the building back to something resembling their original design structural capacity. All have significant structural issues. For example, the 609 Building has a major truss that must be replaced. The 611 Building has load-bearing laminated beams that have been cut. Most of the roof trusses in the 619 Building are rotten where they intersect the party wall along the 611 Building. All of these conditions must be addressed.

The buildings are also all constructed of unreinforced masonry. Exhibit 2 (Existing Building Structural Summary, HHPR, November 6, 2022) provides a detailed literature review explaining why seismic reinforcement of these buildings is advisable, and concludes as follows:

"Like other similar URM buildings, the three buildings under review in this report would have the potential for similar failure points. Generally, these failure points could be attributed to the lack of ductility associated with URM construction and the lack of positive connections between the floor and roof framing and the walls of the structure. The anticipated failure points could be:

- In plane shear failure of the URM walls
- Out of plane bending failure of the URM walls
- URM walls pulling away from the roof or floor framing resulting in roof or floor collapse

Given their higher risk profile, URM buildings represent a unique and complicated challenge to the structural engineering community, to the building owners and to the community at large."

It is important to recognize that any significant changes to these buildings (such as significant tenant improvement) would likely trigger seismic retrofit to some degree. This is a likely scenario, for example, if the upper floors of the 609 and 611 Buildings are put back into use and qualify as an "alteration." Also, changes in occupancy and structural alterations (such as those required to address the buildings' identified structural problems) would likely trigger additional upgrades under the Existing Building Structural Code, as adopted by the State Building Codes division.

The costs of such upgrades are likely infeasible for these buildings in their current occupancy; as explained by the Western States Seismic Policy Council, "upgrading existing buildings to resist earthquake forces is more expensive than meeting code requirements for new construction." <https://www.wsspc.org/public-policy/legislation/oregon/>. This is also demonstrated by the memorandum provided by Mr. Higgins (Exhibit 7, McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022), which demonstrates that such improvements are not financially feasible.

The physical condition of certain building elements-particularly those from the historic period of significance-is provided in the HRA. Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022). However, the HRA does not characterize the general condition of the buildings as a whole. The physical condition of the building is explained below:

619 NE Third Street: Exhibit 1 (Historic Resources Assessment, Architectural Resource Group, November 2022) notes that the roof and signage are in good condition, but identifies a number of issues:

- o "The original white brick of the attic story/parapet remains, although it has been painted. Original unpainted white brick remains visible at the corner of the east elevation. Significant areas of brick cracking and displacement were observed in the attic story at the southeast corner of the building.
- o Little remains of the original building materials at the ground floor. The original brick mould at the westernmost opening remains, although the opening has been infilled with a new door."

The HPR Existing Building Summary (Exhibit 2, Existing Building Structural Summary, HPR, November 6, 2022) identifies the following structural deficiency in the building:

"The bearing points of the trusses are deteriorated along the west wall and supplemental support has been framed under the trusses. 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."

Exhibit 2 also notes that there is cracking in the brick facade along the south exterior elevation.

HPR 's initial structural review of the building, dated July 29, 2022 (Exhibit 3), identified the following issues:

- o "The bearing points of the trusses are deteriorated (rotten) along the west wall and supplemental support has been framed under the trusses.
- o 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.
- o The brick and mortar at south elevation show signs of deterioration and diagonal cracks along the mortar lines.
- o The east wall exterior has significant deterioration and is exposed due to the separation between the 619 Building and the recently constructed building to the east."

The July 29, 2022 HHPR report describes the general condition of the buildings as follows:

- o "Each of the three buildings has portions of brick wall that are in poor condition that would require significant work to remediate including new mortar and the replacement of bricks.
- o Each of the three buildings has portions of the roof structure that are rotting and are in poor condition. While it may be that the roofing has been repaired, it does not appear that in certain areas the supporting structure has been repaired. These areas also coincide with areas of the brick wall that are in poor condition
- o 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
- o The removed floor beams distributing roof load in the 611 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain.
- o The rotting bearing points of the roof trusses in the 619 Building represent a significant structural concern and should be evaluated further with possible remedial actions should the building remain."

Based on the information provided in Exhibits 1 (Historic Resources Assessment, Architectural Resource Group, November 2022), 2 (Existing Building Structural Summary, HHPR, November 6, 2022), and 3 (Documentation of Existing Building Structures, HHPR, July 29, 2022), the general condition of the buildings is best characterized as poor or marginal at best, depending on the proposed use case. While the buildings are not "dangerous" (which condition would require removal of the existing tenants), it is clear that significant work must be undertaken to ensure these buildings' future preservation, even if they are not seismically upgraded. Bear in mind that this is the requirement for continued use of the buildings for ground-floor retail or limited-occupancy offices; any more intensive uses will require substantially more structural upgrades. It is also important to note that, under both state and local criteria, the buildings need not be considered "dangerous" in order for their condition to be a major factor in allowing their demolition.

**CITY RESPONSE:** The applicant argues that the combination of structural issues associated with a lack of building maintenance and investment and the structural costs of reinforcing unreinforced masonry buildings is a significant cost burden for a one or two-story building to overcome. And the city concurs. However, unreinforced masonry buildings are rehabilitated all of the time and lack of maintenance should not be justification for demolition of a historic resource.

**FINDING:** The physical condition of the building is not a stand-alone reason to allow demolition of the property but however it is part of a collective consideration.

**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 (Original Application):** 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
- 67 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.*

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 3<sup>rd</sup> 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.

**APPLICANT SUPPLEMENTAL RESPONSE (November 4, 2022):** As noted in the land use application narrative dated August 6, 2022, the MAC-Town 2032 Economic Development Strategic Plan includes several relevant goals. The application to these goals focused on the potential of the proposed new Gwendolyn Hotel to implement the MAC-Town 2032 Plan.

Per staff's request, these addition responses focus on how the existing buildings could, or could not, implement the Plan.

***Goal 6 : Be a leader in hospitality and place-based tourism***

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.*

[...]

Following the adoption of the MAC-Town 2032 plan, the City revised its off-street parking and site landscaping requirements to exempt large portions of downtown, allowing more efficient use of the limited area in the downtown core.

Staff does not dispute that the current 1- and 2-story buildings do not represent the highest and best use of the site. The C-3 zone is applied to downtown McMinnville and other commercial areas, and includes a height allowance of 80 ft. The zero setback requirements, off-street parking exemptions, and landscaping exemptions encourage buildings that occupy the entire site. The proposed development will intensify the use of the corner of NE Third and Ford streets and will offer the highest and best use for the site under current zoning regulations.

*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.*

“Hospitality” generally includes housing and entertaining visitors, including lodging, food and drink, and activities. Likewise, “local opportunities” typically refer to available properties with willing sellers.

The proposed development includes hotel, restaurant, and retail uses, as well as a rooftop deck and lap pool. The rooftop space will be available for rent for special events and gatherings, filling an identified need in downtown McMinnville.

The existing buildings are available for sale by willing sellers. They do not currently include hospitality uses and cannot be upgraded to accommodate them without triggering substantial seismic and building code upgrades.

As noted in Attachment 6, upgrading the buildings to add 13 hotel guestrooms would cost almost \$25 million, which is not financially feasible. The building could be converted to a wine tasting or food service use, which would trigger the same seismic and building code upgrades noted above and would provide even less income.

*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.*



The current buildings include small meeting areas to serve the tenants. They do not include conference space or lodging for conference attendees. In order to accommodate conference space, the existing uses would need to be removed or downsized.

**APPLICANT SUPPLEMENTAL RESPONSE (December 15, 2022):** The HLC can find that this factor favors demolition for the following reasons.

- As explained in detail in response to OAR 660-023-0200(8)(a), the buildings are listed as contributing to the district primarily due to their dates of construction. All appear to have been constructed (or at least re-constructed) for use as automobile garages and a car dealership and, in the case of the 609 Building, a gas station. The buildings were designed and adapted to this purpose. The buildings have each lost at least half of their historic facades (indeed, the 609 Building has lost its entire original facade), and the upper floors of the 609 and 611 Buildings are unoccupied and have few remaining interior historic finishes. Remaining historic features generally include some window casings on the 609 Building, the parapets on the 611 and 619 Buildings, and some interior features. Otherwise, their remaining characteristics are simply their masses and structural elements. For this reason, their historic value is low after having been substantially compromised prior to establishment of the Downtown Historic District.

There is no evidence that any of these buildings are connected with important historical events. While the 609 Building was built by McMinnville resident Frank W. Fenton, Mr. Fenton was a developer and built several buildings, and there is no evidence that he made personal use of the building for long, if at all. And, this building does not resemble at all its original exterior during the period in which Mr. Fenton might have made use of it. There is also no evidence that these buildings served as community gathering spaces during their periods of historic significance.

Based on the above, the public interest in preservation of these buildings is confined to the fact that they are listed as contributing structures within the Historic District. There are no other factors that reasonably weigh in favor of preservation. On the other hand, they are not remarkable in relation to the other contributing buildings within the Historic District and they retain very little of their respective historically-relevant features, most of which have been covered with stucco or removed. For all of the above reasons, the HLC can find that the public interest in their preservation is low.

- The buildings will require substantial structural repairs to continue to be used for the limited retail and office uses they have been used for since the establishment of the Historic District. Seismic retrofit of the buildings is unaffordable if their current configuration is maintained, and there is no positive return on investment if they were to be rehabilitated for use as a hotel.
- As explained in the HRA, the primary historical value of these buildings is their location, massing, and roof configuration. Assuming that the buildings' massing must be retained for that reason, no owner will be able to meaningfully intensify their uses. This is a further headwind against any substantial repair or seismic upgrade. Therefore, the economic value of the buildings to the City is represented by their current uses, with a Current Market Value of \$1,250,150 for all three buildings, collectively. Exhibit 7 (McMinnville

Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022). This is less than the combined assessed value of the buildings, noted below. Even excluding debt service obligations and tenant improvements, the collective market value of the buildings is only \$2,230,066. On the other hand, the projected market value of the Gwendolyn after construction and occupancy in FY 2025 is roughly \$64M after an investment of approximately \$61 M. Exhibit 10 (The Gwendolyn Financial Pro-Forma, December 15, 2022).

The combined assessed value of all three buildings in 2022 is \$1,793,470; at a combined rate of 16.4925 these collectively generate roughly \$29,500 in annual property tax revenue, with roughly \$10,670 of that amount going to the City of McMinnville. Exhibit 9 (2022 Tax Statements). Assuming a standard rate (non-historic) of 16.5854, property taxes after completion and occupancy of the Gwendolyn in 2025 would be \$327,917. Exhibit 10 (The Gwendolyn Financial Pro-Forma, December 15, 2022).

Construction of the Gwendolyn will be a significant draw to McMinnville's downtown, increasing traffic to businesses within the Historic District. Given that this will increase the value of the other buildings in the Historic District, construction of the hotel is likely not only a benefit to the City from a financial perspective, but also a long-term benefit to the district itself. According to the Nov. 2, 2022 Johnson Economics Report, "[t]he proposed new hotel would provide significant economic value on the site, supporting the ongoing positive investment patterns in downtown McMinnville. Keeping the existing structures would effectively preclude new investment on the site, and result in underutilization of the parcels while yielding no economic return.'

- For the above reasons, the HLC can find that the proposed Gwendolyn Hotel is an "an improvement program of substantial benefit to the City." Preservation of these buildings presents a substantial barrier to this program because these buildings must be removed to allow for construction of the Gwendolyn, because they have little to no economic viability for adaptive re-use, and because their value under their current use case is miniscule compared to the proposed development. It is also worth considering that the value of the buildings is likely to decline even in their current or similar tenancies unless structural repairs are made; as explained above, such repairs are likely not financially rational without a more intensive use case for the buildings, which itself may trigger seismic upgrades.

**FINDING:** The preservation of the buildings would be a deterrent to advancing several 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 (Original Application):** 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.

**APPLICANT'S RESPONSE (December 15 Application):** The public interest in the resource's preservation is not clearly articulated in any adopted document. However, the HLC can find that the public interest in preservation of these buildings is related to their ability to reflect their historical period of significance. As explained above, these buildings do so to only a limited degree because their facades have been largely replaced. Therefore, the public interest in their preservation should be viewed as reduced as compared to buildings that have not been substantially altered, and such interest is largely a factor of their year of construction.

The public interest in their preservation must necessarily include their ability to serve an economic function to McMinnville's historic Downtown. As explained above, the current economic viability of these buildings and their future prospects are poor. Adaptive re-use is not a realistic option because of the significant structural upgrades that would be required, and re-use of the buildings for the hotel use proposed by the Applicant is not economically feasible.

In view of both of these factors, the public's interest in these buildings' preservation seems limited at best, and low when compared to buildings in the District which have better future economic use prospects or better reflect their original appearance, or both.

The question posed by this criterion was directly evaluated in the Johnson Economics Report (Exhibit 5). This report concludes as follows:

"Keeping the buildings in their current use would negate the requirement to upgrade the structures but would also limit the amount of investment that could be made within triggering the requirement. The buildings have structural deficiencies and obvious deterioration that would need to be addressed prior to re-tenanting in any of the buildings.

Building the hotel above the existing structures would require a complete seismic upgrade of the structures, and new columns to support the hotel would need to penetrate the structures. The cost of this type of structure would be substantially higher than new construction and the resulting development would be significantly less efficient.

As a result of these myriad factors, the retention of the existing structures would cause substantial financial hardship to the owners. Based on our previous experience, the likely cost of the necessary improvements and upgrades would render the cost of space to likely be hundreds of dollars more per square foot than new construction. If the redevelopment was not done and the buildings were kept in their current use without significant upgrades, they would pose a life safety hazard and may not be insurable. The structures are depreciated to a point in which Investments in the structures would be unlikely over time as they would not yield an economic return. As a result the properties would be likely to face an extended period of declining condition and underutilization for the foreseeable future."

This conclusion is consistent with the other information discussed above, which generally demonstrates that the buildings are not likely to generate a meaningful return for Hugh Development with a current or similar tenant mix. This is reflected by the fact that the actual market value when accounting for debt service is actually less than the assessed value of the property. See Exhibits 7 (McMinnville Lease rates, 609, 611 and 619 NE Third, McMinnville, Phillip Higgins, November 2, 2022) and 9 (2022 Tax Statements).

For the above reasons, the HLC can find that retention of the buildings in their current configurations would not just be a financial hardship to the owner, but will likely result in the eventual degradation of the buildings to the point where demolition for safety reasons becomes increasingly likely. These practical headwinds against continued use of the buildings in their current configurations far outweigh the buildings' relative contribution to the objectives of the Historic District, as discussed above, and therefore outweighs the public's interest in preservation.

**FINDING. SATISFIED WITH CONDITION OF APPROVAL #13:** Based on the data provided, the City concurs with the applicant, unless another solution can be provided.

**CONDITION OF APPROVAL #13:** 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 (Original Application):** 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.

**APPLICANT'S RESPONSE (December 15, 2022 Application).** For the above reasons, the HLC can find that the retention of these three buildings would not be in the best interests of the citizens of the City. These reasons can be summarized as follows:

- The buildings do not reflect their appearance or use during their respective periods of significance.

- The building have few remaining residual historic features charactering the Historic District, aside from their masses, structural frames, and roof lines.
- The buildings have limited value under current uses.
- Current or similar uses are probably unable to generate sufficient value to repair the buildings.
- Adaptive re-use would require seismic upgrades and the buildings cannot be economically used for hospitality.

On the other hand, the economic opportunity for the Historic District presented by the proposed Gwendolyn Hotel far outweighs the limited benefits of building preservation, as discussed above.

Historic features identified by the HRA, such as belt courses and cornices, are emulated by the proposed architectural design of the Gwendolyn. Any moveable historic features of these buildings, such as windows, can be incorporated into the proposed building. The remaining characteristics of the buildings-their massing and roof line-can be easily documented with photographs.

For these reasons, the HLC can find that on balance, retention of these buildings would not be in the best interest of the City's citizens when weighed against the benefits of the proposed Gwendolyn Hotel.

**FINDING. SATISFIED WITH CONDITIONS OF APPROVAL #14 and #15:** The City concurs with the applicant's findings.

**CONDITION OF APPROVAL #14:** Prior to demolition the applicant will allow the Yamhill County Historical Society to photo document the building and scavenge any historical artifact associated with the building for preservation as part of their collection.

**CONDITION OF APPROVAL #15:** Prior to demolition the applicant will provide the City with an archaeological plan describing how the applicant will undertake demolition and excavation with a sensitivity to the potentiality of archaeological resources and if any archaeological resources are discovered how they will be documented and preserved. (Comprehensive Plan Goal III 2 – Historic Preservation)

**17.65.070 Public Notice.**

- After the adoption of the initial inventory, all new additions, deletions, or changes to the inventory shall comply with subsection (c) of this section.*
- 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.*
- 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:*
  - 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.*
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.**

**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 and an active roof deck, 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 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 859 9565 0539, Meeting Password: 661305

Hearing continued to December 8, 2022, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 892 5565 1124, Meeting Password: 257277

Hearing continued to January 5, 2023, 4:00 PM. In person at Kent Taylor Civic Hall 200 NE 2<sup>nd</sup> St and online via Zoom. Zoom Online Meeting ID: 831 7965 5545, Meeting Password: 725658

**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 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. The 120-day deadline is January 5, 2023. Per an email dated September 29, 2022 from Garrett H. Stephenson, the applicant requested a 70-day extension to the 120 day decision deadline. The 190-day deadline is March 16, 2023. Per an email dated December 1, 2022 from Garrett H. Stephenson, the applicant requested an additional 30-day extension for a total of 100 days added to the 120 day decision deadline. The 220 day deadline is April 15, 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; 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: \_\_\_\_\_

## **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 3<sup>rd</sup> 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 67 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 3<sup>rd</sup> Street pedestrian experience.*

**(Application Narrative, page 3)**

### 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 3<sup>rd</sup> Street and NE Ford Street and consists of three buildings: two tax lots addressed as 609 NE 3<sup>rd</sup> Street and 619 NE 3<sup>rd</sup> Street, and the southern portion of the tax lot addressed as 611 NE 3<sup>rd</sup> 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 3<sup>rd</sup> Street, is developed with restaurant and other commercial uses. The sites south of NE 3<sup>rd</sup> Street are developed with a variety of commercial uses. The Tributary Hotel is on the southeast corner of NE 3<sup>rd</sup> Street and NE Ford Street. The site to the northwest is in use as a surface parking lot; the site north of 611 NE 3<sup>rd</sup> 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)**

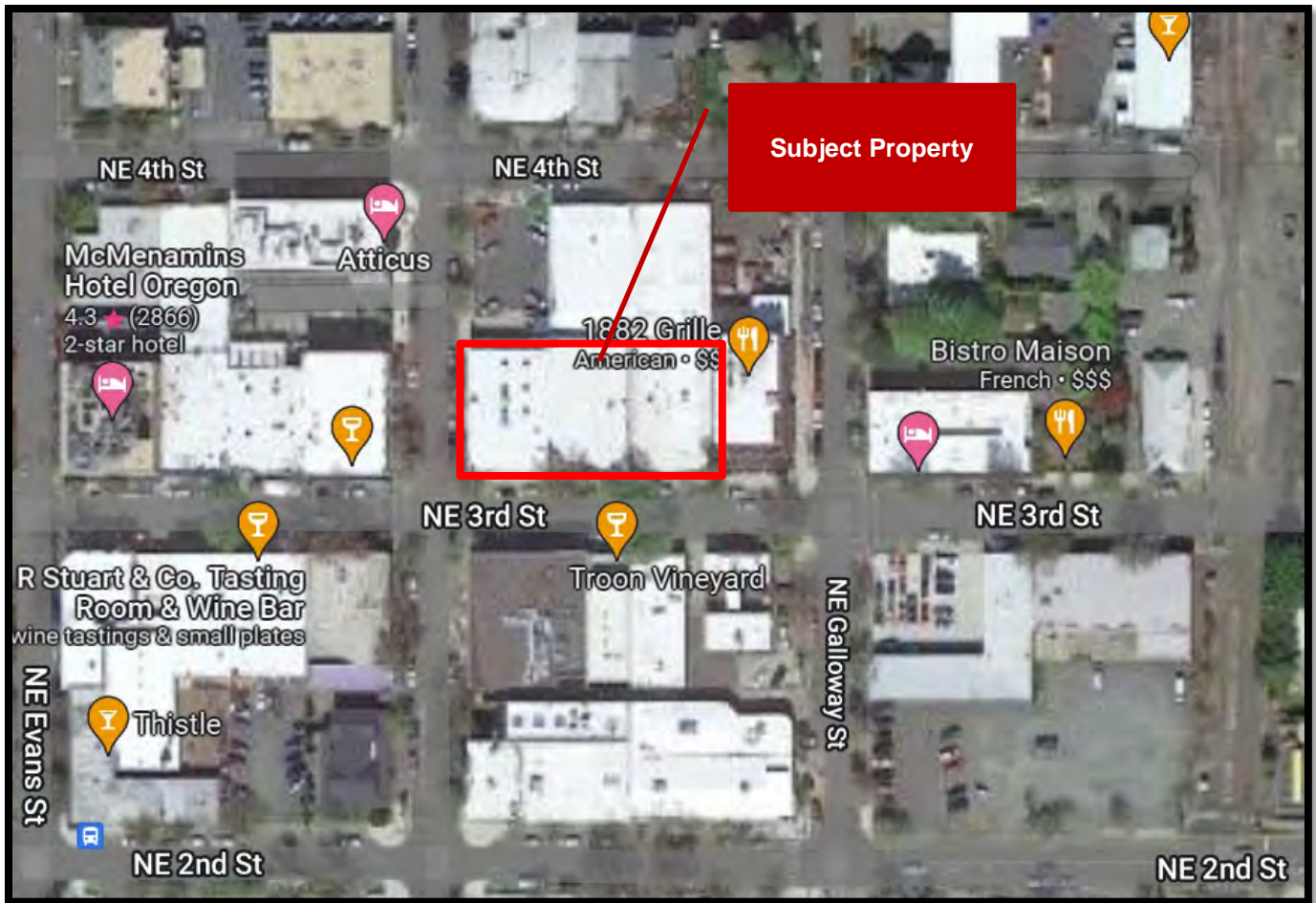
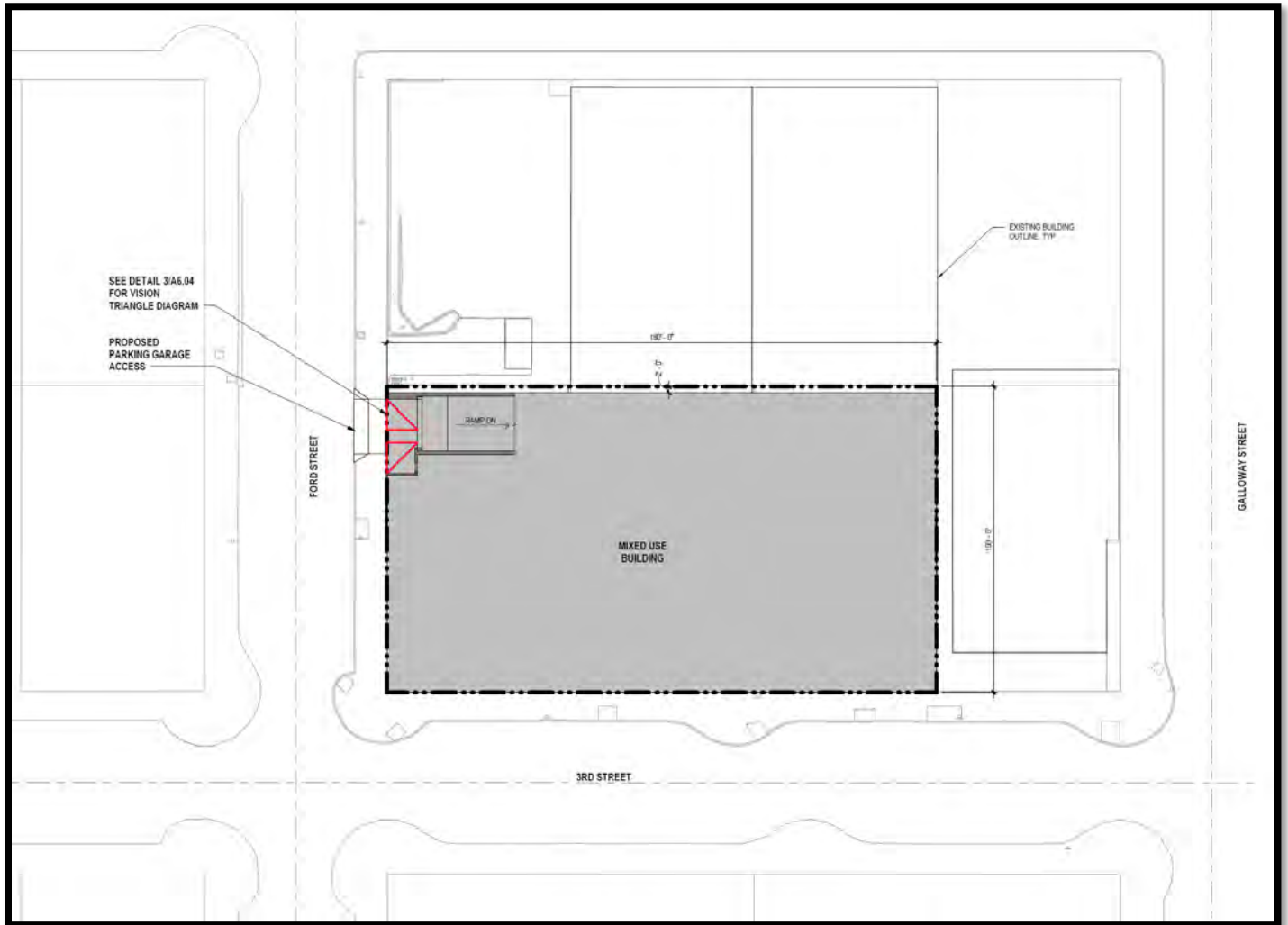


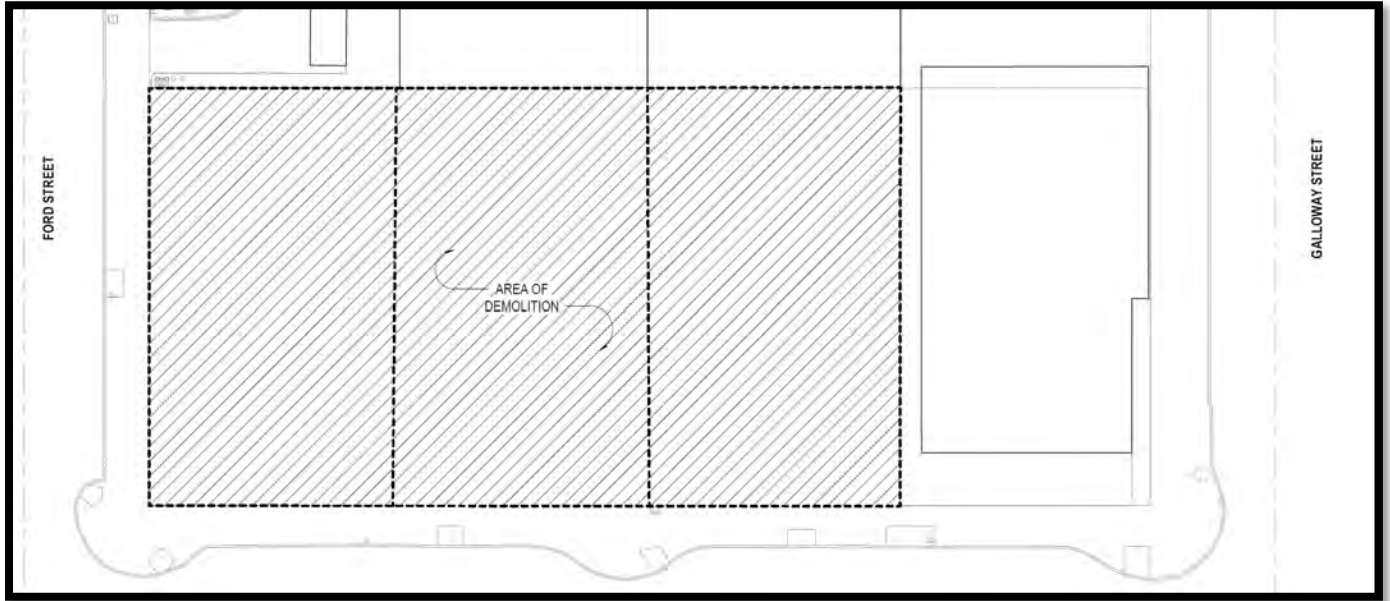


Figure 2. Proposed Site Plan



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.**

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 (67 parking stalls). The building has a series of setbacks designed into the different floors to reduce height impact. The tallest point of the building is in the northeast corner where the elevator shaft is located for a total height of 79 feet. The total width of the building is 180 feet on the ground floor and 98 feet in depth on the ground floor. ***Please see Figures 4 and 5 for exterior elevation renderings and series of floor plans.***

**Figure 4, Exterior Elevation Renderings**

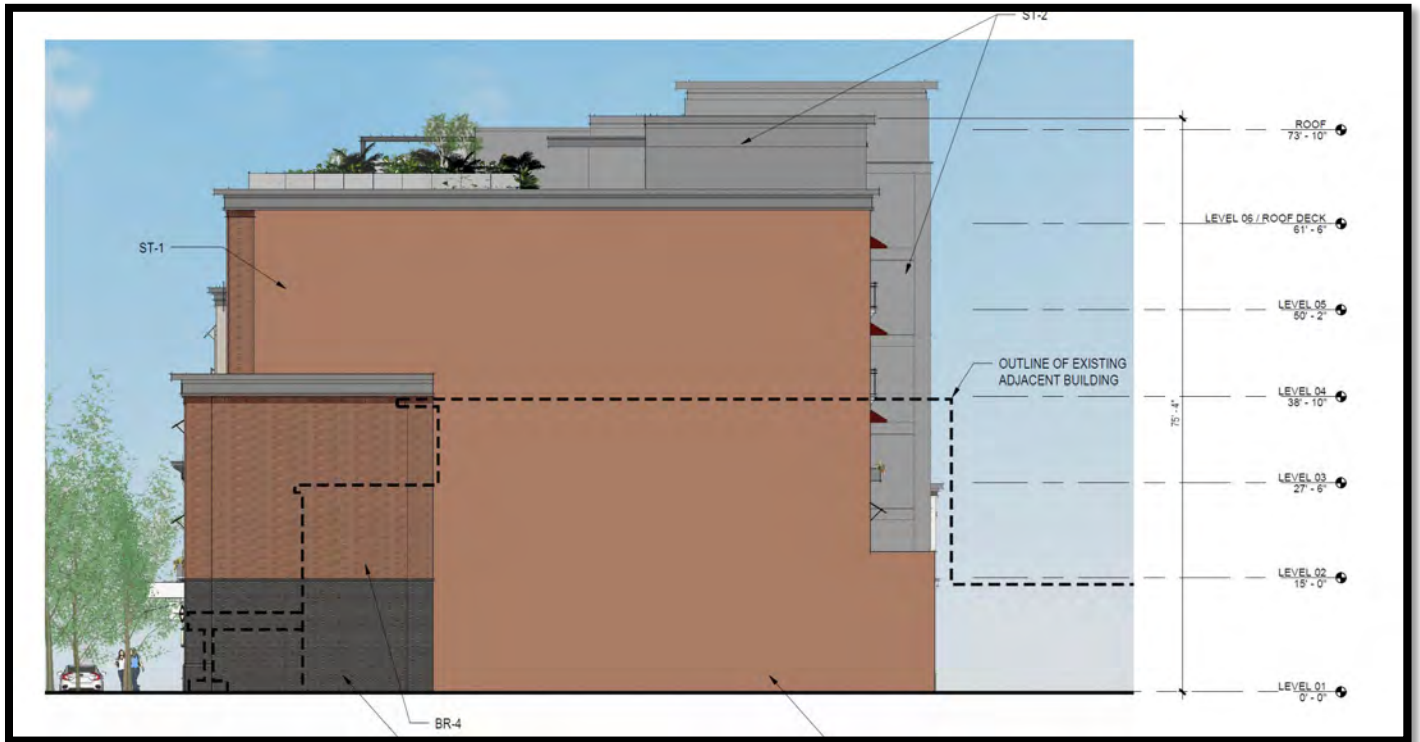


**West Elevation Rendering**



**South Elevation Rendering**





**East Elevation Rendering**



**North Elevation Rendering**



**ENLARGED PARTIAL ELEVATION - 3RD STREET**

SCALE: 3/16" = 1'-0"



STUCCO TRIM

CORNICE, PAINTED

STUCCO TRIM, ST-1

CORNICE, PAINTED

SOLDIER COURSE, BR-1

PRECAST TRIM

ITES

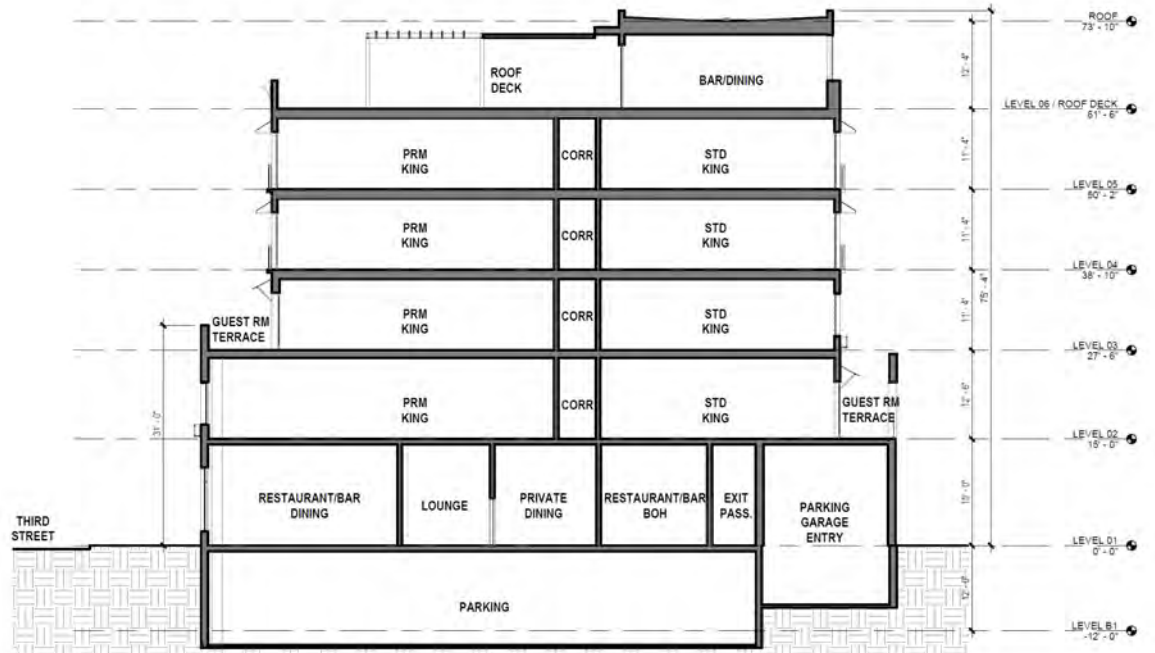


**AXONOMETRIC - CORNER OF 3RD AND FORD**



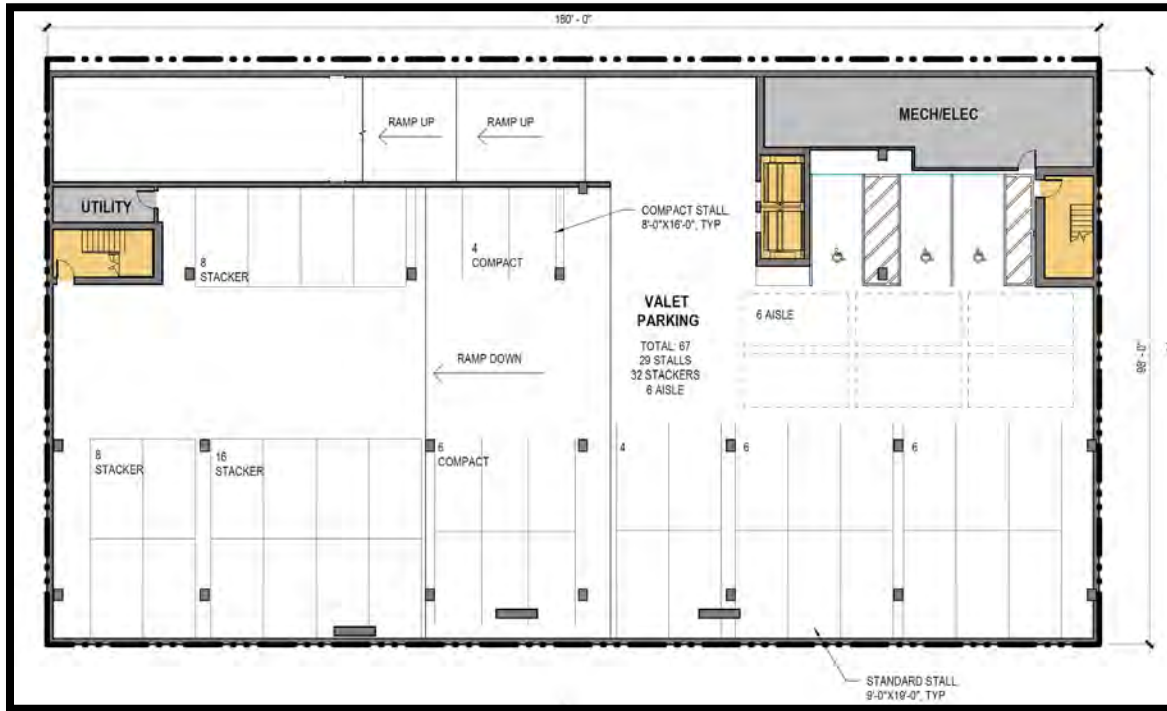


**East – West Section**

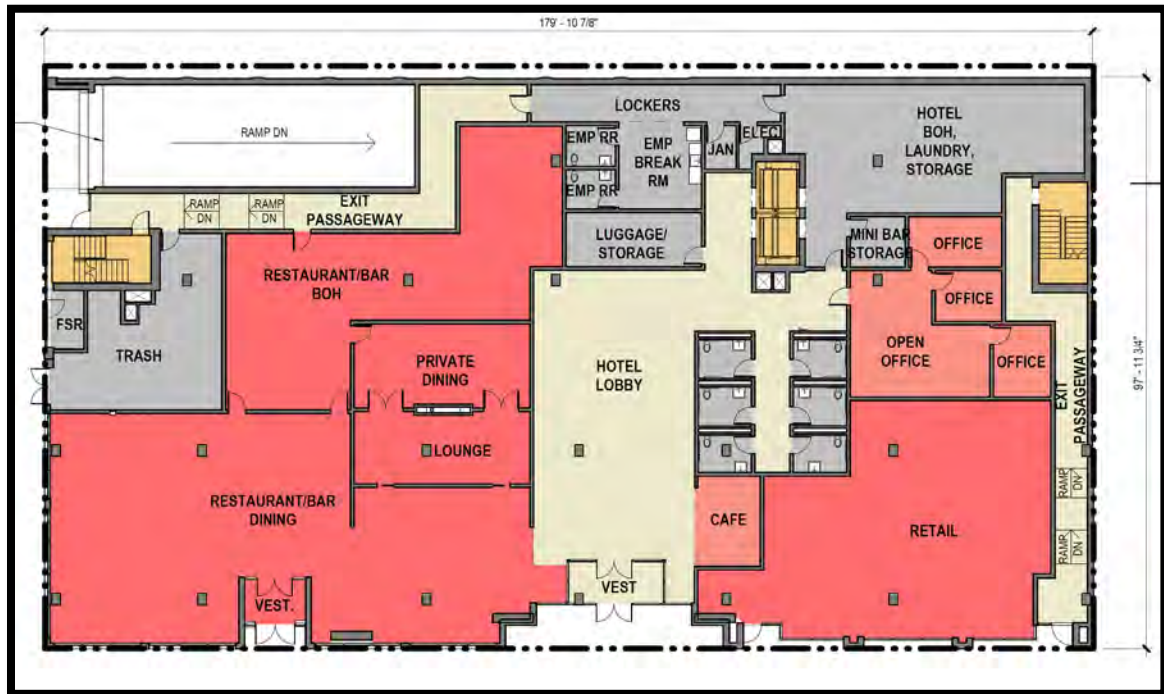


**North – South Section**

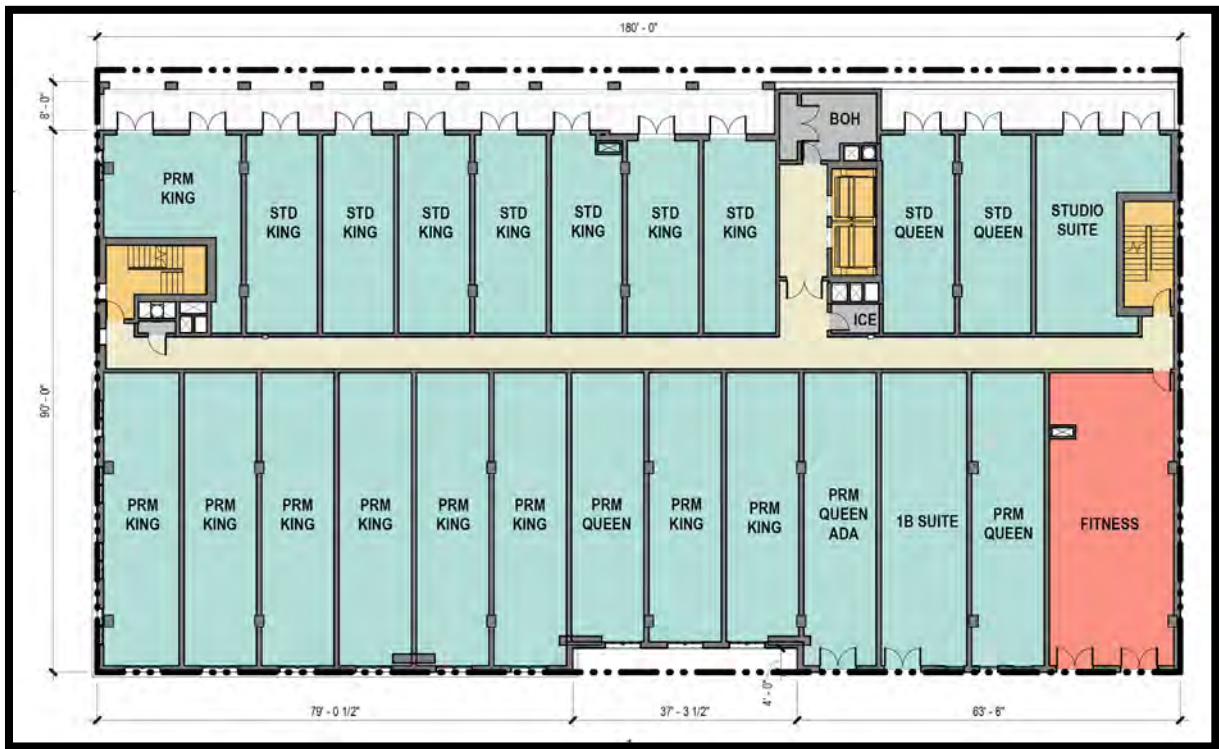
Figure 5, Series of Floor Plans



**Basement – Underground Parking Structure**



**Ground Floor – Restaurant, Retail, Hotel Lobby**

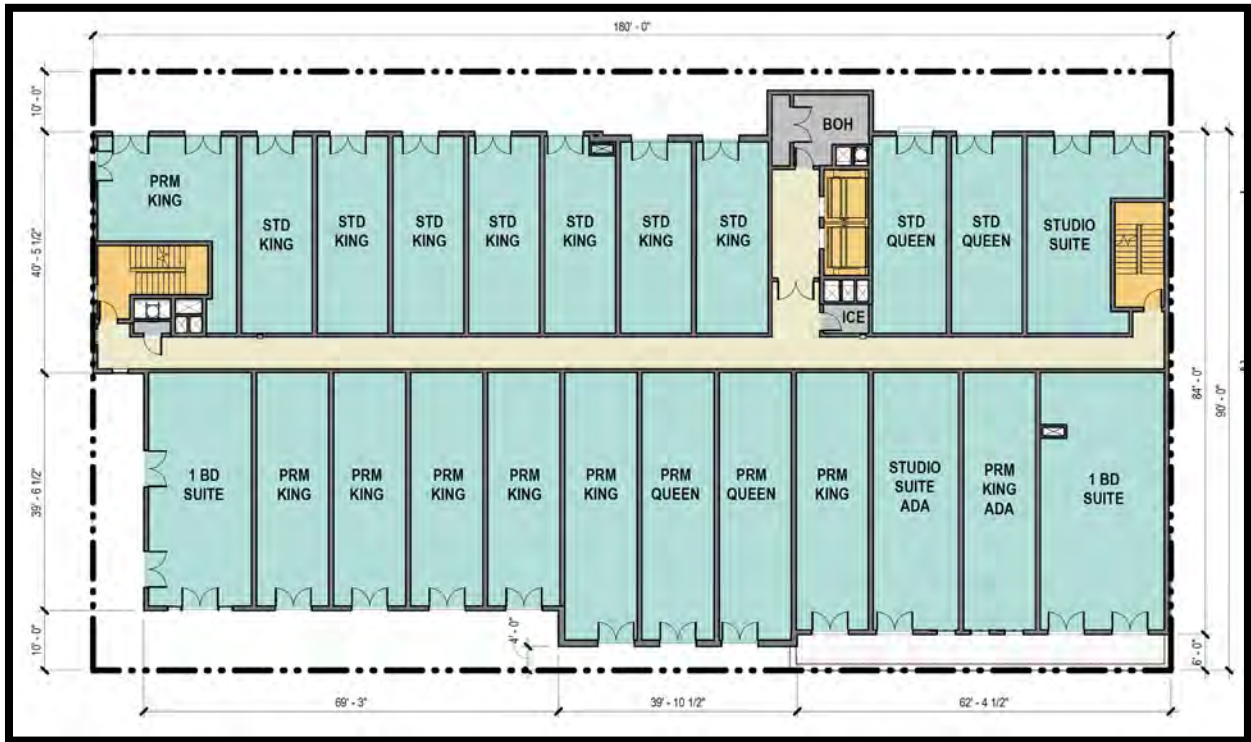


**Second Floor – Hotel Rooms**

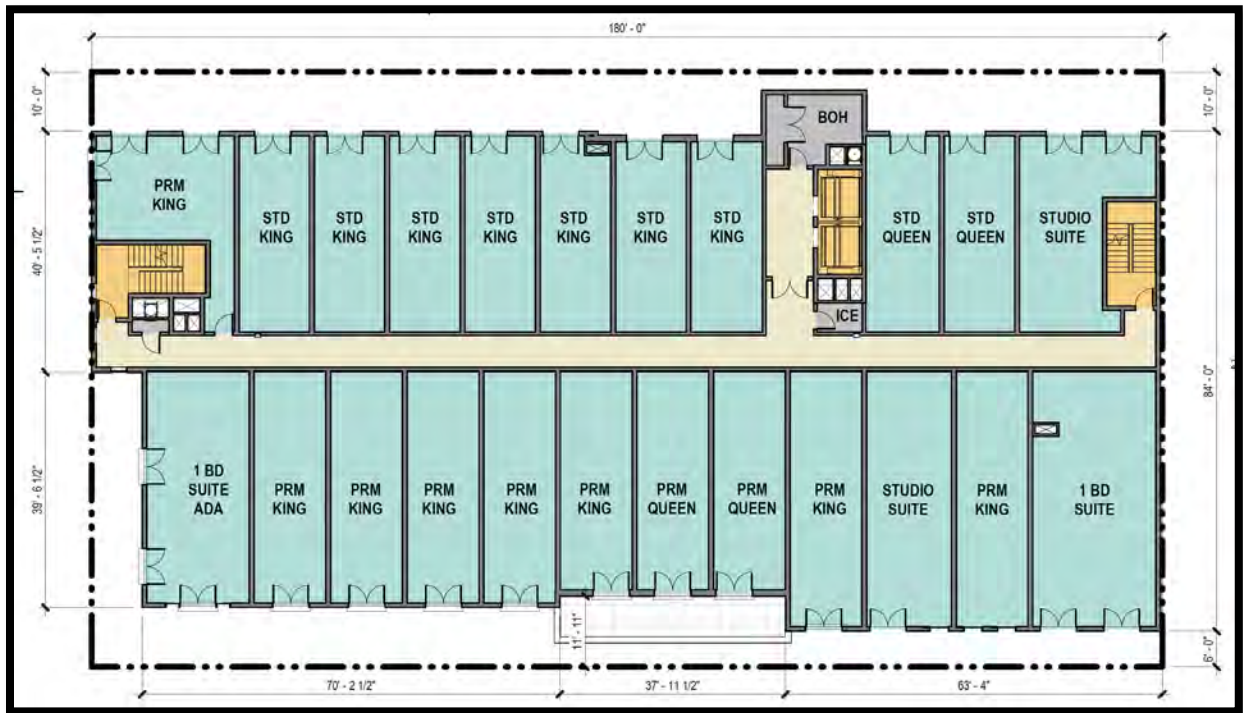


**Third Floor – Hotel Rooms**





**Fourth Floor – Hotel Rooms**



**Fifth Floor – Hotel Rooms**



***Roof Deck with Pool, Spa and Dining***

***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 Sections 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 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. The developer will be responsible for any necessary improvements identified by the capacity analysis. (Comprehensive Plan Policy #25.00)
6. 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)
7. 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)
8. 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)
9. 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)
10. 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)
11. 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))



12. 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))
13. 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:**

Due to size, the following documents are located on the project website 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](#) and are on file with the Planning Department.

#### ❖ DDR 2-22 Application and Attachments

##### Original Submittal (August 9, 2022)

- Application Form
- Application Narrative
- Project Structural Analysis
- Project Site Plan and Concept Drawings
- Traffic Impact Analysis
- Memorandum
- Neighborhood Meeting Materials

##### Supplemental Submittal (November 4, 2022)

- Architectural Plans
- DDR 2-22 OTAK Approvability Memorandum
- Contaminated Media Management Plan (October 13, 2022)
- Traffic Impact Analysis Addendum

##### Supplemental Submittal (December 15, 2022)

- Letter to City with Additional Findings
- Additional Findings (Exhibits 1 – 3)
- Additional Findings (Exhibits 4 – 10)

##### Supplemental Submittal (December 19, 2022)

- Supplemental Findings, DDR 2-22

#### ❖ 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. 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.
2. Study shows that queue lengths exceed storage length at the eastbound thru and westbound all of 2<sup>nd</sup> 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 & 3<sup>rd</sup> 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) – 3<sup>rd</sup> 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 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.

#### **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
- Email from Sylla McClellan, 09.21.22
- Email from Meg and Zach Hixson, 09.22.22
- Email from Sharon Julin, 09.25.22
- Email from Daniel Kiser, 09.27.22
- Letter from Carol Dinger, 09.28.22
- Letter from Carol Paddock, 09.28.22
- Letter from Katherine Huit, 09.28.22
- Letter from Jeb Bladine, 09.28.22
- Letter from Practice Hospitality, 09.28.22
- Email from Kellie Peterson, 09.28.22
- Letter from JP and Ames Bierly, 09.28.22
- Memo from Nathan Coopriider, 09.28.22
- Email from Elizabeth Goings, 09.29.22
- Email from Abigail Neilan, 09.29.22
- Letter from Ilsa Perse, 09.29.22
- Email from The Scott Family, 09.29.22
- Email from Mandee Tatum, 10.05.22
- Email from Crystal55dreams, 10.25.22
- Email from Peter and Linda Enticknap, 11.22.22
- Letter from Karen Saxberg, 11.17.22
- Letter from Jeb Bladine, 11.29.22
- Letter from Nathan Coopriider, 11.29.22
- Letter from Ernie Munch, 11.30.22
- Letter from Marilyn Kosel, 11.30.22

## **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, 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.
7. At the public hearing on September 29, 2022, the Historic Landmarks Committee chose to continue the public hearing to December 8, 2022. The applicant requested to extend the 120-day decision deadline by 70 days.
8. On November 4, 2022, the applicant provided supplemental application materials based on the requests from the Historic Landmarks Committee.
9. On December 1, 2022, the applicant requested, with the concurrence of city staff, to continue the public hearing from December 8, 2022, to January 5, 2023, and to extend the 120-day decision deadline by an additional 30 days for a total extension of 100 days.
10. On December 8, the Historic Landmarks Committee continued the public hearing to January 5, 2023.
11. On December 15, 2022, and December 19, 2022, the applicant provided supplemental materials per the request of city staff.
12. On January 5, 2023, the Historic Landmarks Committee hosted a public hearing, closed the public hearing, deliberated, and rendered a decision.

## **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.
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:** A draft Contaminated Media Management Plan (CMMP) that addresses all three properties was submitted as Attachment 1 in the supplemental submittals on November 4, 2022 (Contaminated Media Management Plan for 609, 611 and 619 NE Third Street, Evren Northwest, October 13, 2022). The CMMP is a requirement of the Prospective Purchaser Agreement between the Applicant and Oregon Department of Environmental Quality (“DEQ”). As a practical matter, former automotive shops and fuel stations are routinely redeveloped and there is nothing about these buildings that presents a unique risk. The draft CMMP requires removal and safe disposal of any contaminated media (i.e. soil or ground water), and recommends only standard protective measures to mitigate the limited identified risk of petroleum contamination.

This is sufficient to satisfy Goal II of the City’s Comprehensive Plan, which implements Statewide Planning Goal 6. Goal 6 requires that the local government establish that there is a reasonable expectation that the use for which land use approval is requested will also be able to comply with the state and federal environmental quality standards that it must satisfy to be built. *Hess v. City of Corvallis*, 70 Or LUBA 283 (2014). The City’s comprehensive plan does not address spoil contamination, and with respect to water, Policy 10.00 of the Comprehensive Plan provides that “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.” The Applicant’s ongoing work with DEQ through the PPA process is evidence not only that DEQ will provide sufficient oversight to ensure the safety of workers and the public, but also demonstrates that the Application will be able to comply with DEQ’s standards.

**FINDING: SATISFIED WITH CONDITION OF APPROVAL #1.** 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.

On November 4, 2022, the applicant provided an Contaminated Media Management Plan for 609, 611 and 619 NE Third Streets dated October 13, 2022.

**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).

**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 Plan<sup>6</sup> (Area Plan), the 2013 Economic Opportunities Analysis (EOA), the 2019 MAC-Town 2032 Economic Development Strategic Plan<sup>7</sup> (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 3<sup>rd</sup> 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 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."<sup>8</sup> 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 and #5.** 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.

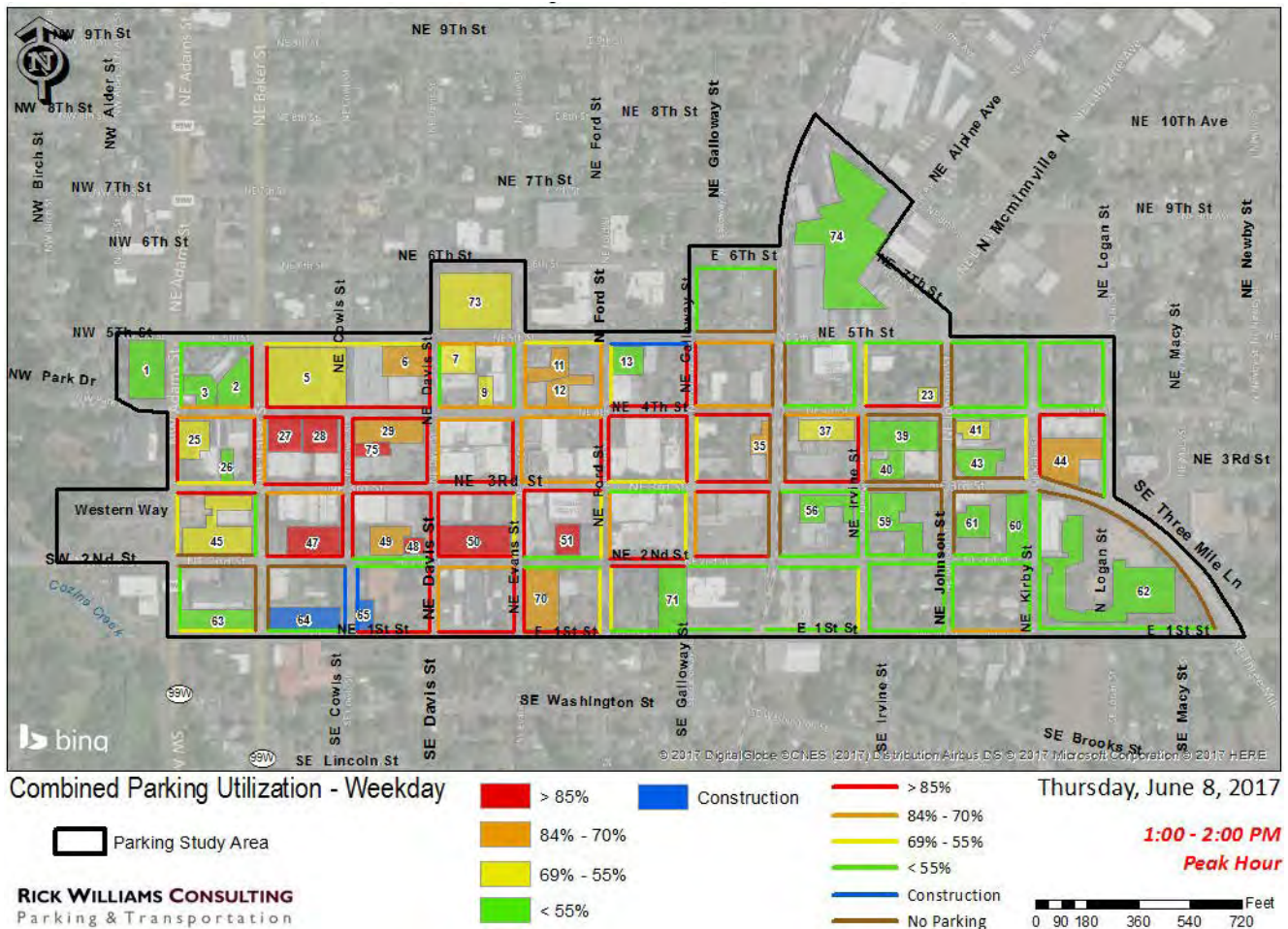
**CONDITION OF APPROVAL #5:** The applicant shall enter into an agreement with the City to perform a sewer capacity analysis. The cost of this analysis shall be borne by the developer. The developer will be

responsible for any necessary improvements identified by the capacity analysis.

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 3<sup>rd</sup> and 4<sup>th</sup> 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 67 off-street parking stalls in an underground parking structure.





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 #6 AND #7.** . 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 67 off-street parking stalls in an underground parking structure.

**CONDITION OF APPROVAL #6:** 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 #7:** 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 67 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 67 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 #8:**

**CONDITION OF APPROVAL #8:** 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 #9:**

**CONDITION OF APPROVAL #9:** 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:*

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 #10:**

**CONDITION OF APPROVAL #10:** 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.

### **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.

**FINDING: SATISFIED.** Note that Sheet A3.01 in the amended architectural plans provided on November 4, 2022, 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.

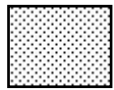
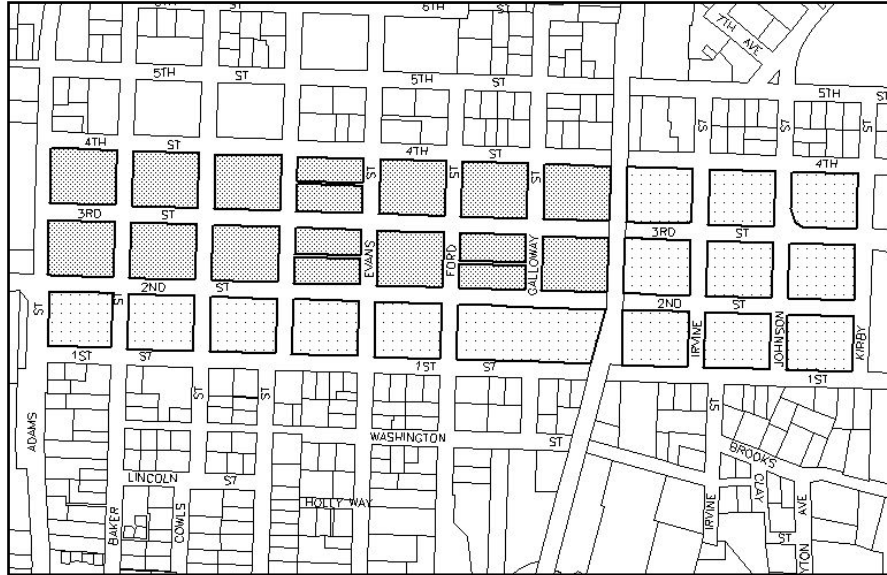
**FINDING: NOT APPLICABLE**

**Chapter 17.57, Landscaping**

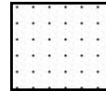
**17.57.080 Central business district.** *The central business district shall be divided into two areas as defined in this section:*

- 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

**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 4<sup>th</sup> Street, to the east by Kirby Street, and to the south by 1<sup>st</sup> Street. Lands immediately adjacent to the west of Adams Street, from 1<sup>st</sup> Street to 4<sup>th</sup> 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 3<sup>rd</sup> 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.*
    - 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 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:** Per their supplemental submittal on November 4, 2022, the applicant revised their design so that they no longer needed a waiver from the Downtown Design Review criteria.

**FINDING: NOT APPLICABLE.**

**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 (original application).

The building at 609 NE 3<sup>rd</sup> Street is designated as a historic landmark and the buildings at 611 and 619 NE 3<sup>rd</sup> Street are located within a National Historic District. The requirements of Chapter 17.65 are addressed in Section 4.H of this narrative (original application).

**FINDING: SATISFIED.** This is not a review of a modification to a historic resource; it is new construction.

**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;*
  - 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*
  - 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:** (Per the applicant's November 4, 2022, supplemental submittal), the building design has been revised to meet the height provisions of 17.59.050.B.1. Therefore, the requested waiver is no longer required.

**FINDING: NOT APPLICABLE**

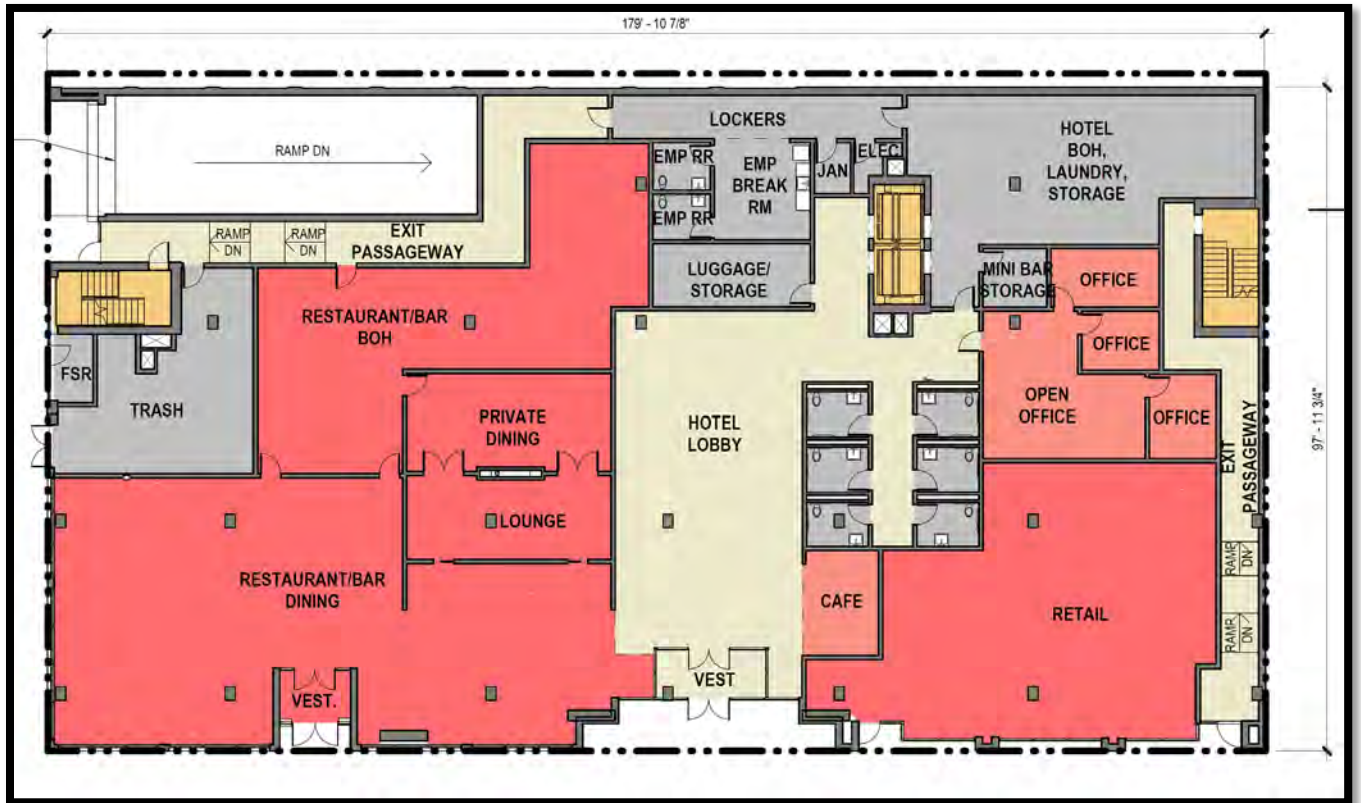
**17.59.050 Building and Site Design.**

**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:** *(Per the applicant's November 4, 2022, supplemental submittal).* Though described as a design standard, given the use of the word "should," this criterion can be applied as a guideline that can be met in more than one way.

In response to the first component of this criterion, the 3rd Street façades have been refined to appear as three separate buildings. The westernmost section of the building is clad in white brick; the center portion of the building is clad in buff brick; and the eastern portion of the building is clad in red brick. In addition to the differences in material and color, each of the three building expressions have distinct massing and varied window detailing, cornice elements, and Juliet balconies. The westernmost section has a 2-story base and 3 levels above that step back 10 feet on both 3rd Street and Ford Street. The center portion has a 2-story base with a 3-foot setback on levels three and four, and the fifth level stepping back an additional 8 feet. The eastern portion has a 3-story base and two levels above that setback 5 feet.

The overall building height and ground-floor dimensions of the proposed building are unchanged, but has been broken into three distinct expressions. As viewed from the corner of 3rd and Ford streets, the apparent height of the building is two stories. As a viewer moves to the north and the east, the height of the building becomes more apparent, but the full six-story height is visible only from the north. See Sheet A7.03.

In Chapter 17.33, C-3, General Commercial, the language reads in section 17.33.040, building height, that "Buildings shall not exceed a height of eighty feet." The City's staff report and findings stated that the building satisfies this finding. The need for a requested waiver for a 3-story expression at the corner is no longer necessary, as the building façade at the corner has been reduced to 2 stories.

But this isn't the whole story as it relates to "height" within the zoning code. There is code criteria that states buildings should have the same massing and configuration (interpreted by staff to include height) similar to adjacent or nearby historic buildings on the same block. The applicant team has submitted considerable information on the nature of 3rd Street at its easterly end, showing that the remaining historical buildings were built as one- and two-story structures, and therefore if future development were to match the bulk and height of these buildings, most likely no new development would occur. And, therefore, the potential for these properties to contribute to the growth and density potential of downtown McMinnville would not be realized.

By definition, "adjacent" means "Contiguous to a property boundary at a property line or property corner. Two properties separated by street or right-of-way are considered adjacent." In applying this approval criterion, perhaps "adjacent" can be thought of more broadly, in a cohesive way, to include all of downtown McMinnville. In that case, doesn't that mean in a way that all buildings downtown are adjacent? Adjacent to each other and adjacent to the whole?

The proposed building is a bit taller than other buildings in downtown McMinnville, but not in any exaggerated way. The Gwendolyn Hotel is two stories taller than the 4-story Atticus hotel, though the sixth floor consists largely of a roof top amenity, and one floor taller than the Hotel Oregon, including the hotel's rooftop amenity. And again, the building is below the allowable height of 80'.

Regarding the second component of the criterion, as noted previously, the building design has been revised to meet the height provisions of this section and is now two stories in height at the street

corner/intersection as shown on Sheets A3.01, A6.01, and A6.04. The ground floor is a generous 15' in height to allow for a variety of commercial uses, including restaurants and retail.

**FINDING: SATISFIED.** As the applicant points out this criterion is a “should” and not a “shall” criterion, meaning that it is considered a guideline and not a requirement, which provides the Historic Landmarks Committee some discretion that is defined by past precedence.

The Historic Landmarks Committee has established a precedent previously where this criterion was not considered a requirement for new construction, (the KAOS building, the First Federal building and the Atticus Hotel). In those circumstances, either the guideline for a building with similar massing and height to other historic buildings on the same block and the appearance of two stories on the corners at intersections were not required.

In regards to the first guideline, the language is specific about massing and configuration similar to adjacent or nearby historic buildings *on the same block*. For the Third Street side of this project, if the three Certificate of Approvals for Demolition for 609, 611 and 619 NE Third Street are allowed, which would be necessary for this project to move forward, there would be no historic buildings left on the Third Street side of this block. This same precedent for decision-making was applied to the First Federal new construction project.

The question then is whether or not the massing and configuration are similar to the rest of Third Street. In their original application, the applicant provided a height study of the downtown historic buildings to demonstrate that many buildings in downtown McMinnville were three and four-story buildings with rooftop amenities, and several that were in the immediate vicinity of this project were 40' in height as a vertical plane from the property line, and some such as the Atticus Hotel and McMenamin's Hotel were taller. Per the amended submittal provided by the applicant on November 4, 2022, the design of the project is still five-stories with an active roof-top program, however, the original design was modified so that the façade appears to be three separate buildings in order to reduce the massing and configuration of the original design and the three faux buildings all incorporate stepbacks of varying degrees in the upper floors in order to offset the massing and configuration as well.

The Historic Landmarks Committee has also established a precedent of allowing new construction buildings greater than two-stories at the intersection with the First Federal Building (three stories), the KAOS building (three stories) and the Atticus Hotel (four stories). In some cases, a stepback was required (the KAOS building) and in other cases, the taller height was allowed

Per the amended submittal provided by the applicant on November 4, 2022, the design of the project was modified so that the height of the vertical plane from the property line reduced to a two-story height at the corner by the intersection.





AXONOMETRIC - CORNER OF 3RD AND FORD



AXONOMETRIC - MID-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:** *(Per the applicant’s November 4, 2022, supplemental submittal).* Though described as a design standard, given the use of the word “should,” this criterion can be applied as a guideline that can be met in more than one way.

The proposed building exceeds sixty feet in width (it measures approximately 180 ft. along the 3rd Street frontage and approximately 98 ft. along the Ford Street frontage) and this provision is applicable.

As indicated on the Town of McMinnville and Rowland’s Addition plats, traditional north/south lot dimensions in downtown McMinnville are 100 ft., and the proposed building reflects traditional depths. As described in this approval criterion, the traditional east/west lot dimensions in downtown McMinnville

are 60 ft., and the building exceeds that width. In order to construct the proposed building, the underlying lots will need to be combined and will be 180 ft. in length.

Though the historic lots in downtown McMinnville were 60 ft. wide, there have been a number of adjustments and revisions over the years, as indicated on Yamhill County Assessor Map 4 4 21 BC. The lots directly to the south have been revised to widths of 90 ft., 30 ft., 40 ft., and 80 ft. The lot directly to the north is 120 ft. in width. The lots between Evans and Ford Streets range from 29.5 ft. to 100 ft. in width. See Sheet A0.01 for illustration. As a result, the current lotting pattern is more organic than rigid and the traditional 60-ft. lot width has become more eclectic.

The building façade is divided into three distinct areas by the use of vertical divisions, materials, detailing, and stepbacks. As shown on Sheet A3.01, the façade bay widths are 90 ft., 30 ft., and 60 ft., and reference several existing historic structures:

- The three buildings directly to the south (TL 10400, 10401, and 10300, the Tributary Hotel and two adjacent buildings on 3rd Street) have similarly-scaled bays at 90 ft., 30 ft., and 40 ft. respectively.
- The site directly east of Galloway Street is 120 ft. wide and presents as a single building with multiple retail entrances.

Given that the proposed façade modulation and widths reflect existing historic context, the Committee can find that the design meets the intent of this criterion.

**FINDING: 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. With their revised design submitted on November 4, 2022, the applicant has argued that the new design is divided into similar proportional bays as other adjacent buildings, specifically based on a study of the building configurations across Third Street that have a 90 feet, 30 feet and 40 feet, whereas the Gwendolyn Hotel is divided into proportional bays of 90 feet, 30 feet and 60 feet with a longer block length to design. Additionally the amended design is much more distinctive than the original design. Please see below.

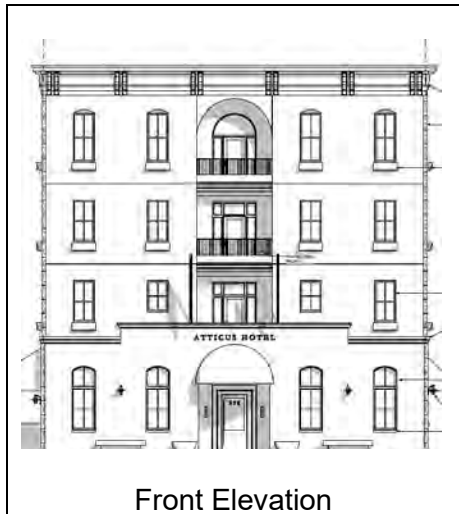


*Original Design*



***Amended Design, November 4, 2022***

The Historic Landmarks Committee has previous precedence of approving new construction projects that have much less definitive bay designs (Atticus Hotel) to satisfy this requirement, or bays that are not presumably proportional (First Federal, 91 feet and 52 feet) to satisfy this requirement. Please see below.



**Front Elevation**



**North - 4<sup>th</sup> Street Elevation**

***Atticus Hotel, New Construction***





**First Federal Bank, New Construction**

**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;

**APPLICANT'S RESPONSE:** The storefronts that face both the NE Ford Street frontage and the NE 3<sup>rd</sup> Street frontage occur at the southwest corner restaurant space, the hotel lobby, and the retail spaces along the east end of the 3<sup>rd</sup> Street frontage. A belt course separates the upper stories from the first floor, and the 4<sup>th</sup> to 6<sup>th</sup> stories from the 2<sup>nd</sup> and 3<sup>rd</sup> stories of the respective bays.

**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.*

**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 3<sup>rd</sup> 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 #11.** 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 #11:** 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))

**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.

**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 #12.** 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 #12:** 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.*

**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 #13.**

**CONDITION OF APPROVAL #13:** The applicant will need to submit a sign permit for review and approval prior to the application of any signs to the project.

**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, 67 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 67

**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.)*
- 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.*
  - 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;*
  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.**



## EXHIBIT 3 – STAFF REPORT

**DATE:** March 16, 2023  
**TO:** Planning Commission Members  
**FROM:** Tom Schauer, Senior Planner  
**SUBJECT:** G 1-23: Zoning Ordinance Amendments for Short-Term Rentals

### STRATEGIC PRIORITY & GOAL:



**HOUSING OPPORTUNITIES** (ACROSS THE INCOME SPECTRUM)  
Create diverse housing opportunities that support great neighborhoods.

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### Report in Brief:

This agenda item is a legislative public hearing to consider amendments to the Zoning Ordinance regarding standards for Short-Term Rentals. The Planning Commission makes a recommendation to the City Council.

Staff is recommending approval of the January 19, 2023 draft with additional March 9, 2023 revisions. These additional revisions are to clarify questions and issues identified by the Planning Commission at the January 2023 work session, and also to incorporate provisions to address issues that have arisen during short-term rental litigation.

### Background:

On July 12, 2022, the McMinnville City Council enacted a moratorium on the issuance of Short-Term Rental Permits, which became effective August 12, 2022 (Ordinance 5118). On November 22, 2022, the City Council adopted Ordinance 5127 extending the moratorium from December 29, 2022 to June 29, 2023 while the Planning Commission and Planning Department staff continue to re-evaluate the Zoning Ordinance as it pertains to permitting Short-Term Rentals. This action was based primarily on the fact that several residential neighborhoods, especially those closer to the downtown area, were experiencing an increasing number of short terms rentals in their neighborhoods causing residents to become concerned about the quality of life, health, safety and community interaction within the neighborhoods. The City Council cited the following concerns in the adoption of the moratorium:

- McMinnville is experiencing severe constraints in housing land supply which is leading to a deficit in housing units being built in the community to meet housing demand. With a lack

of supply and significant demand, housing prices have escalated exponentially in the past couple of years;

- At the same time, tourism has increased in McMinnville exponentially as well. Increased housing prices and increased demand for tourism lodging has led to a greater than normal demand on housing to be leveraged as short-term rentals;
- Residential neighborhoods are experiencing an increasing amount of short term rentals causing residents to become concerned about the quality of life, health, safety and community interaction within the neighborhoods;
- McMinnville's zoning ordinance currently has a spacing separation of 200' between short term rentals. This has proven to be too much density of short-term rentals in some neighborhoods. The City would like to evaluate the impacts of short-term rentals on residential neighborhoods during the moratorium and recommend solutions for moving forward.

#### *Current Code Provisions:*

Lodging is represented in many forms in McMinnville. In commercial zones (C-1, C-2 and C-3), lodging is an allowed outright use and does not need any permits. Any rooms rented for short-term stays (30 days or less) are considered lodging.

In McMinnville's residential zones (R-1, R-2, R-3, R-4, R-5 and O-R), lodging is allowed in the form of Short-Term Rentals and Resident Occupied Short-Term Rentals. Both Short-Term Rentals and Resident Occupied Short-Term Rentals are only allowed with a Type 2 permit. Type 2 permits are permits based on clear and objective standards and reviewed by planning staff but with notification to surrounding property owners.

The primary difference between the criteria for Resident-Occupied Short Term Rental permit criteria and Short Term Rental permit criteria is the 200 foot spacing standard (property line to property line) that is a provision for Short Term Rentals, the requirement for a neighborhood meeting for a Short Term Rental, and the requirement for one off-street parking space per bedroom for Short Term Rentals versus one off-street parking space per guest bedroom of a Resident-Occupied Short Term Rental.

When the McMinnville Planning Commission last evaluated and amended the McMinnville Municipal Code relative to Short Term Rentals in 2018, they wanted to make it easier to permit Resident-Occupied Short Term Rentals and encourage them in commercial zones rather than residential zones.

#### *History of Dialogue:*

Short Term Rental permits have been an active dialogue in McMinnville for many years.

- In 2008, the City approved Ordinance No. 4902, adopting regulations that allowed vacation home rentals in residential zones and the office-residential zone as conditional use permits. At this time the permit was permanent and a 660-foot buffer from other vacation home rentals was required.

- In 2012, the City removed the spacing buffer between vacation home rentals largely because the Planning Department had not received any complaints about vacation home rentals in the four years since they were initially allowed.
- In 2014, the City amended the code to transfer the approval of vacation home rentals from the Planning Commission to the Planning Director. At this time they became a Type I permit and not a conditional use permit.
- In 2017, a neighborhood approached the Planning Commission about reconsidering the vacation home rental codes as their neighborhood, which was a historic neighborhood in close proximity to the downtown had seen many homes converted to vacation home rentals recently. The Planning Commission hosted four work sessions and a public hearing and made a recommendation to differentiate between Short Term Rentals where the whole home was rented out as lodging and Resident Occupied Short Term Rentals where the occupant of the home rented out a room as lodging. They also recommended reinstating the 200-foot spacing buffer between Short Term Rentals. This recommendation was adopted by Ordinance No. 5047 on April 10, 2018, and became effective on May 10, 2018.

#### *McMinnville Data for Short Term Rentals:*

Below is the data for permitted Short Term Rentals in McMinnville, meaning only those within the residential zones (R-1, R-2, R-3, R-4, O-R). Short Term Rentals are only allowed in single-dwelling units, common wall single dwelling units (Townhomes) and accessory dwelling units (ADUs). Only one short term rental is allowed per property (i.e. either ADU or primary dwelling unit) and the spacing standard applies to the property (i.e. if an ADU or a primary dwelling unit is a permitted short term rental, another short term rental would not be permitted within 200 feet of that property (property line to property line).

At the time of the moratorium, there were 68 permitted short-term rentals in residential zones in McMinnville and 29 permitted Resident Occupied Short Term Rentals. For perspective, there are approximately 13,000 housing units in McMinnville (including multi-family and housing in commercial zones). However, most of the Short-Term Rental permits are still in the neighborhoods closest to the downtown, and in the nine months prior to the moratorium, sixteen Short Term Rental permits were issued, compared to an average of five new permits per year previously. There were three additional pending Short Term Rental permit applications as of September 9, 2022 (all submitted prior to the August 2 deadline).

#### **Discussion:**

At Planning Commission work sessions on September 15, 2022, October 20, 2022, December 15, 2022, and January 23, 2023, Commissioner Sylla McClellan and Chair Sidonie Winfield led the Planning Commission through the research that they had conducted, the issues that they had identified and the opportunities for code revisions that they saw practiced in other communities.

Below is a summary of the result of the major points of those discussions:

## **ISSUES CONSIDERED:**

### **STR guidelines proposal for discussion.**

1. STR is defined as a dwelling unit and one permit will be issued per property (tax lot? Not sure how to define this?). If an ADU is on the property and the permit is issued for the ADU, the home cannot be listed as an STR.  
*(Staff note: this provision is in the current code.)*

***Commission Discussion: Keep it in the code.***

2. A local person (or property manager's) contact information must be provided.  
*(Staff note: this provision is in the current code.)*

***Commission Discussion: Local defined as residing within the 97128 zip code. Keep this in the code but add a provision that the contact information is handed out to adjacent properties and YCOM. Add that the contact needs to be available 24/7.***

3. All city and state taxes must be remitted in a timely manner.

***Commission Discussion: Add to the code.***

4. Permitted properties cannot be within 600 feet of one another.

***Commission Discussion: At the December 15, 2022 and January 19, 2023 work sessions, a majority of Commissioners expressed support for a 500-foot spacing standard for Short-Term Rentals in residential zones.***

5. There is a limit to how many properties can be permitted (this limit could be defined by an actual number or a percentage of residences within the city limits).

***Commission Discussion: At the December 15, 2022 and January 19, 2023 work session, a majority of Commissioners indicated they felt a cap on the number or percentage of Short-Term Rentals within City limits would not be necessary, and felt a 500-foot spacing standard would also effectively limit the total number of Short-Term Rentals in the city.***

6. Existing permits would not pass-through to new owners should the property change ownership.

*(Staff note: this provision is in the current code.)*

***Commission Discussion: Keep it in the code.***

7. Establish a moratorium so these rules cannot be changed for five years.

8. These same rules would apply to STRs in commercial zones (not sure about this?) Commercial zoning STRs – set a maximum number of rooms. If over this number, the

property becomes a B & B or falls under the codes for lodging. Commercial zoning space limits apply? Is the permit for the property or per dwelling unit?

*Commission Discussion: At the December 15, 2022 and January 19, 2023 work sessions, a majority of Commissioners indicated their preference to limit the current scope to addressing regulations for Short-Term Rentals in the residential zones at this time and consider whether to evaluate regulations for lodging and Short-Term Rentals in commercial zones at another time if needed, which could also be undertaken as part of broader planning efforts such as downtown planning.*

9. Operations without current permits will receive a warning letter and then be fined. *(Staff note: currently they are shut down and need to get a permit prior to resuming operations)*

*Commission Discussion: Add a daily citation to enforcement and a habitual clause denying them the opportunity to apply for a permit for 12 months. See what other communities are doing.*

10. STR guidelines will be easier to find on the city's website.
11. The permit number is required to be part of the listing (AirBnB, VRBO, [booking.com](https://www.booking.com), etc) for the STR.

This discussion resulted in the development of a draft proposal that was presented to the Planning Commission at the January 19, 2023 work session. Staff recommends additional March 9, 2023 revisions to clarify certain questions and issues, and to address issues that arose in recent litigation, which are incorporated the draft attached as Attachment 1.

#### **Attachments:**

- Attachment 1. Proposed amendments
- Attachment 2. Decision document

#### **Commission Options:**

- 1) Close the public hearing and recommend that the City Council **APPROVE** the application, per the decision document provided which includes the findings of fact.
- 2) Close the public hearing and recommend that the City Council **APPROVE** the application, per the decision document provided which includes the findings of fact, **WITH ADDITIONAL REVISIONS.**
- 3) **CONTINUE** the public hearing to a specific date and time.
- 4) Close the public hearing and **DENY** the application, providing findings of fact for the denial in the motion to deny.

**Recommendation/Suggested Motion:**

Staff recommends that the Planning Commission make the following motion recommending approval of G 1-23 to the City Council:

**BASED ON THE FINDINGS OF FACT, THE CONCLUSIONARY FINDINGS FOR APPROVAL, AND THE MATERIALS SUBMITTED BY THE CITY OF McMinnville, THE PLANNING COMMISSION RECOMMENDS THAT THE CITY COUNCIL APPROVE DOCKET G 1-23 AND THE TEXT AMENDMENTS TO THE ZONING ORDINANCE AS PROPOSED.**



McMinnville Zoning Ordinance  
Draft Amendments for Short-Term Rentals,  
January 19, 2023, revised March 9, 2023

Chapter 17.12.

R-1 SINGLE-FAMILY RESIDENTIAL ZONING

17.12.010. Permitted Uses. In an R-1 zone, the following uses and their accessory uses are permitted:

...

- O. Short term rental, subject to the provisions of Section 17.72.110 and the following standards:
1. Short term rentals shall not be located within 200-500 feet of another short term rental, or on the same property as another short term rental.
  2. Short term rentals shall be allowed in single dwellings, common-wall single dwellings, and accessory dwelling units (ADUs). The structure shall retain the characteristics of a residence.
  3. That a minimum of one off-street parking space be provided for each guest-room/bedroom in the dwelling in which the short-term rental is located. Required off-street parking shall be provided on the same property as the short-term rental, not on a different property through a parking agreement.
  4. That signage is limited to only one non-illuminated or incidentally illuminated wooden sign not exceeding three (3) square feet of face area.
  5. That the duration of each guest's stay at the residence be limited to no more than 30 (thirty) consecutive days. The residence shall be subject to residential regulations when occupied or rented for more than 30 consecutive days.
  6. That smoke detectors be provided as per the requirements for "lodging houses" in Ordinance No. 3997. A CO2 alarm must also be installed.
  7. That the property owner or owner's appointed agent shall live within the geographic area of the 97128 zip code or shall provide contact information of a person living within the geographic area of the 97128 zip code who and shall be available 24 hours a day, 7 days a week to respond immediately to any emergency or complaint related to the short term rental. Prior to commencing the use as a Short-Term Rental, the contact information for the property owner or owner's appointed agent shall be mailed to the property owners and street addresses of the adjacent properties, Yamhill Communication Agency (YCOM), and the McMinnville Community Development Department. Any change in the contact information for the property owner or owner's appointed agent shall also be mailed to the adjacent property owners and street addresses, YCOM, and the Community Development Department prior

- to the change. The mailing shall include the address and the Short-Term Rental permit number assigned by the Planning Department.
- ~~7-8.~~ Failure to immediately and appropriately respond to any emergency or complaint, when viewed from the perspective of a reasonable homeowner, may result in enforcement action and revocation of the permit.
- ~~8-9.~~ Permits shall be issued to the current property owner at the time of application. Permits do not transfer with the sale or conveyance of the property. Upon any change in ownership, the short term rental permit for the subject property will become void. The use of the subject property as a short term rental by the new owner will again be subject to the application and review procedures in Section 17.72.110. The following situations are not deemed to be a change in ownership for the purposes of this section:
- a. Transfer of property from a natural person(s) to a Trust serving the same natural person(s) or to a family member pursuant to a Trust; or
  - b. Transfer of ownership pursuant to a will or bequest upon the death of the owner.
10. All city and state taxes shall be remitted in a timely manner.
11. Prior to any advertising or operating the property for short-term rental use, the applicant shall register with the McMinnville Finance Department as a transient lodging provider. Local Transient Lodging Tax shall be collected and remitted to the City as provided in Chapter 5.10 of the McMinnville Municipal Code.
12. Any listing or advertisement for the Short-Term Rental Permit shall include the permit number assigned by the Planning Department.
13. Any offer for rent or operation of the dwelling for short-term rental use shall be limited to sleeping only in the bedrooms, except that a studio unit shall be subject to the same provisions as a 1-bedroom residence. Only a room with a built-in closet, window, and door shall be considered a bedroom.
14. In addition to any other remedies for enforcement, up to and including full cost recovery for enforcement action, any Short-Term Rental operating without a valid and current permit may be subject to a daily citation/penalty. Repeat violations may result in revocation of the permit and preclude the ability to apply for a new permit for 12 months from the date of written revocation of the permit.
- ~~9-15.~~ Permits must be renewed annually. Failure to renew the short term rental permit annually will result in the permit becoming void, and the use of the subject property as a short term rental will again be subject to the application and review procedures in Section 17.72.110 in effect at the time of application.
- ~~10-16.~~ Complaints on conditions 1 through 139 above will be reviewed by the Planning Commission at a public hearing. The Planning Commission will review complaints based on the criteria listed in Sections 17.74.030 and 17.74.040 of the zoning ordinance. If the short term rental is found to be in violation of the criteria, the Planning Commission may terminate the use. (Ord. 5104 §2, 2021; Ord. 5047 §2, 2018; Ord. 5040 §2, 2017; Ord. 4988 §1, 2015; Ord. 4984 §1, 2014; Ord. 4952 §1, 2012; Ord. 4912

§3, 2009; Ord. 4796 §1, 2003; Ord. 4564 §2, §3, 1994; Ord. 4534 §5(part), §7(part), 1993; Ord. 4499 §1, 1991; Ord. 4477 §1, 1990; Ord. 4128 (part), 1981; Ord. 3380 (part), 1968).

...

**Notes:**

- 1. The list of permitted uses for the other zoning districts in which Short-Term Rentals are a permitted use reference this section and these standards.**
- 2. Chapter 17.60 of the Zoning Ordinance with the Parking Standards would be also updated consistent with the revised parking standard above.**

**Chapter 17.60**  
**OFF-STREET PARKING AND LOADING**

...

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.

A. Residential land use category:

- |   |  |
|---|--|
| 1. Bed and breakfast establishments                           | One space for the first two guest sleeping rooms and an additional space for each additional guest sleeping room.  |
| 2. Fraternity, sorority, cooperative, or dormitory            | One space per two sleeping accommodations.   |
| 3. Multiple dwelling  | One and one-half spaces per dwelling with less than three bedrooms, two spaces per dwelling unit with three or more bedrooms, and one space per dwelling unit which is expressly reserved for senior or handicapped persons. |
| 4. Single detached  | Two spaces per dwelling with four or fewer bedrooms, and one additional space for every two additional bedrooms.   |
| 5. Short-Term Rental and Resident Occupied Short-Term Rental. | Short Term Rental = One space for each <a href="#"><u>guest room/bedroom in the dwelling in which the short-term rental is located</u></a> ; Resident Occupied Short-Term Rental = one space per two permitted guest rooms.  |

...



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

**DECISION, FINDINGS OF FACT AND CONCLUSIONARY FINDINGS FOR THE APPROVAL OF LEGISLATIVE AMENDMENTS TO THE MCMINNVILLE ZONING ORDINANCE, DOCKET G 1-23, RELATING TO SHORT-TERM RENTALS AND AMENDING CHAPTERS 17.12 AND 17.60**

**DOCKET:** G 1-23

**REQUEST:** Proposed amendments to the McMinnville Zoning Ordinance, adopting amended standards for Short-Term Rentals.

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.

**LOCATION:** N/A. The proposal is a legislative text amendment.

**ZONING:** N/A. The proposal is a legislative text amendment.

**APPLICANT:** City of McMinnville

**STAFF:** Tom Schauer, Senior Planner

**HEARINGS BODY:** McMinnville Planning Commission

**DATE & TIME:** March 16, 2023, 6:30pm. Hybrid In-Person and Zoom Online Meeting:

**In Person:** Kent Taylor Civic Hall, 200 NE 2<sup>nd</sup> Street, McMinnville

**Zoom Meeting:**

<https://mcminnvilleoregon.zoom.us/j/89368634307?pwd=M0REY3RVSzFH eFdmK2pZUmJNdkdSZz09>

**Zoom Meeting ID:** 893 6863 4307

**Zoom Passcode:** 989853

Or you can call in and listen via zoom: 1-253-215-8782  
ID: 893 6863 4307

**DECISION-MAKING**

**BODY:** McMinnville City Council

**DATE & TIME:** TBD

**PROCEDURE:** The application is subject to the legislative land use procedures specified in Sections 17.72.120 - 17.72.160 of the McMinnville Municipal Code.

**CRITERIA:** Amendments to the McMinnville Zoning Ordinance must be consistent with the Goals and Policies in Volume II of the Comprehensive Plan and the Purpose of the Zoning Ordinance.

**APPEAL:** The Planning Commission will make a recommendation to the City Council. The City Council's decision on a legislative amendment may be appealed to the Oregon Land Use Board of Appeals (LUBA) within 21 days of the date written notice of the City Council's decision is mailed to parties who participated in the local proceedings and entitled to notice and as provided in ORS 197.620 and ORS 197.830, and Section 17.72.190 of the McMinnville Municipal Code.

**DECISION**

Based on the findings and conclusions, the McMinnville Planning Commission recommends **APPROVAL** of the Zoning Ordinance legislative amendments (G 1-23) to the McMinnville City Council.

////////////////////////////////////  
**DECISION: APPROVAL**  
////////////////////////////////////

Planning Commission: \_\_\_\_\_ Date: \_\_\_\_\_  
Sidonie WInfield, Chair of the McMinnville Planning Commission

Planning Department: \_\_\_\_\_ Date: \_\_\_\_\_  
Heather Richards, Planning Director



## **I. APPLICATION SUMMARY**

This application is a legislative proposal for proposed amendments to the McMinnville Zoning Ordinance adopting amended standards for Short-Term Rentals.

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.

## **II. ATTACHMENTS**

- Attachment 1. Proposed Amendments

## **III. FINDINGS OF FACT – GENERAL FINDINGS**

1. On July 12, 2022, the McMinnville City Council enacted a moratorium on the issuance of Short-Term Rental Permits, which became effective August 12, 2022 (Ordinance 5118).
2. On November 22, 2022, the City Council adopted Ordinance 5127 extending the moratorium from December 29, 2022 to June 29, 2023 while the Planning Commission and Planning Department staff continue to re-evaluate the Zoning Ordinance as it pertains to permitting Short-Term Rentals.
3. This action was based primarily on the fact that several residential neighborhoods, especially those closer to the downtown area, were experiencing an increasing number of short terms rentals in their neighborhoods causing residents to become concerned about the quality of life, health, safety and community interaction within the neighborhoods.
4. The City Council cited the following concerns in the adoption of the moratorium:
  - McMinnville is experiencing severe constraints in housing land supply which is leading to a deficit in housing units being built in the community to meet housing demand. With a lack of supply and significant demand, housing prices have escalated exponentially in the past couple of years;
  - At the same time, tourism has increased in McMinnville exponentially as well. Increased housing prices and increased demand for tourism lodging has led to a greater than normal demand on housing to be leveraged as short-term rentals;
  - Residential neighborhoods are experiencing an increasing amount of short term rentals causing residents to become concerned about the quality of life, health, safety and community interaction within the neighborhoods;

- McMinnville's zoning ordinance currently has a spacing separation of 200' between short term rentals. This has proven to be too much density of short-term rentals in some neighborhoods. The City would like to evaluate the impacts of short-term rentals on residential neighborhoods during the moratorium and recommend solutions for moving forward.
5. Docket G 1-23 is a legislative package of City-initiated proposed zoning ordinance amendments related to short-term rentals. The proposed amendments address compatibility of short-term rentals in residential zones.

#### **IV. FINDINGS OF FACT - PROCEDURAL FINDINGS**

1. On January 23, 2023, notice of the application and the March 16, 2023 Planning Commission public hearing was provided to DLCD.
2. On February 24, 2023, notice of the proposed amendments and the March 16, 2023 Planning Commission public hearing was mailed to property owners in the R-1, R-2, R-3, R-4, R-5, and O-R zones as provided in ORS 227.186.
3. On March 7, 2023, notice of the application and the March 16, 2023 Planning Commission public hearing was published in the News Register in accordance with Section 17.72.120 of the Zoning Ordinance.
4. On March 16, 2023, the Planning Commission held a duly noticed public hearing to consider the request.

#### **V. CONCLUSIONARY FINDINGS:**

The Conclusionary Findings are the findings regarding consistency with the applicable criteria for the application.

#### **Zoning Ordinance**

The Purpose Statement of the Zoning Ordinance serves as a criterion for Zoning Ordinance amendments:

17.03.020 Purpose. The purpose of the ordinance codified in Chapters 17.03 (General Provisions) through 17.74 (Review Criteria) of this title 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, adequate community facilities; and to provide assurance of opportunities for effective utilization of the land resources; and to promote in other ways public health, safety, convenience, and general welfare.

**FINDING: SATISFIED.** The proposal amends standards for short-term rentals in residential zones to address their compatibility in residential neighborhoods in terms of their concentration/intensity as well as appropriate use standards. The Planning Commission evaluated a variety of issues, including different spacing standards. The proposal reflects the balancing of the needs of neighborhood

residents and visitors to McMinnville in a manner that addressed compatibility of short-term rentals in residential neighborhoods.

### **Comprehensive Plan**

As described in the Comprehensive Plan, the Goals and Policies of the Comprehensive Plan serve as criteria for land use decisions. The following Goals and Policies from Volume II of the McMinnville Comprehensive Plan are applicable to this request:

## **CHAPTER VI. TRANSPORTATION SYSTEM**

### **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**

#### ***PARKING***

##### *Policies:*

*126.00 The City of McMinnville shall continue to require adequate off-street parking and loading facilities for future developments and land use changes.*

**FINDING: SATISFIED.** The proposed amendments address provision of adequate off-street parking for short-term rentals in residential zones.

## **CHAPTER X. CITIZEN INVOLVEMENT AND PLAN AMENDMENT**

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

**FINDING: SATISFIED.** The proposal is consistent with this applicable Goal of Chapter X of the Comprehensive Plan.

The proposed amendments address action items in the ***MAC-Town 2032 Economic Development Strategic Plan***.

The City Council adopted the ***MAC-Town 2032 Economic Development Strategic Plan*** by Resolution 2019-16 on March 12, 2019. The plan was developed with a Project Advisory Committee and extensive public process. The following are excerpted from the Plan:

Goal 3: Maintain and Enhance our High Quality of Life.

- 3.4. Invest in McMinnville's neighborhoods.
- 3.4.2 Ensure that regulations and City investments encourage livability.
- Potential Tasks or Projects: ...Evaluate the adequacy of current policy regarding vacation and short-term rentals to balance the needs of neighborhood residents and visitors to McMinnville.

The City Council adopted a moratorium to provide the opportunity to evaluate policies regarding short-term rentals to address balancing of the needs of neighborhood residents and visitors to McMinnville.

The Planning Commission held a series of work session in September 2022, October 2022, December 2022, and January 2023 to evaluate policies and consider best practices, including those of other communities. After evaluation of alternatives, in January 2023, the Planning Commission agreed on a draft proposal to initiate the public hearing process for public consideration. The Commission determined that the proposed amendments best balanced the needs of neighborhood residents and visitors to McMinnville, and that the proposed amendments should be considered through the public hearing process.

Notice of the proposal and public hearing was provided to DLCD, published in the newspaper, and mailed to owners of property owners in the R-1, R-2, R-3, R-4, R-5, and O-R zones.

The public hearing process provides further opportunity for consideration of citizen involvement and input and associated deliberation.

## Exhibit 4 – STAFF REPORT

**DATE:** March 16, 2023  
**TO:** Planning Commission Members  
**FROM:** Heather Richards, Community Development Director  
**SUBJECT:** Public Hearing – Docket ZC 3-22, A Request for A Zone Map Amendment

### STRATEGIC PRIORITY & GOAL:



#### GROWTH & DEVELOPMENT CHARACTER

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



#### HOUSING OPPORTUNITIES (ACROSS THE INCOME SPECTRUM)

Create diverse housing opportunities that support great neighborhoods.

---

### Report in Brief:

This is a quasi-judicial public hearing of the Planning Commission to consider a Zone Map amendment (Docket Z 3-22).

The applicant requests 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 (R-1) to 1.65 acres of tax lots R4421 00900 and 01200 upon annexation into the McMinnville city limits.

Per Section 17.72.130 of the Zoning Ordinance, The Planning Commission shall make a recommendation to the City Council to approve or deny the application, or that the proposal be adopted or rejected, or that the application or proposal be approved in a different form.

- a. If the decision of the Planning Commission recommends that an application be granted or that the proposal be adopted, or that the application be approved in a different form, the Planning Commission shall transmit to the City Council, a copy of the application, a scale drawing of the site, the minutes of the public hearing, the decision and findings of the Planning Commission, and any other materials deemed necessary for decision by the City Council.
- b. If the decision of the Planning Commission recommends that the application be denied, or the proposal rejected, no further proceedings shall be held by either the Planning Commission or City Council, unless an appeal of the Commission's decision is filed.

The applicable criteria are provided in Section 17.74.020 of the Zoning Ordinance. The application is also subject to the applicable Goals and Policies of the Comprehensive Plan and applicable state law.

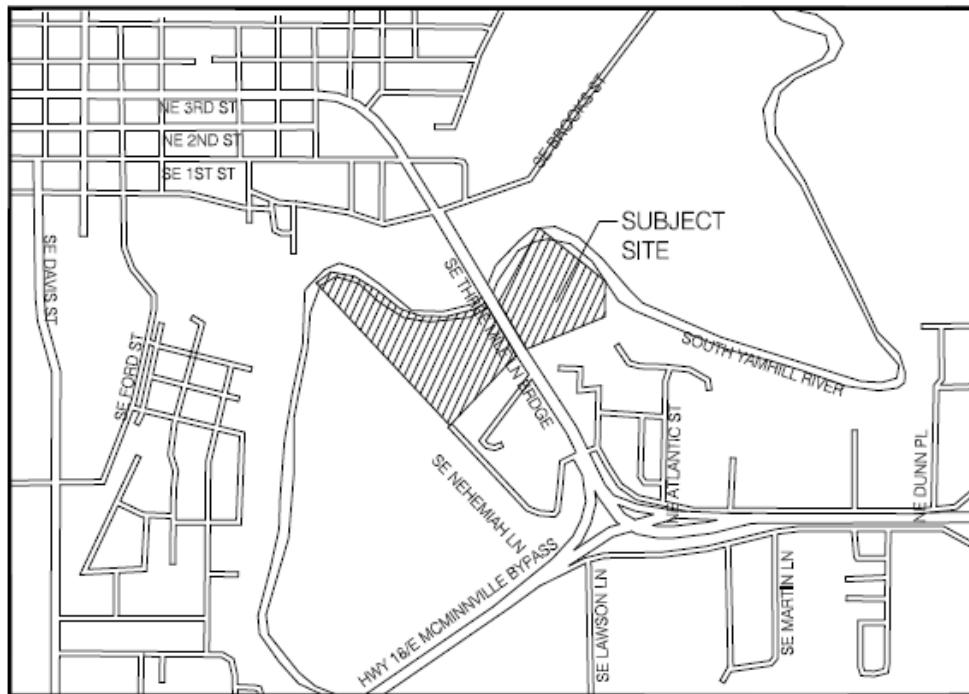
**Background:**

The applicant requests 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 ad 01200 upon annexation to the city limits. Tax Lot 900 contains approximately 12.40 acres and is located on the east side of the Three Mile Lane Bridge, while Tax Lot 1200 contains 17.6 acres on the west side of the bridge. Both tax lots are currently located within the Urban Growth Boundary (UGB) of McMinnville and are designated Residential and Floodplain on the City Comprehensive Plan Map. Consistent with the Comprehensive Plan, the applicant is proposing to change the current EF-80 (Exclusive Farm Use) zone designation to R-1 (Single-Family Residential) and F-P (Flood Area) when the parcels are annexed. Currently, the properties are in the county in McMinnville’s Urban Growth Boundary with county zoning **See Vicinity Map (Figure 1), Current Zoning Map (Figure 2), and Proposed Zoning Map (Figure 3).**

The property is being considered for annexation into the city limits by the McMinnville City Council. Upon annexation the property will need to have city zoning. At their meeting on February 14, 2023, the McMinnville City Council adopted Resolution No. 2023-09 authorizing the City Manager to sign an annexation agreement with the property owner. One of the stipulations of the annexation agreement was that the property owner would successfully obtain land-use approval for city zoning on the subject properties.

Most of the property is located within a flood plain and is not considered buildable. Only land on the edges of the property is considered buildable. An existing conservation easement and a 100-year floodplain are located on both tax lots, roughly paralleling the Yamhill River, which is located along the northern boundary of the site. Since almost all of the subject properties are encumbered by these natural features the property owner would like to initially build one residence on the property, but has the opportunity to partition into three lots in the future.

**Figure 1. Vicinity Map**



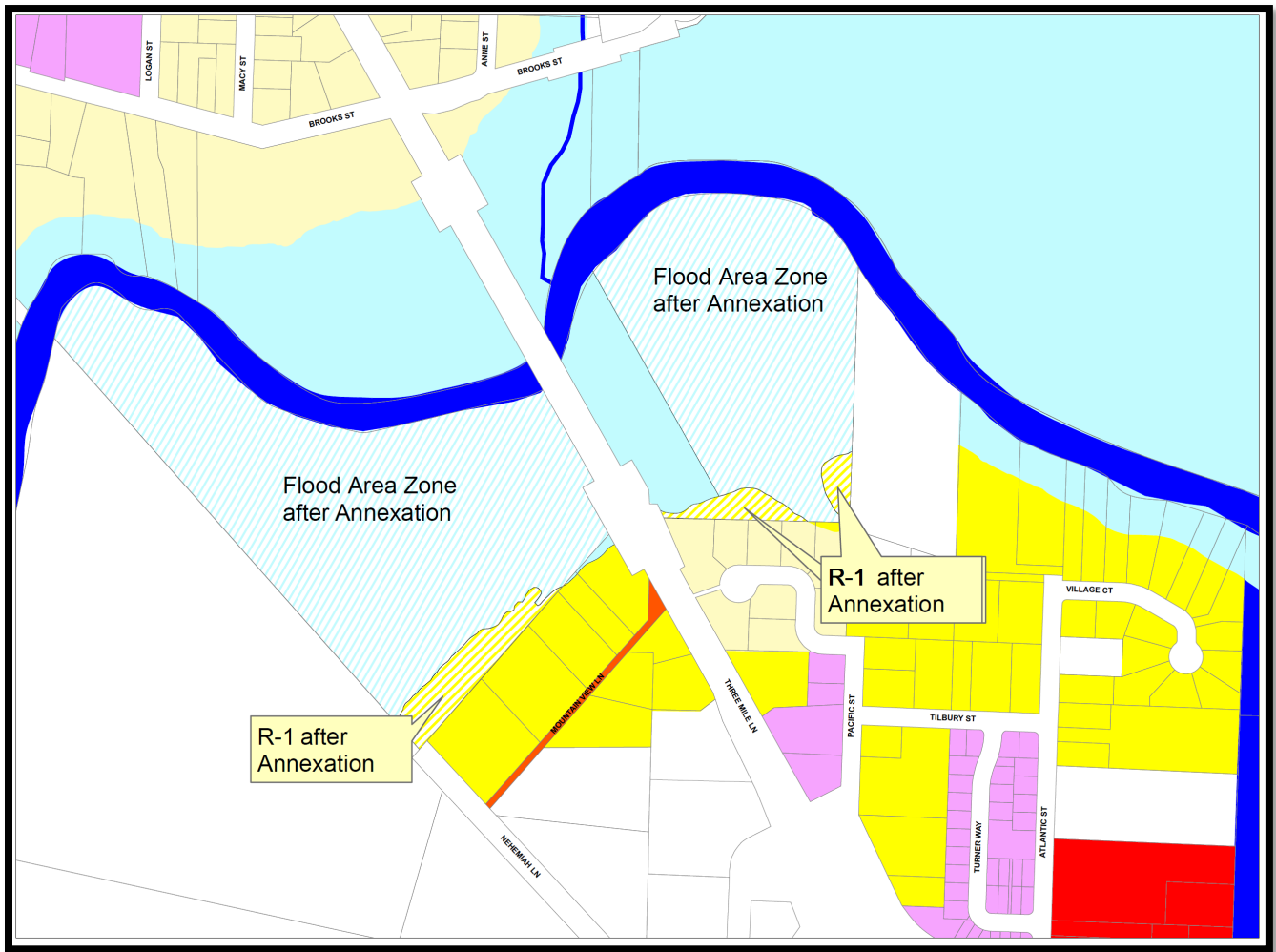
VICINITY MAP



Figure 2. Current Zone Map (with County Zoning)



Figure 3. Proposed Zone Map (with City Zoning)



**Attachments:**

1. ZC 3-22 Decision Document

**Planning Commission Options:**

1. **Recommend APPROVAL** of the application to the McMinnville City Council as proposed by applicant, per the decision document provided, which includes the findings of fact.
2. **CONTINUE** the public hearing to a specific date and time.
3. Close the public hearing, but **KEEP THE RECORD OPEN** for the receipt of additional written testimony until a specific date and time.
4. Close the public hearing and **DENY** the application, providing findings of fact for the denial, specifying which criteria are not satisfied, or specifying how the applicant has failed to meet the burden of proof to demonstrate all criteria are satisfied, in the motion to deny.

**Staff Recommendation:**

Staff has reviewed the proposal for consistency with the applicable criteria. Staff finds that the findings in the attached Decision Document, the application submitted by the applicant, and the record contain evidence that demonstrates that the application complies with the applicable criteria and that the applicant has met the burden of proof.

Staff **RECOMMENDS APPROVAL** of the application based on the findings in the attached Decision Document.

**Suggested Motion:**

**BASED ON THE FINDINGS OF FACT, THE CONCLUSIONARY FINDINGS FOR APPROVAL, THE MATERIALS SUBMITTED BY THE APPLICANT, AND EVIDENCE IN THE RECORD, I MOVE THAT THE PLANNING COMMISSION RECOMMEND APPROVAL OF THE DECISION DOCUMENT AND APPROVAL OF THE ZONE MAP AMENDMENT, ZC 3-22.**



**DECISION, CONDITIONS, FINDINGS OF FACT AND CONCLUSIONARY FINDINGS FOR THE 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 & R4421-01200 UPON ANNEXATION INTO THE CITY LIMITS**

**DOCKET:** ZC 3-22 (Zone Change)

**REQUEST:** An 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 (R-1) to 1.65 acres of the two tax lots upon annexation into the city limits.

**LOCATION:** Site Address: No assigned address  
Map & Tax Lot: R4421 Tax Lots 00900 and 01200

**CURRENT ZONING:** EF-80, Exclusive Farm Use (County Zoning – Still in the Urban Growth Boundary)

**APPLICANT:** Steve Kay, Cascadia Planning,  
prepared for Anders Johansen, property owner.

**PROPERTY OWNER:** Anders Johansen

**STAFF:** Heather Richards, Community Development Director

**DATE DEEMED COMPLETE:** February 14, 2023

**HEARINGS BODY & ACTION:** The McMinnville Planning Commission makes a recommendation to the City Council. A Planning Commission recommendation of approval is transmitted to the City Council for a decision. A Planning Commission recommendation/decision of denial becomes the final decision unless that decision is appealed to the City Council.

**PLANNING COMMISSION**

**HEARING DATE**

**& LOCATION:** March 16, 2023 at 6:30 P.M., 200 NE 2<sup>nd</sup> Street, McMinnville, OR 97128.  
Zoom meeting ID: 864 3046 1362, Passcode: 904774

**DECISION-MAKING**

**BODY:** The McMinnville City Council makes the final decision, unless the Planning Commission recommendation/decision is denial, in which case that is the final decision unless the Planning Commission decision is appealed to City Council.

**MEETING DATE**

**& LOCATION:** To be determined.

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Attachments:

1 – ZC 3-22 Application and Exhibits

2 – Annexation Agreement

**PROCEDURE:** An application for a Zone Map amendment is processed in accordance with the procedures in Section 17.72.120 of the McMinnville Municipal Code. The application is reviewed by the Planning Commission in accordance with the quasi-judicial public hearing procedures specified in Section 17.72.130 of the McMinnville Municipal Code.

**CRITERIA:** The applicable criteria for a Zone Map Amendment is specified in Section 17.74.020 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 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. The proposal must also be consistent with applicable provisions of state law.

**APPEAL:** The Planning Commission makes a recommendation to the City Council. If the Planning Commission recommendation is approval, the recommendation is forwarded to City Council to make the final decision. If the Planning Commission recommendation/decision is denial, then that is the final decision unless the Planning Commission's decision is appealed to the City Council per Section 17.72.180 of the McMinnville Municipal Code.

As specified in Section 17.72.190 of the McMinnville Municipal Code, the City Council's decision may be appealed to the Land Use Board of Appeals (LUBA) within 21 (twenty-one) days of the date written notice of decision is mailed.

**COMMENTS:** This matter was referred to the following public agencies for comment: McMinnville Fire Department, Police Department, Engineering Department, Building Department, Parks Department, Public Works Department, Waste Water Services, City Manager, and City Attorney; McMinnville Water and Light; McMinnville School District No. 40; Yamhill County Planning Department; Ziplly Fiber (formerly Frontier Communications); Comcast; Recology; Northwest Natural Gas; Oregon Department of State Lands; and Oregon Department of Transportation. Their comments are provided in Section IV of this document.

**RECOMMENDATION**

Based on the findings and conclusionary findings, the Planning Commission finds that the applicable criteria are satisfied and **RECOMMENDS APPROVAL** of the Zone Map Amendment (ZC 3-22).

////////////////////////////////////  
**RECOMMENDATION: APPROVAL**  
////////////////////////////////////

Planning Commission: \_\_\_\_\_  
Sidonie Winfield, Chair of the McMinnville Planning Commission

Date: \_\_\_\_\_

Planning Department: \_\_\_\_\_  
Heather Richards, Planning Director

Date: \_\_\_\_\_

Attachments:  
1 – ZC 3-22 Application and Exhibits  
2 – Annexation Agreement

## **I. APPLICATION SUMMARY:**

### ***Subject Property & Request***

The applicant requests 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 01200 upon annexation to the city limits. Tax Lot 900 contains approximately 12.40 acres and is located on the east side of the Three Mile Lane Bridge, while Tax Lot 1200 contains 17.6 acres on the west side of the bridge. Both tax lots are currently located within the Urban Growth Boundary (UGB) of McMinnville and are designated Residential and Floodplain on the City Comprehensive Plan Map. Consistent with the Comprehensive Plan, the applicant is proposing to change the current EF-80 (Exclusive Farm Use) zone designation to R-1 (Single-Family Residential) and F-P (Flood Area) when the parcels are annexed. Currently, the properties are in the county in McMinnville's Urban Growth Boundary with county zoning **See Vicinity Map (Figure 1), Current Zoning Map (Figure 2), and Proposed Zoning Map (Figure 3).**

R-1 and R-2 zoned parcels to the south of the site are located within the city limits of McMinnville and are developed with single-family dwellings. To the east and west of the site are EF-80 zoned parcels under Yamhill County jurisdiction. To the north of the site, across the South Yamhill River, are F-P and R-1 zoned parcels that are developed with single-family residential uses.

The property is being considered for annexation into the city limits by the McMinnville City Council. Upon annexation the property will need to have city zoning. At their meeting on February 14, 2023, the McMinnville City Council adopted Resolution No. 2023-09 authorizing the City Manager to sign an annexation agreement with the property owner. One of the stipulations of the annexation agreement was that the property owner would successfully obtain land-use approval for city zoning on the subject properties. **(See attached Annexation Agreement)**

Most of the property is located within a flood plain and is not considered buildable. Only land on the edges of the property is considered buildable. An existing conservation easement and a 100-year floodplain are located on both tax lots, roughly paralleling the Yamhill River, which is located along the northern boundary of the site. Since almost all of the subject properties are encumbered by these natural features the property owner would like to initially build one residence on the property, but has the opportunity to partition into three lots in the future. **See Future Development Plan with One Residence (Figure 4) and Future Development Plan with Land Division (Figure 5).**

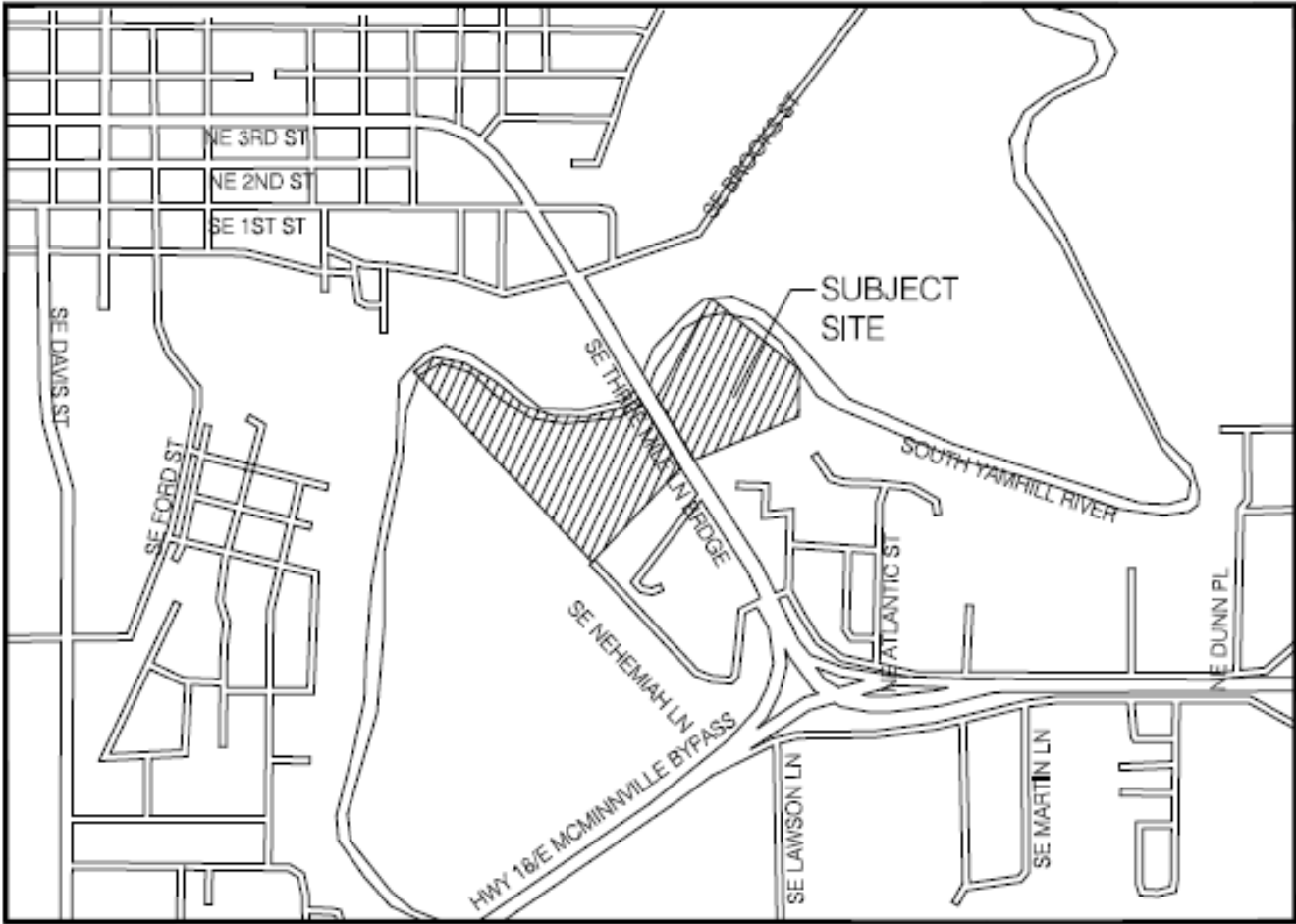
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#### Attachments:

- 1 – ZC 3-22 Application and Exhibits
- 2 – Annexation Agreement



Figure 1. Vicinity Map



VICINITY MAP

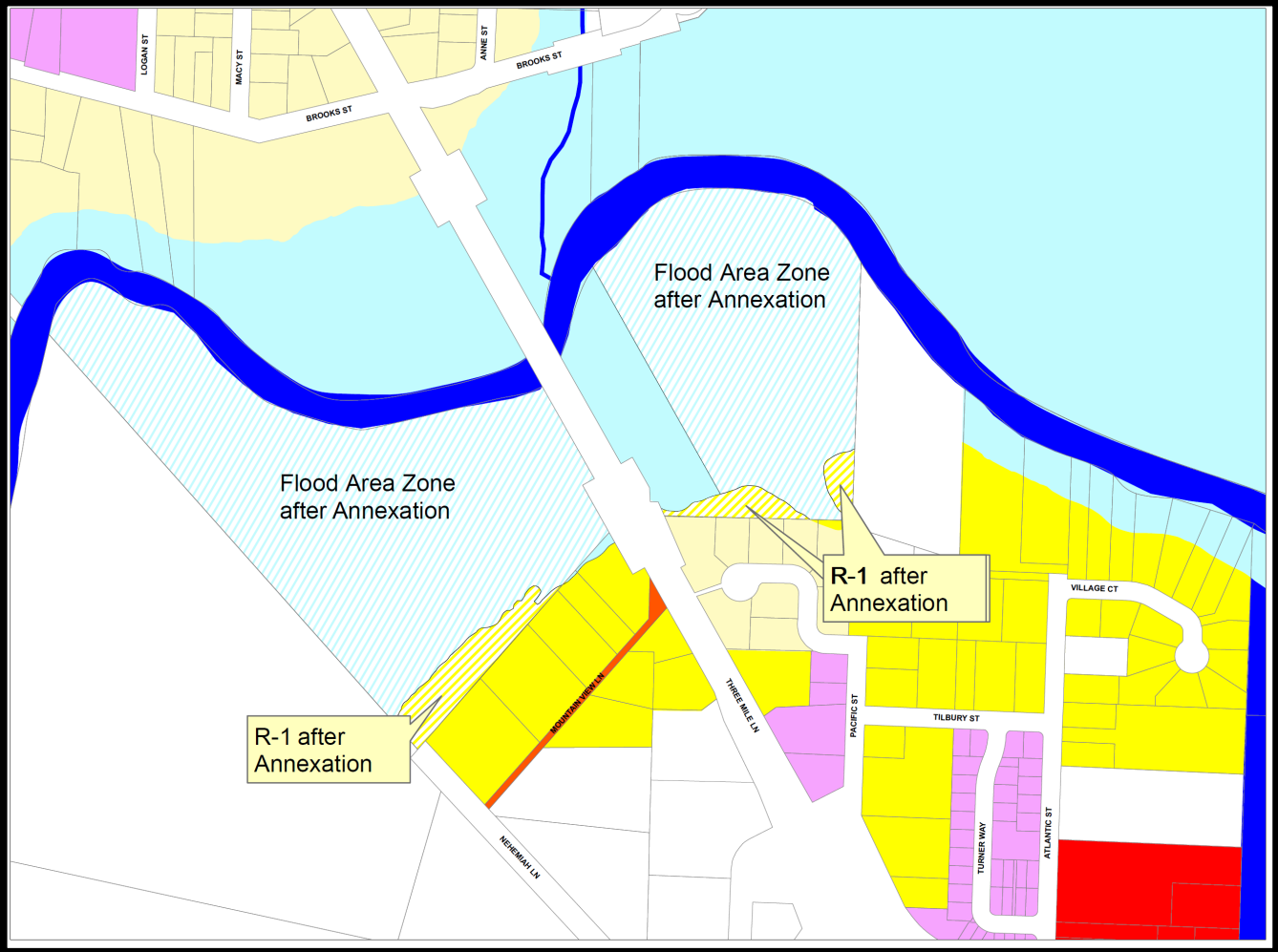
Attachments:  
1 – ZC 3-22 Application and Exhibits  
2 – Annexation Agreement

Figure 2. Current Zone Map (with County Zoning)



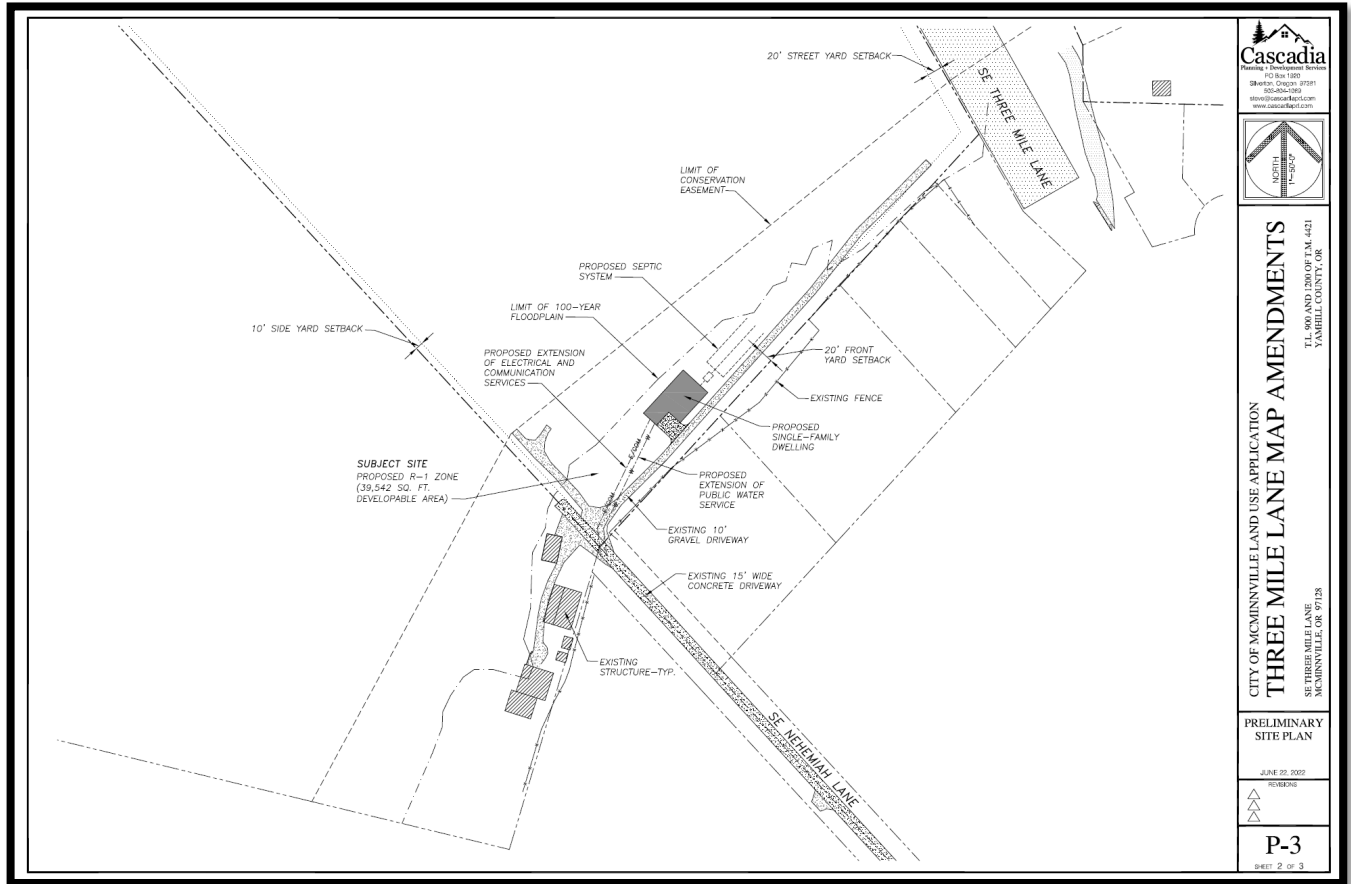
- Attachments:  
 1 – ZC 3-22 Application and Exhibits  
 2 – Annexation Agreement

Figure 3. Proposed Zone Map (with City Zoning)



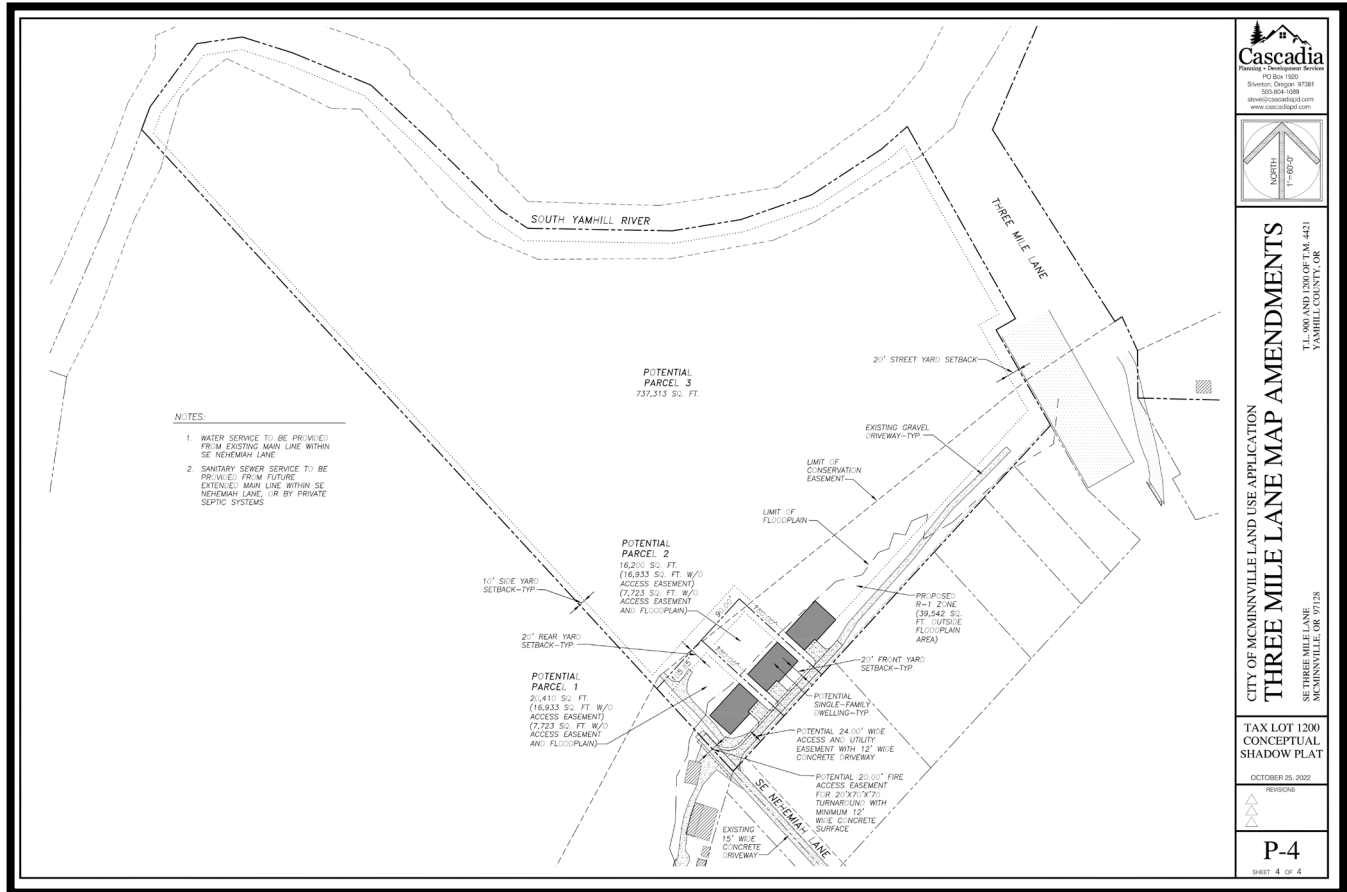
- Attachments:  
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2 – Annexation Agreement

Figure 4. Future Development Plan with One Residence



- Attachments:  
1 – ZC 3-22 Application and Exhibits  
2 – Annexation Agreement

Figure 5. Future Potential Land Division Plan



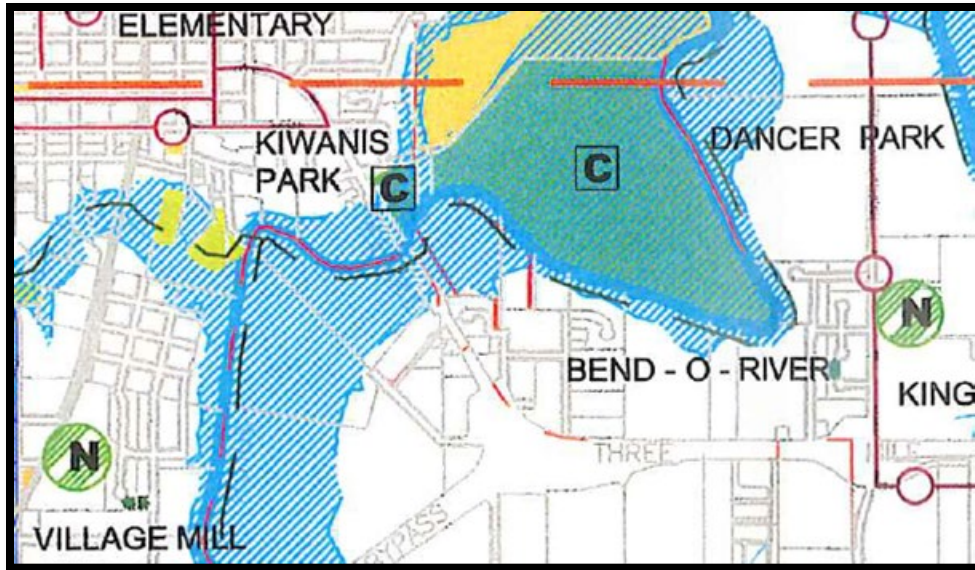
There is a future planned multi-purpose trail along the Yamhill River on the site and the Annexation Agreement which is recorded on the property states that:

*Owner agrees that it will, without any cost to the City, dedicate the necessary rights-of-way or easements for all Planned Improvements identified in the City's Public Facilities Plan. The Public Facilities Plan includes the Wastewater Conveyance Plan, Water Master Plan, Transportation System Plan and Parks and Recreation Plan.*

*The City's Parks, Recreation, and Open Space Master Plan identifies a future multi-purpose trail along the Yamhill River. When the City is ready to move forward with the construction of the trail, the property owner will dedicate the land for the trail for free, and the dedication will be from the center of the river to the outside edge of the trail section furthest from the river, based on the city's specifications for a multi-purpose trail along the river.*

Attachments:

- 1 – ZC 3-22 Application and Exhibits
- 2 – Annexation Agreement



*Excerpt from the Parks, Recreation and Open Space Master Plan identifying a multi-use trail along the Yamhill River*

**II. CONDITIONS:**

1. This land-use approval will not be in effect until the subject site is annexed into the McMinnville city limits, at which time, these zones will be applied to the subject site.

**III. ATTACHMENTS:**

1. ZC 3-22 Application and Attachments
2. Annexation Agreement

**IV. COMMENTS:**

**Agency Comments**

This matter was referred to the following public agencies for comment: McMinnville Fire Department, Police Department, Engineering Department, Building Department, Parks Department, Public Works Department, Waste Water Services, City Manager, and City Attorney; McMinnville Water and Light; McMinnville School District No. 40; Yamhill County Planning Department; Ziplly Fiber (formerly Frontier Communications); Comcast; Recology; Northwest Natural Gas; Oregon Department of Transportation; and Oregon Department of State Lands.

Responses were received from the following agencies, provided below:

- McMinnville Building Department
- McMinnville Engineering Department
- McMinnville Fire Department
- McMinnville Water & Light
- McMinnville Fire Department
- Comcast
- Department of State Lands

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Most of the comments do not create conditions of approval for the Zone Map amendment land-use decision but are important comments for the applicant when developing on the property.

- McMinnville Building Department

No building code issues for this referral. Fire department access will be evaluated at time of building permit application and is regulated under the authority of the Fire Department. The noted "POTENTIAL" easements and driveways may not be adequate. Adequacy will be determined by the Fire Department at the time building permits are processed.

- McMinnville Engineering Department

We will want to see a Local Improvement District and a waiver of remonstrance for any street improvements.

- McMinnville Fire Department

After reading through, I see that they are looking to add only one residence. In the past we have allowed these with the 15ft easement/driveway. It appears that there is a hydrant right on the corner so that would take care of water supply issues. The only issue we would have would be if the house were to be located more than 150ft from the roadway. If it is further we would require turnout and a turn around.

The Fire Department would allow the surface to be gravel, paved or concrete.

I would add that we will need a fire flow test from the nearby hydrant prior to any construction.

- McMinnville Water & Light

Property owner should identify existing electric transmission easement on east boundary of TL 900 and provide for access to the high-voltage transmission lines from Three-Mile Lane to provide for tree-trimming to mitigate risk of fire within the urban growth boundary. Geographic features make accessing the area from the north (river) or south (steep terrain) impractical.

McMinnville Water and Light records indicate that 50' of a 100' wide power easement (v117p204) exists on the east line of parcel 900. The easement should be included in the Three Mile Lane Map Amendments.

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It appears that the existing home on tax lot 1200 will remain. If the new single family home site will be on its own tax lot, MW&L will need an easement to extend power from 1200 to the new parcel.

Need to identify and provide for access on the subject property (tax lot 900) to MW&L high-voltage transmission lines to provide for fire containment to mitigate risk of wildfire and to respond to fire. Due to geographic barriers along existing electric transmission easement, from the north (river) and south (steep terrain), current access is inadequate for emergency services.

Water is available on SE Mountain View.

Power is available on SE Mountain View.

- Comcast  
If this development relocates the power poles along Nehemiah Lane, then Comcast would need to be notified to relocate our facilities.
- Department of State Lands  
Thank you for including the Department of State Lands within the general notification list for this annexation. Please note that both 04S04W21 #900 & 1200 contain a wide swath of predominantly hydric soils as mapped on the Statewide Wetlands Inventory, see clip. Therefore there is a higher likelihood that wetlands may occur within this area. Please provide wetland land use notices when the City receives applications for land alteration, PUD or subdivision of these properties. Wetland Delineation and DSL removal-fill permits may be needed. Also note that the Yamhill River is designated essential salmonid habitat and therefore any activity below the ordinary high water elevation of the river may require a DSL permit. Again, please follow WLUN submittal guidance. The DSL ownership program will provide comments separately if needed.

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**Public Comments**

Notice of this request was mailed to property owners located within 300 feet of the subject site. No public testimony was submitted.

**V. FINDINGS OF FACT - PROCEDURAL FINDINGS**

1. The application was submitted with the appropriate fees provided on June 30, 2022 as part of an annexation application. The applicant submitted the necessary documentation to demonstrate a neighborhood meeting was noticed and held in accordance with the provisions of Section 17.72.095 of the Zoning Ordinance.
2. The application was deemed complete on February 14, 2023, when an annexation agreement was authorized by the McMinnville City Council.
3. On February 10, 2023, notice of the application was provided to the Oregon Department of Land Conservation and Development (DLCD).
4. On February 13, 2023, 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, Engineering Department, Building Department, Parks Department, Public Works Department, Waste Water Services, and City Manager; McMinnville Water and Light; McMinnville School District No. 40; Yamhill County Planning Department; Ziply Fiber (formerly Frontier Communications); Comcast; Recology; Northwest Natural Gas; Oregon Department of Transportation; and Oregon Department of State Lands. Notice of the application was also subsequently provided to the City Attorney.

Comments received from agencies are addressed in Section IV of this Decision Document.

5. On February 23, 2023, notice of the application and the March 16, 2023, Planning Commission public hearing was mailed to property owners within 300 feet of the subject property in accordance with Section 17.72.120 of the Zoning Ordinance.
6. On February 21, 2023, notice of the application and the March 16, 2023 Planning Commission public hearing was published in the newspaper in accordance with Section 17.72.120 of the Zoning Ordinance.
7. The Planning Commission held a public hearing on March 16, 2023 to consider the request.

**VI. FINDINGS OF FACT - GENERAL FINDINGS**

1. **Location:**
  - o **Site Address:** No site address at this time.
  - o **Map & Tax Lot:** R4421 00900 & 01200
2. **Size:** 29.90 acres
3. **Comprehensive Plan Map Designation:** Residential and Floodplain

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4. **Zoning:** Currently EF 80 Yamhill County Zoning
5. **Current Development:** Undeveloped
6. **Inventoried Significant Resources:**
  - a. **Historic Resources:** None Identified
  - b. **Other:** None Identified
7. **Transportation and Access:** The property is served by Nehemiah Lane, a county local road.

**VII. CONCLUSIONARY FINDINGS:**

The Conclusionary Findings are the findings regarding consistency with the applicable criteria for the application. The applicable criteria and standards for a Zone Map Amendment are found in Chapter 17.74 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 a 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.

Amendments to the City’s adopted and acknowledged planning documents, including amendments to the Comprehensive Plan Map and Zoning Map, are also subject to certain Statewide Planning Goals and associated statutes and administrative rules.

**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 many of the goals, policies, and proposals as they apply to quasi-judicial land use applications 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 certain applications, and are not addressed below

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

**CHAPTER II. NATURAL RESOURCES**

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

**APPLICANT’S RESPONSE:** The applicant is proposing to annex the 30 +/- acre site into the city limits of McMinnville and change the current EF-80 zoning to R-1 and F-P designations. The Topographic Survey demonstrates that the annexation territory is currently vacant. An existing conservation easement and a 100-year floodplain follow the South Yamhill River in the northern boundary of the site. The Preliminary Site Plan indicates that this riparian corridor will be preserved and only 39,542 sq. ft. (0.91 acres) of the 30 acre site will be developed with a single-family use.

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**FINDING: SATISFIED.**

*Policies - Land*

- 1.00 *Urbanizable lands outside the city limits, but inside the Urban Growth Boundary, shall be retained, whenever possible, in agricultural use until such time as they are needed for urban development.*

**APPLICANT’S RESPONSE:** As illustrated on the attached Existing General Land Use Plan, the subject site is urbanizable land that is currently located within the McMinnville UGB. The submitted Topographic Survey indicates that most of the 30 acre site is located within a conservation easement, therefore it cannot be put into agricultural use. Per the attached Preliminary Site Plan, development of a home site is proposed for a small buildable area of Tax Lot 1200. Since other areas which are located outside of the floodplain and conservation easement on Lot 900 are too small for a home site, the applicant could continue farming those areas after the site is annexed.

**FINDING: SATISFIED.**

- 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’S RESPONSE:** The applicant’s General Land Use Plan indicates that a floodplain is located on the subject site. As required, the proposed development is located outside of the mapped floodplain so that natural hazards are minimized.

**FINDING: SATISFIED.**

*Policies - Water*

- 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.*
- 9.00 *The City of McMinnville shall continue to designate appropriate lands within its corporate limits as "floodplain" to prevent flood induced property damages and to retain and protect natural drainage ways from encroachment by inappropriate uses.*
- 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.*
- 11.00 *The City of McMinnville shall cooperate with McMinnville Water and Light, the Bureau of Land Management, and Yamhill County to insure that the land use development actions allowed in and around the municipal watershed do not lessen the water quality of the municipal water system below acceptable federal, state, and local standards.*

**APPLICANT’S RESPONSE:** The submitted Existing General Land Use Plan illustrates the limits of a 100-year floodplain along South Yamhill River. The applicant’s Preliminary Site Plan

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indicates that the applicant intends to develop a low-density residential use in the southwest corner of Lot 1200, near other existing single-family dwelling, and approximately 650-ft. from the river. Since there are no proposed impacts within the conservation easement, water quality standards for the waterway will be maintained. As required, the proposed septic system will comply with DEQ standards, and the applicant will obtain appropriate local and state permits prior to the installation of the improvements.

**FINDING: SATISFIED.**

**CHAPTER IV. ECONOMY OF MCMINNVILLE**

**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'S RESPONSE:** The Existing General Land Use Plan indicates that the subject property is located within the UGB and adjacent to the city limits of McMinnville. The subject parcels are currently designated Residential on the City's Comprehensive Plan Map. The applicant is proposing to annex Tax Lots 900 and 1200 and change the zoning to R-1 and F-P when the area is brought into the city limits. The proposed map amendments will allow the development of a single-family dwelling, providing additional housing opportunities for the workforce in McMinnville. Residents that live in the proposed dwelling will also purchase local goods and services, helping to contribute to the local economy. In addition, the annexation will provide additional property tax revenue for the City to use for providing public services.

**FINDING: SATISFIED.**

**CHAPTER V. HOUSING AND RESIDENTIAL DEVELOPMENT**

**GOAL V 1: TO PROMOTE DEVELOPMENT OF AFFORDABLE, QUALITY HOUSING FOR ALL CITY RESIDENTS**

*General Housing Policies:*

- 58.00 *City land development ordinances shall provide opportunities for development of a variety of housing types and densities.*
- 61.00 *The City of McMinnville shall monitor the conversion of lands to residential use to insure that adequate opportunities for development of all housing types are assured. Annual reports on the housing development pattern, housing density and mix shall be prepared for city review.*

**APPLICANT'S RESPONSE:** The City's draft Housing Needs Analysis indicates that single-family and multi-family dwelling needs will be met through the development of 4,657 housing units during the 2021-2041 planning period. However, if all inventoried residential land supply is developed by 2041, the City will still maintain a deficiency of 1,926 dwelling units during the planning period. Therefore, annexation of the subject site is essential when addressing the public need for additional housing. As demonstrated by the attached Preliminary Site Plan, the proposed single-family dwelling unit on Tax Lot 1200 is consistent with the existing land use

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pattern, and the development will contribute towards the development of a variety of housing types for the community.

**FINDING: SATISFIED.**

**GOAL V 2: TO PROMOTE A RESIDENTIAL DEVELOPMENT PATTERN THAT IS LAND INTENSIVE AND ENERGY-EFFICIENT, THAT PROVIDES FOR AN URBAN LEVEL OF PUBLIC AND PRIVATE SERVICES, AND THAT ALLOWS UNIQUE AND INNOVATIVE DEVELOPMENT TECHNIQUES TO BE EMPLOYED IN RESIDENTIAL DESIGNS.**

*Policies:*

68.00 *The City of McMinnville shall encourage a compact form of urban development by directing residential growth close to the city center, to designated neighborhood activity centers, and to those areas where urban services are already available before committing alternate areas to residential use. (Ord. 5098, December 8, 2020)*

**APPLICANT’S RESPONSE:** The City’s draft Housing Needs Analysis indicates that single-family and multi-family dwelling needs will be met through the development of 4,657 housing units during the 2021-2041 planning period. However, if all inventoried residential land supply is developed by 2041, the City will still maintain a deficiency of 1,926 dwelling units during the planning period. Therefore, annexation of the subject site is essential when addressing the public need for additional housing. As demonstrated by the attached Preliminary Site Plan, the proposed single-family dwelling unit on Tax Lot 1200 is consistent with the existing land use pattern, and the development will contribute towards the development of a variety of housing types for the community.

**FINDING: SATISFIED.**

71.00 *The City of McMinnville shall designate specific lands inside the urban growth boundary as residential to meet future projected housing needs. Lands so designated may be developed for a variety of housing types. All residential zoning classifications shall be allowed in areas designated as residential on the Comprehensive Plan Map.*

**APPLICANT’S RESPONSE:** The subject site is currently designated Residential and Floodplain on the Comprehensive Plan Map, therefore the proposed R-1 and F-P zoning is consistent with the planned use of the parcels. The applicant is proposing to develop a single-family dwelling on the R-1 zoned portion of the site, in conformance with the above policy.

**FINDING: SATISFIED.**

71.05 *The City of McMinnville shall encourage annexations and rezoning which are consistent with the policies of the Comprehensive Plan so as to achieve a continuous five-year supply of buildable land planned and zoned for all needed housing types. (Ord.4840, January 11, 2006; Ord. 4243, April 5, 1983; Ord. 4218, November 23, 1982)*

**APPLICANT’S RESPONSE:** The draft Housing Needs Analysis indicates that 4,657 dwelling units need to be developed during the 2021-2041 planning period. Therefore, approximately 1,164 dwelling units need to be constructed during the next 5 years to meet the projected demand. It is anticipated that at the end of the planning period, the City will have a projected

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deficiency of 1,926 dwelling units. Since the current residential land supply will only last about 12 years, and a portion of the available land supply is located outside of the city limits, the proposed annexation and residential development is timely and will serve a public need.

**FINDING: SATISFIED.**

71.06 *Low Density Residential Development (R-1 and R-2) Low-density residential development should be limited to the following:*

1. *Areas which are committed to low density development and shown on the buildable lands inventory as “developed” land;*
2. *Areas where street facilities are limited to collector and local streets;*
3. *Areas with mapped development limitations such as steep slopes, floodplains, stream corridors, natural drainageways, and wetlands; and*
4. *Areas with limited capacity for development identified in approved facility master plans, including sanitary sewer, water, drainage, and transportation facilities, unless such plans specify funded and scheduled improvements which will alleviate the problem and which can be provided concurrent with adequate capacity for the use. (Ord. 5098, December 8, 2020; Ord. 4796, October 14, 2003)*

**APPLICANT’S RESPONSE:** The subject site is currently designated Residential and Floodplain on the Comprehensive Plan Map. The proposed home site is accessed from SE Nehemiah Lane, a Local Street. Therefore, the proposed R-1 and F-P zoning is consistent with the above policies.

As demonstrated by the Existing General Land Use Plan, the area proposed for annexation is partially encumbered by a floodplain and conservation easement along the South Yamhill River.

Since the nearest sanitary sewer main line is located approximately 1,600-ft. from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home. Existing improvements to the section of SE Nehemiah Lane serving the subject site consist of a 15-ft. wide paved surface within a 60-ft. right-of-way. However, the Local Street has adequate capacity since only 3 other dwellings and 1 new dwelling will be served by the roadway.

**FINDING: SATISFIED.**

71.07 *The R-1 zoning designation shall be applied to limited areas within the McMinnville urban growth boundary. These include:*

2. *Neighborhoods and properties within the current urban growth boundary that are developed or have been approved for such densities (Michelbook, for example);*

**APPLICANT’S RESPONSE:** The subject site is currently designated Residential and Floodplain on the Comprehensive Plan Map, therefore the proposed R-1 and F-P zoning is consistent with approved densities for the site.

**FINDING: SATISFIED.**

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*Urban Policies:*

- 99.00 *An adequate level of urban services shall be provided prior to or concurrent with all proposed residential development, as specified in the acknowledged Public Facilities Plan. Services shall include, but not be limited to:*
1. *Sanitary sewer collection and disposal lines. Adequate municipal waste treatment plant capacities must be available.*
  2. *Storm sewer and drainage facilities (as required).*
  3. *Streets within the development and providing access to the development, improved to city standards (as required).*
  4. *Municipal water distribution facilities and adequate water supplies (as determined by City Water and Light). (as amended by Ord. 4796, October 14, 2003)*
  5. *Deleted as per Ord. 4796, October 14, 2003.*

**APPLICANT’S RESPONSE:** The Existing General Land Use Plan demonstrates that public utility and transportation facilities are located in the vicinity of the subject site and can be extended when the proposed home site is developed. Public water can be provided to the annexation territory by installing a meter and connecting a lateral to the existing main line at the north terminus of SE Nehemiah Lane. Similarly, electrical and communication services can be provided by connecting to existing lines at the north terminus of the right-of-way. Since the nearest sanitary sewer main line is located approximately 1,600- ft. from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home. As required, stormwater from impervious surfaces will be managed on-site in accordance with City standards. The attached Preliminary Site Plan indicates that this portion of SE Nehemiah Lane is currently developed with a 15-ft. paved surface, which is adequate for the 3 existing homes which access the roadway and the proposed single-family dwelling

**FINDING: SATISFIED.**

**CHAPTER VI. TRANSPORTATION SYSTEM**

**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.**

*Policies - Streets:*

- 117.00 *The City of McMinnville shall endeavor to insure that the roadway network provides safe and easy access to every parcel.*

**APPLICANT’S RESPONSE:** The submitted Topographic Survey and Preliminary Development Plan illustrate that SE Nehemiah Lane provides safe and easy access to the buildable portion of Lot 1200.

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**FINDING: SATISFIED.**

118.00 *The City of McMinnville shall encourage development of roads that include the following design factors:*

1. *Minimal adverse effects on, and advantageous utilization of, natural features of the land.*
2. *Reduction in the amount of land necessary for streets with continuance of safety, maintenance, and convenience standards.*
3. *Emphasis placed on existing and future needs of the area to be serviced. The function of the street and expected traffic volumes are important factors.*
4. *Consideration given to Complete Streets, in consideration of all modes of transportation (public transit, private vehicle, bike, and foot paths). (Ord.4922, February 23, 2010)*
5. *Connectivity of local residential streets shall be encouraged. Residential cul-de-sac streets shall be discouraged where opportunities for through streets exist*

**APPLICANT’S RESPONSE:** As demonstrated by the Cover Sheet/Vicinity Map and General Land Use Plan, existing development, the floodplain, and an existing conservation easement limit how street connectivity can occur around and adjacent to the subject site. Due to low traffic volumes and since only 4 dwellings will be served by the 15-ft. wide section of SE Nehemiah Lane, all modes of travel can safely be accommodated by the existing roadway. As such, the existing street system is consistent with the above policies.

**FINDING: SATISFIED.**

119.00 *The City of McMinnville shall encourage utilization of existing transportation corridors, wherever possible, before committing new lands.*

120.00 *The City of McMinnville may require limited and/or shared access points along major and minor arterials, in order to facilitate safe access flows.*

121.00 *The City of McMinnville shall discourage the direct access of small-scale residential developments onto major or minor arterial streets and major collector streets.*

**APPLICANT’S RESPONSE:** As required, access to the buildable area of Tax Lot 1200 is from SE Nehemiah Lane, an existing Local Street.

**FINDING: SATISFIED.**

122.00 *The City of McMinnville shall encourage the following provisions for each of the three functional road classifications:*

3. *Local Streets*
  - Designs should minimize through-traffic and serve local areas only.*
  - Street widths should be appropriate for the existing and future needs of the area.*
  - Off-street parking should be encouraged wherever possible*

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*–Landscaping should be encouraged along public rights-of-way.*

**APPLICANT’S RESPONSE:** As discussed above, the existing width of SE Nehemiah Lane is appropriate for low traffic generated by existing and proposed development using the roadway. The Preliminary Site Plan demonstrates that off-street parking can be provided within a 2-car garage and in the driveway serving the proposed home site.

**FINDING: SATISFIED.**

***Policies – Parking***

126.00 *The City of McMinnville shall continue to require adequate off-street parking and loading facilities for future developments and land use changes.*

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.*

**APPLICANT’S RESPONSE:** As mentioned above, the Preliminary Site Plan demonstrates that off-street parking can be provided within a 2-car garage and in the driveway serving the proposed home site.

**FINDING: SATISFIED.**

***Policies – Bike Paths***

130.00 *The City of McMinnville shall encourage implementation of the Bicycle System Plan that connects residential areas to activity areas such as the downtown core, areas of work, schools, community facilities, and recreation facilities.*

**APPLICANT’S RESPONSE:** Due to the low traffic volume and travel speeds on SE Nehemiah Lane, bicycles and vehicles safely share the roadway. Nehemiah Lane connects to SE Three Mile Lane to the southeast of the site, which in turn provides opportunities for biking to other community destinations.

**FINDING: SATISFIED.**

***Policies - Complete Streets***

132.24.00 *The safety and convenience of all users of the transportation system including pedestrians, bicyclists, transit users, freight, and motor vehicle drivers shall be accommodated and balanced in all types of transportation and development projects and through all phases of a project so that even the most vulnerable McMinnville residents – children, elderly, and persons with disabilities – can travel safely within the public right-of-way. Examples of how the Complete Streets policy is implemented:*

1. *Design and construct right-of-way improvements in compliance with ADA accessibility guidelines (see below).*
2. *Incorporate features that create a pedestrian friendly environment, such as:*
  - a. *Narrower traffic lanes;*

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- b. Median refuges and raised medians;
- c. Curb extensions (“bulb-outs”);
- d. Count-down and audible pedestrian signals;
- e. Wider sidewalks;
- f. Bicycle lanes; and
- g. Street furniture, street trees, and landscaping

**APPLICANT’S RESPONSE:** As mentioned above, a total of 4 dwellings will be served by the 15-ft. wide section of SE Nehemiah Lane once the proposed single-family dwelling is developed on Tax Lot 1200. Due to the low traffic volume and travel speeds on SE Nehemiah Lane, all modes of travel can safely share the roadway. As such, the existing improvements are consistent with the above policies.

**FINDING: SATISFIED.**

**CHAPTER VII. COMMUNITY FACILITIES AND SERVICES**

**GOAL VII 1: TO PROVIDE NECESSARY PUBLIC AND PRIVATE FACILITIES AND UTILITIES AT LEVELS COMMENSURATE WITH URBAN DEVELOPMENT, EXTENDED IN A PHASED MANNER, AND PLANNED AND PROVIDED IN ADVANCE OF OR CONCURRENT WITH DEVELOPMENT, IN ORDER TO PROMOTE THE ORDERLY CONVERSION OF URBANIZABLE AND FUTURE URBANIZABLE LANDS TO URBAN LANDS WITHIN THE McMINSVILLE URBAN GROWTH BOUNDARY.**

*Policies – Sanitary Sewer*

- 136.00 *The City of McMinnville shall insure that urban developments are connected to the municipal sewage system pursuant to applicable city, state, and federal regulations.*
- 140.00 *The City of McMinnville shall continue to limit sewer service extensions to the areas within the urban growth boundary, except where service is granted to comply with state or federal laws. Areas outside the city limits, but within the urban growth boundary, shall be granted sewer service hook-ups only under policies adopted by the City.*
- 141.00 *The City of McMinnville shall continue to separate storm and sanitary sewers where they are connected to reduce the inflow of storm sewer waters to the sewage treatment plant. Ongoing maintenance and improvements of the existing system shall also be undertaken to reduce infiltration of rain water into the system.*

**APPLICANT’S RESPONSE:** Since the nearest sanitary sewer main line is located approximately 1,600-ft. from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home. As required, appropriate local and state permits will be obtained prior to construction of the improvements.

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**FINDING: SATISFIED.**

*Policies – Storm Drainage:*

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.*

143.00 *The City of McMinnville shall encourage the retention of natural drainage ways for storm water drainage.*

**APPLICANT’S RESPONSE:** As required, an on-site storm system will be designed to meet City standards. Stormwater from impervious surfaces will be managed so that it is released on-site at the pre-development rate.

**FINDING: SATISFIED.**

*Policies – Water System:*

144.00 *The City of McMinnville, through McMinnville Water and Light, shall provide water services for development at urban densities within the McMinnville Urban Growth Boundary.*

145.00 *The City of McMinnville, recognizing McMinnville Water and Light as the agency responsible for water system services, shall extend water services within the framework outlined below:*

1. *Facilities are placed in locations and in such a manner as to insure compatibility with surrounding land uses.*
2. *Extensions promote the development patterns and phasing envisioned in the McMinnville Comprehensive Plan.*
3. *For urban level developments within McMinnville, sanitary sewers are extended or planned for extension at the proposed development densities by such time as the water services are to be utilized.*
4. *Applicable policies for extending water services, as developed by the City Water and Light Commission, are adhered to.*

**APPLICANT’S RESPONSE:** Public water can be extended to the annexation territory by installing a meter and connecting a lateral to the existing main line at the north terminus of SE Nehemiah Lane. As mentioned above, a private septic system will serve the proposed single-family dwelling on Tax Lot 1200.

**FINDING: SATISFIED.**

**Water and Sewer-Land Development Criteria**

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 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.*

**APPLICANT’S RESPONSE:** An existing public water line that is located at the north terminus of SE Nehemiah Lane has the capacity to serve the proposed single-family dwelling on Tax Lot 1200. As required, the developer will be responsible for the cost to install a meter and extend a lateral to serve the new home site. Since the new dwelling is located 1,600-ft. from the nearest public sanitary sewer line, the applicant is proposing to install a private septic system to serve the site. Prior to development of the proposed improvements, detailed plans will be submitted for building permits, demonstrating that federal, state, and local wastewater standards are met.

**FINDING: SATISFIED.**

*Policies – Police and Fire Protection:*

- 152.00 *The City of McMinnville shall encourage the provision of adequate police and fire facilities and personnel to meet the needs of the community as it expands.*
- 155.00 *The ability of existing police and fire facilities and services to meet the needs of new service areas and populations shall be a criterion used in evaluating annexations, subdivision proposals, and other major land use decisions.*

**APPLICANT’S RESPONSE:** It is anticipated that City of McMinnville police and fire services have the capacity to serve the proposed single-family use on the subject site. As demonstrated by the attached Preliminary Site Plan, a turnaround meeting Fire Code standards is provided at the terminus of SE Nehemiah Lane.

**FINDING: SATISFIED.**

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Attachments:

- 1 – ZC 3-22 Application and Exhibits
- 2 – Annexation Agreement

**CHAPTER IX. URBANIZATION**

**GOAL IX 1: TO PROVIDE ADEQUATE LANDS TO SERVICE THE NEEDS OF THE PROJECTED POPULATION TO THE YEAR 2023, AND TO ENSURE THE CONVERSION OF THESE LANDS IN AN ORDERLY, TIMELY MANNER TO URBAN USES.**

**APPLICANT’S RESPONSE:** The City has recently prepared a draft Housing Needs Analysis which projects housing needs during the 2021- 2041 planning period. This analysis indicates that single-family and multi-family needs will be met through the development of 4,657 dwelling units during the planning period. However, the existing residential land supply will not meet the projected demand. Even if all of the available residential land supply is developed by 2041, the City will have a projected deficiency of 1,926 dwelling units during the planning period. Therefore, annexation of the subject site is essential when addressing the public need for additional housing.

**FINDING: SATISFIED.**

**CHAPTER X. CITIZEN INVOLVEMENT AND PLAN AMENDMENT**

**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.**

**GOAL X 3: TO PERIODICALLY REVIEW AND AMEND THE McMinnville Comprehensive Plan TO REFLECT CHANGES IN COMMUNITY CIRCUMSTANCES, IN CITIZEN DESIRES, AND IN THE STATEWIDE GOALS.**

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.*

189.00 *The City of McMinnville shall establish procedures for amending the Comprehensive Plan, Volumes I and II, and the implementation ordinances and measures in Volume III, which allow for citizen review and comment.*

**APPLICANT’S RESPONSE:** The requested land use actions are to annex the site into the City of McMinnville and change the Zoning Map designation from EF-80 to R-1 and F-P when the subject parcels are brought into the city limits. As required, citizens will have the opportunity to comment on the proposed map amendments at public hearings before the Planning Commission and City Council prior to issuance of the land use decision.

**FINDING: SATISFIED.**

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Attachments:

- 1 – ZC 3-22 Application and Exhibits
- 2 – Annexation Agreement

**McMinnville Zoning Ordinance (Title 17 of the Municipal Code)**

The following Sections of the Zoning Ordinance provide criteria applicable to the request:

**Chapter 17.74. Review Criteria**

**Section 17.74.010. Purpose.** The purpose of this chapter is to provide the approval criteria for the following applications:

- Comprehensive Plan Map Amendment
- ...
- Zone Change

**FINDING: SATISFIED/APPLICABLE.** The criteria of this Chapter and applicable sections are the applicable criteria for the proposed Zone Map Amendment.

**Section 17.74. 020. Comprehensive Plan Map Amendment and Zone Change – Review Criteria**

**17.74.020. Comprehensive Plan Map Amendment and Zone Change - Review Criteria.** *An amendment to the official zoning map may be authorized, provided that the proposal satisfies all relevant requirements of this ordinance, and also provided that the applicant demonstrates the following:*

- A. *The proposed amendment is consistent with the goals and policies of the Comprehensive Plan;*

**APPLICANT’S RESPONSE:** [**Staff Note:** *These applicant’s responses regarding the Comprehensive Plan are addressed in the Section above*].

**FINDING: SATISFIED.** Findings regarding consistency with the goals and policies of the Comprehensive Plan are provided above and are satisfied.

- B. *The proposed amendment is orderly and timely, considering the pattern of development in the area, surrounding land uses, and any changes which may have occurred in the neighborhood or community to warrant the proposed amendment;*

**APPLICANT’S RESPONSE:** The Existing General Land Use Plan indicates that the subject site is part of an enclave of unannexed parcels that are bordered on multiple sides by properties that are located within the city limits of McMinnville. To the south are R-1 and R-2 zoned parcels which have already been developed with single-family dwellings. The applicant’s proposal to annex the subject site will help resolve the patchwork of annexed and unannexed parcels along the south side of the river, and the proposed single-family dwelling will compliment the existing land use pattern in the area.

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

- C. *Utilities and services can be efficiently provided to serve the proposed uses or other potential uses in the proposed zoning district.*

*When the proposed amendment concerns needed housing (as defined in the McMinnville Comprehensive Plan and state statute), criterion "B" shall not apply to the rezoning of land designated for residential use on the plan map.*

Attachments:

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- 2 – Annexation Agreement

**NOTE:** Residential use and development is not permitted within the M-1 zone, but is permitted within both the C-3 zone and Northeast Gateway Subarea 1 as a separate use or as part of a mixed-use development.

*In addition, the housing policies of the McMinnville Comprehensive Plan shall be given added emphasis and the other policies contained in the plan shall not be used to: (1) exclude needed housing; (2) unnecessarily decrease densities; or (3) allow special conditions to be attached which would have the effect of discouraging needed housing through unreasonable cost or delay.*

**APPLICANT'S RESPONSE:** The Topographic Survey and Preliminary Site Plan demonstrate that needed public utilities are located in the vicinity of the site and can be extended when Tax Lot 1200 is developed with a single-family dwelling. Public water can be provided to the annexation territory by installing a meter and connecting a lateral to the existing main line at the north terminus of SE Nehemiah Lane. Similarly, electrical and communication services can be efficiently extended by connecting to existing lines at the north terminus of the right-of-way. Since the nearest sanitary sewer main line is located approximately 1,600-ft. from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home. As required, stormwater from impervious surfaces will be managed on-site in accordance with City standards.

The City's current Housing Needs Analysis indicates that single-family and multi-family needs will be met through the development of 4,657 dwelling units during the 2021-2041 planning period. However, the existing residential land supply cannot meet the projected demand for housing units. It has been determined that the City will have a projected deficiency of 1,926 dwelling units during the planning period even if all of the available residential land supply is developed. Therefore, annexation of the subject site is essential when addressing the public need for additional housing.

**FINDING: SATISFIED.**

### **Statewide Planning Goals and Applicable State Law**

#### **Goal 1: Citizen Involvement**

**APPLICANT'S RESPONSE:** The requested land use actions are to annex the site into the City of McMinnville, change the Zoning Map designation for the site from EF-80 to R-1 and F-P. As required, citizens will have the opportunity to comment on the proposed map amendments at public hearings before the Planning Commission and City Council.

**FINDING: SATISFIED.**

#### **Goal 2: Land Use Planning**

**APPLICANT'S RESPONSE:** As discussed throughout this Applicant's Statement, the subject site is included in McMinnville's UGB and is designated Residential and Floodplain in the Comprehensive Plan. The subject site was selected for inclusion in the city limits is based on a number of locational factors including its access to the local street system, the ability to provide orderly and economic provision of public facilities and services, and compatibility with adjacent residential uses.

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#### Attachments:

- 1 – ZC 3-22 Application and Exhibits
- 2 – Annexation Agreement

**FINDING: SATISFIED.****Goal 3: Agricultural Lands**

**APPLICANT’S RESPONSE:** The subject site is currently located within the City of McMinnville Urban Growth Boundary and is under transitional farm use. The parcels are currently under Yamhill County jurisdiction and are zoned EF-80. With the proposed annexation and zone change, the buildable portion of the site will be limited to the southeast corner of Tax Lot 1200. If desired by the property owner, the portion of Tax Lot 900 that is not encumbered by the conservation easement may continue to be used for limited agricultural purposes.

**FINDING: SATISFIED.****Goal 4: Forest Lands**

**APPLICANT’S RESPONSE:** The Existing General Land Use Plan illustrates that vegetated riparian areas are located adjacent to the South Yamhill River, along the north boundary of the property. However, since the subject property does not include designated forest lands, Goal 4 is not applicable to the proposed land designation.

**FINDING: SATISFIED.****Goal 5: Open Spaces, Scenic and Historic Areas and Natural Resources**

**APPLICANT’S RESPONSE:** The subject site does not contain any designated open spaces, scenic, or historic areas. The attached Topographic Survey and Existing General Land Use Plan demonstrates that South Yamhill River, its adjacent floodplain, and low-lying areas within the subject site could potentially contain wetlands. A conservation easement occurs along the South Yamhill River in addition to the area’s floodplain. The applicant’s Preliminary Site Plan indicates that the proposed home site does not encroach into the floodplain or conservation easement areas on the site..

**FINDING: SATISFIED.****Goal 6: Air, Water and Land Resources Quality**

**APPLICANT’S RESPONSE:** If the proposed annexation and zoning designations are approved, specific site development plans will be submitted for building permit review. The permitting process will ensure compliance with local, state, and federal air, water, and land resource quality standards.

**FINDING: SATISFIED.****Goal 7: Areas Subject to Natural Disasters and Hazards**

**APPLICANT’S RESPONSE:** City maps and the Existing General Land Use Plan indicate that the subject site contains floodplain areas along the bank of the South Yamhill River. The applicant’s Preliminary Site Plan indicates that no residential uses are proposed within hazardous areas of the site. Therefore, the submitted Annexation and Zoning Change applications are consistent with Goal 7.

## Attachments:

- 1 – ZC 3-22 Application and Exhibits
- 2 – Annexation Agreement



**FINDING: SATISFIED.**

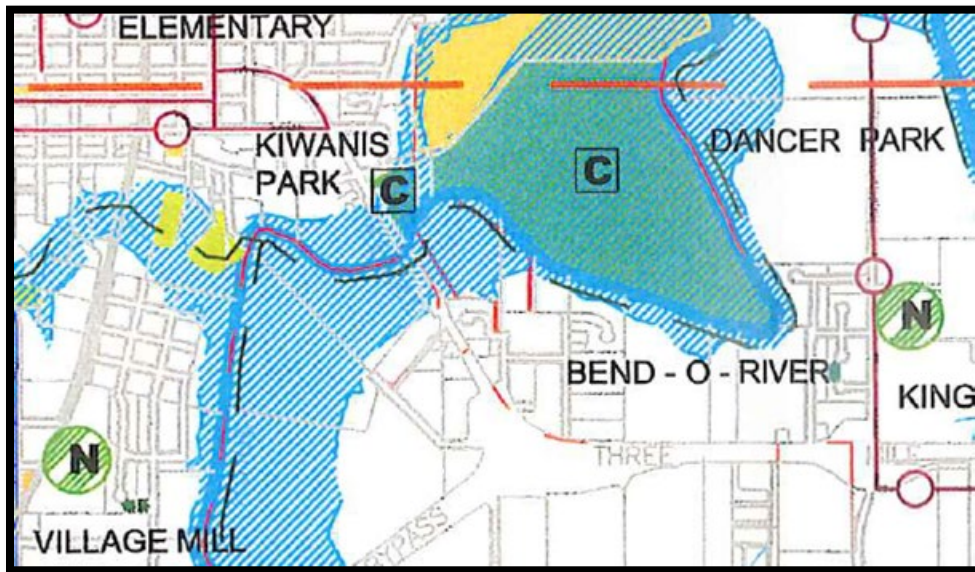
**Goal 8: Recreation Needs**

**APPLICANT’S RESPONSE:** The McMinnville Parks and Recreation Plan does not identify park facilities on the subject site. However, due to the presence of the conservation easement and proposed F-P zoning on the parcels, the riparian area along South Yamhill River will continue to be protected as open space.

**FINDING: SATISFIED.** There is a future planned multi-purpose trail along the Yamhill River on the site and the Annexation Agreement which is recorded on the property states that:

*Owner agrees that it will, without any cost to the City, dedicate the necessary rights-of-way or easements for all Planned Improvements identified in the City’s Public Facilities Plan. The Public Facilities Plan includes the Wastewater Conveyance Plan, Water Master Plan, Transportation System Plan and Parks and Recreation Plan.*

*The City’s Parks, Recreation, and Open Space Master Plan identifies a future multi-purpose trail along the Yamhill River. When the City is ready to move forward with the construction of the trail, the property owner will dedicate the land for the trail for free, and the dedication will be from the center of the river to the outside edge of the trail section furthest from the river, based on the city’s specifications for a multi-purpose trail along the river.*



*Excerpt from the Parks, Recreation and Open Space Master Plan identifying a multi-use trail along the Yamhill River*

**Goal 9: Economic Development**

**APPLICANT’S RESPONSE:** The 30-acre subject site is currently designated Residential and Floodplain on the City’s Comprehensive Plan Map. Currently the subject property is

Attachments:

- 1 – ZC 3-22 Application and Exhibits
- 2 – Annexation Agreement

located within the UGB and outside the city limits of McMinnville. Since this proposal does not involve existing commercial or industrial lands, the proposed annexation and zoning map amendments are consistent with Goal 9

**FINDING: NOT APPLICABLE.**

**Goal 10: Housing**

**APPLICANT’S RESPONSE:** The submitted Preliminary Site Plan proposes the development of 1 single-family detached dwelling in the southwest corner of Tax Lot 1200. The proposed home site preserves natural resources and will not encroach into the floodplain along the South Yamhill River. The proposed development of a single-family dwelling helps to meet the need for additional residential units as identified in the 2003-2023 McMinnville Growth Management and Urbanization Plan. The City’s more recent Housing Needs Analysis indicates that the City is maintaining a deficient residential land supply when addressing housings needs during the 2021-2041 planning period. As such, annexation and development of the subject site is essential when addressing the public housing need.

**FINDING: SATISFIED.**

**Goal 11: Public Facilities and Services**

**APPLICANT’S RESPONSE:** The Topographic Survey and Preliminary Site Plan demonstrate that needed public utilities are located in the vicinity of the site and can be extended when Tax Lot 1200 is developed with a single-family dwelling. Public water can be extended to the annexation territory by installing a meter and connecting a lateral to the existing main line at the north terminus of SE Nehemiah Lane. Similarly, electrical and communication services can be provided by connecting to existing lines at the north terminus of the right-of-way. Since the nearest sanitary sewer main line is located approximately 1,600-ft. from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home. As required, stormwater from impervious surfaces will be managed on-site in accordance with City standards. With annexation of the property, the subject site will also have access to City fire and police services. Therefore, the proposed map amendments comply with Goal 11.

**FINDING: SATISFIED.**

**Goal 12: Economic Development**

**APPLICANT’S RESPONSE:** The submitted Preliminary Site Plan indicates that, due to the presence of the floodplain and conservation easement, only 1 single-family dwelling will be developed on the site. Per the 11<sup>th</sup> Edition of the ITE Manual, the proposed dwelling will generate 10 average daily trips, 0.75 AM peak hour trips, and 1 PM peak hour trip. Based on the low impact of the development on existing transportation facilities, the applicant is not proposing to install improvements to SE Nehemiah Lane. The site plan indicates that the adjacent portion of SE Nehemiah Lane is currently developed with a

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Attachments:  
 1 – ZC 3-22 Application and Exhibits  
 2 – Annexation Agreement

15-ft. paved surface, which is adequate for the 3 existing homes which access the roadway and the proposed single- family dwelling.

**FINDING: SATISFIED.**

#### **Goal 14: Urbanization**

**APPLICANT’S RESPONSE:** The City’s draft Housing Needs Analysis indicates that single-family and multi-family needs will be met through the development of 4,657 dwelling units during the 2021-2041 planning period. However, even if all available residential land supply is developed by 2041, the City will have a projected deficiency of 1,926 dwelling units during the planning period. Therefore, annexation of the subject site is essential when addressing the public need for additional housing.

The subject property is designated as a Residential and Floodplain on the City of McMinnville Comprehensive Plan Map. As discussed above, there is a documented need to develop additional housing to meet the needs of the projected population. The proposed annexation and zone changes will help meet this need for additional housing while preserving the floodplain areas of the site as open space.

**FINDING: SATISFIED.**

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Attachments:

- 1 – ZC 3-22 Application and Exhibits
- 2 – Annexation Agreement

# Comprehensive Plan Map Amendment & Zone Change Information & Submittal Requirements



Planning Department  
231 NE Fifth Street • McMinnville, OR 97128  
(503) 434-7311 Office • (503) 474-4955 Fax  
[www.mcminnvilleoregon.gov](http://www.mcminnvilleoregon.gov)

## Overview

The comprehensive plan map describes the long-term direction and vision for the growth and development of our community. The zoning map describes the various zoning classifications for each parcel in McMinnville, as it exists today. Requests to amend either of these maps can be initiated by a property owner and are subject to review and approval by the McMinnville Planning Commission and City Council. Prior to submitting a request to amend either map, you are strongly encouraged to meet with Planning Department staff to discuss application and submittal requirements, scheduling, and the details of your proposal and its consistency with the McMinnville comprehensive plan. Further information regarding these processes can be found in Sections 17.72.120 (Applications – Public Hearings) to 17.72.0130 (Public Hearing Process) and 17.74.020 (Comprehensive Plan Map Amendment and Zone Change - Review Criteria) of the McMinnville Zoning Ordinance.

## Application Submittal

The following materials must be provided at the time of submittal, or the application will not be accepted for processing.

- A completed Comprehensive Plan Map Amendment and/or Zone Change application form. If additional explanation or materials would assist or support the request, include them with the application form.
- A site plan (drawn to scale, with a north arrow, legible, and of a reproducible size), indicating existing and proposed features within and adjacent to the subject site, such as: access; lot and street lines with dimensions; distances from property lines to structures; improvements; and significant features (slope, vegetation, adjacent development, drainage, etc.). If of a larger size, provide five (5) copies in addition to **an electronic copy** with the submittal.
- A legal description of the subject site, preferably taken from the deed.
- Compliance of Neighborhood Meeting Requirements
- Payment of the applicable review fee.

## Review Process

A request to amend the zoning map or comprehensive plan map is subject to review by the Planning Commission at a public hearing, who then forwards a recommendation to the City Council for their approval. In advance of the Commission hearing, notice is mailed to neighboring property owners advising them of the requested action and inviting their participation in the upcoming hearing. The process for providing notification and reviewing a request to amend the zoning map or comprehensive

plan map is outlined in Sections 17.72.120 (Applications-Public Hearings) and 17.72.130 (Public Hearing Process) of the Zoning Ordinance. While a complete application for a request to amend the zoning map must be submitted 35 (thirty-five) days prior to the date of the first public hearing, a request to amend the comprehensive plan map must be submitted 45 (forty-five) days prior to the date of the public hearing to ensure that notice of the application is provided to the Department of Land Conservation and Development, as required by State law.

The Planning Commission will use the following criteria in reaching a decision to approve, approve with conditions, or deny an application to amend the zoning map or comprehensive plan map.

- A. The proposed amendment is consistent with the goals and policies of the Comprehensive Plan;
- B. The proposed amendment is orderly and timely, considering the pattern of development in the area, surrounding land uses, and any changes which may have occurred in the neighborhood or community to warrant the proposed amendment; and
- C. Utilities and services can be efficiently provided to serve the proposed uses or other potential uses in the proposed zoning district.

The Planning Commission will make a recommendation to the City Council to either approve or deny the request or approve the request in a different form. The City Council will either adopt an ordinance reflecting the proposed map amendment or zone change, or call for a public hearing.

The decision made by the Planning Commission may be appealed to the City Council as stated in Section 17.72.180 (Appeal from Ruling of Planning Commission) of the Zoning Ordinance. A decision of the City Council may be appealed to the Oregon Land Use Board of Appeals (LUBA), if filed in accordance with the requirements of State law.



**Planning Department**  
 231 NE Fifth Street ◦ McMinnville, OR 97128  
 (503) 434-7311 Office ◦ (503) 474-4955 Fax  
[www.mcminnvilleoregon.gov](http://www.mcminnvilleoregon.gov)

|                         |       |
|-------------------------|-------|
| <b>Office Use Only:</b> |       |
| File No.                | _____ |
| Date Received           | _____ |
| Fee                     | _____ |
| Receipt No.             | _____ |
| Received by             | _____ |

## Comprehensive Plan Map Amendment/ Zone Change Application

### Applicant Information

**Applicant is:**  Property Owner    Contract Buyer    Option Holder    Agent    Other \_\_\_\_\_

Applicant Name Anders Johansen Phone 541-972-5812

Contact Name Steve Kay Phone 503-804-1089

*(If different than above)*

Address PO Box 1920

City, State, Zip Silverton, OR 97381

Contact Email steve@cascadiapd.com

### Property Owner Information

Property Owner Name Anders Johansen Phone 541-972-5812

*(If different than above)*

Contact Name Same as Above Phone Same as Above

Address 1805 SE Nehemiah Lane

City, State, Zip McMinnville, OR 97128

Contact Email johansena86@hotmail.com

### Site Location and Description

*(If metes and bounds description, indicate on separate sheet)*

Property Address No Assigned Address

Assessor Map No. R4 421 (Map) T.L. 900 and 1200 Total Site Area 30.00+/- Acres

Subdivision \_\_\_\_\_ Block \_\_\_\_\_ Lot \_\_\_\_\_

Comprehensive Plan Designation Residential Zoning Designation EF-80



This request is for a:

**Comprehensive Plan Amendment**

**Zone Change**

1. What, in detail, are you asking for? State the reason(s) for the request and the intended use(s) of the property.

The applicant is proposing to annex the property. To provide consistency with the Comprehensive Plan Map, the applicant is submitting a concurrent Zone Change application to change the site's designation from EF-80 to R-1.

2. Show in detail, by citing specific goals and policies, how your request is consistent with applicable goals and policies of the McMinnville Comprehensive Plan (Vol. 2).

Please see attached narrative.

3. If your request is subject to the provisions of a planned development overlay, show, in detail, how the request conforms to the requirements of the overlay.

The subject site is not subject to the provisions of a planned development overlay.

4. If you are requesting a Planned Development, state how the proposal deviates from the requirements of the Zoning Ordinance and give justification for such deviation. \_\_\_\_\_

The applicant is not requesting a Planned Development with  
this application.

5. Considering the pattern of development in the area and surrounding land uses, show, in detail, how the proposed amendment is orderly and timely. \_\_\_\_\_

Please see the attached narrative.

6. Describe any changes in the neighborhood or surrounding area which might support or warrant the request. \_\_\_\_\_

Please see the attached narrative.

7. Document how the site can be efficiently provided with public utilities, including water, sewer, electricity, and natural gas, if needed, and that there is sufficient capacity to serve the proposed use.

Please see the attached narrative.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. Describe, in detail, how the proposed use will affect traffic in the area. What is the expected trip generation?


Please see the attached narrative.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

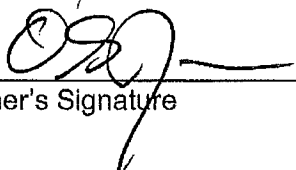
In addition to this completed application, the applicant must provide the following:

- A site plan (drawn to scale, with a north arrow, legible, and of a reproducible size), indicating existing and proposed features within and adjacent to the subject site, such as: access; lot and street lines with dimensions; distances from property lines to structures; improvements; and significant features (slope, vegetation, adjacent development, drainage, etc.). If of a larger size, provide five (5) copies in addition to **an electronic copy** with the submittal.
- A legal description of the parcel(s), preferably taken from the deed.
- Compliance of Neighborhood Meeting Requirements.
- Payment of the applicable review fee, which can be found on the Planning Department web page.

**I certify the statements contained herein, along with the evidence submitted, are in all respects true and are correct to the best of my knowledge and belief.**

  
\_\_\_\_\_  
Applicant's Signature

6/27/2022  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Property Owner's Signature

6/27/2022  
\_\_\_\_\_  
Date



PO Box 1920, Silverton, OR 97381  
www.cascadiapd.com / 503-804-1089

**CITY OF MCMINNVILLE  
APPLICATION FOR  
LAND USE REVIEW**

**THREE MILE LANE  
MAP AMENDMENTS  
(Annexation with Concurrent  
Zoning Map Amendment)**

Location: Section 21, T.M. 4421  
T. 4S, R. 4W, W.M.  
T.L. 900 & 1200  
Yamhill County, Oregon

Prepared by: Steve Kay, AICP  
Mason McGonagall, Ph.D. Arch

Prepared for: Anders Johansen  
1805 Nehemiah Lane  
McMinnville, OR 97128

June 22, 2022

## **APPLICANT'S STATEMENT**

**PROJECT NAME:** Three Mile Lane Map Amendments

**REQUEST:** Approval of Annexation Application to Include 30.00 +/- Acres within City Limits of McMinnville and Approval of a Concurrent Zone Change Application to Designate the Subject Site R-1 (Low Density Residential) and F-P (Floodplain)

**ASSESSOR'S DESCRIPTION:** Tax Lot 900 & 1200 of Tax Map 4421  
Yamhill County, Oregon

**APPLICANT'S REPRESENTATIVE:** Steve Kay, AICP  
Cascadia Planning + Development Services  
P.O. Box 1920  
Silverton, OR 97381  
503-804-1089  
steve@cascadiapd.com

**APPLICANT/PROPERTY OWNER:** Anders Johansen  
1805 SE Nehemiah Lane  
McMinnville, OR 97128

**SITE AREA:** Tax Lot 900 = 12.4 acres  
Tax Lot 1200 = 17.6 acres

**LOCATION:** No Assigned Address  
(East and West Side of Three Mile Lane  
Bridge, South of the South Yamhill River)

**ASSESSOR'S INFORMATION:** Section 21, T.M. 4421  
T. 4S, R. 4W, W.M.  
T.L. 900 & 1200  
Yamhill County, Oregon

**I. APPLICABLE REGULATIONS**

**A. MCMINNVILLE ZONING ORDINANCE**

**Title 16: Annexation**

**Title 17: Zoning**

**Chapter 17.10: Area and Master Planning Process**

**Chapter 17.72: Applications and Review Process**

**Section 17.72.080: Legislative or Quasi-Judicial Hearings**

**B. MCMINNVILLE COMPREHENSIVE PLAN**

**Section II: Natural Resources, Scenic and Historic Areas, and Open Spaces**

**Section IV: Areas Subject to Natural Disasters and Hazards**

**Section V: Public Facilities and Services**

**Section VI: Land Use**

**Section VIII: Housing**

**Section X: Parks and Recreation Plan**

**Section XII: Marion County Coordination**

**C. OREGON STATEWIDE PLANNING GOALS**

**Goal 1: Citizen Involvement**

**Goal 2: Land Use Planning**

**Goal 3: Agricultural Lands**

**Goal 4: Forest Lands**

**Goal 5: Open Spaces, Scenic and Historic Areas, and Natural Resources**

**Goal 6: Air, Water and Land Resource Quality**

**Goal 7: Natural Hazards**

**Goal 8: Recreational Needs**

**Goal 9: Economic Development**

**Goal 10: Housing**

**Goal 11: Public Facilities and Services**

**Goal 12: Transportation**

**Goal 13: Energy Conservation**

**Goal 14: Urbanization**



## II. BACKGROUND:

The applicant and property owner, Anders Johansen, is requesting concurrent land use approval of an Annexation and a Zone Change application of a 30 +/- acre site on the south side of South Yamhill River. The subject site does not have an assigned address. It is identified by the Yamhill County Tax Assessor as Tax Lots 900 and 1200 of Tax Map 4421. Tax Lot 900 contains approximately 12.40 acres and is located on the east side of the Three Mile Lane Bridge, while Tax Lot 1200 contains 17.6 acres on the west side of the bridge. Both tax lots are currently located within the Urban Growth Boundary (UGB) of McMinnville and are designated Residential and Floodplain on the City Comprehensive Plan Map. Consistent with the Comprehensive Plan, the applicant is proposing to change the current EF-80 (Exclusive Farm Use) zone designation to R-1 (Single-Family Residential) and F-P (Floodplain) when the parcels are annexed.

The attached Topographic Survey demonstrates that the annexation territory is currently vacant (see Exhibit 3). An existing conservation easement and a 100-year floodplain are located on both tax lots, roughly paralleling the Yamhill River, which is located along the northern boundary of the site. Since almost all of the subject properties are encumbered by these natural features, the attached Preliminary Site Plan indicates that only 39,542 sq. ft. (0.91 acres) of Tax Lot 1200 can be developed with a home site.

The submitted Existing General Land Use Plan indicates that R-1 and R-2 zoned parcels to the south of the site are located within the city limits of McMinnville and are developed with single-family dwellings. To the east and west of the site are EF-80 zoned parcels under Yamhill County jurisdiction. To the north of the site, across the South Yamhill River, are F-P and R-1 zoned parcels that are developed with single-family residential uses. The submitted Preliminary Site Plan illustrates that the site's buildable area is located outside of the floodplain and conservation easement. This portion of the site has existing access from the north terminus of SE Nehemiah Lane (see Exhibit 3).

The Topographic Survey and Preliminary Site Plan demonstrate that needed public utilities are located in the vicinity of the subject parcels and can be extended when Tax Lot 1200 is developed with a single-family dwelling. Public water can be provided to the annexation territory by installing a meter and connecting a lateral to the existing main line at the north terminus of SE Nehemiah Lane. Similarly, electrical and communication services can be provided by connecting to existing lines at the north terminus of the right-of-way. Since the nearest sanitary sewer main line is located approximately 1,600-ft. from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home. As required, stormwater from impervious surfaces will be managed on-site in accordance with City standards.

The submitted Preliminary Development Plans demonstrate that the proposed annexation and zone changes will provide a number of public benefits, helping to further the goals of the City's Comprehensive Plan. The proposed layout protects natural resources within the South Yamhill River riparian area, providing open space while preserving river functions and natural habitats areas. Development of the home site will also help meet the public need for additional dwelling units, as documented by the City's Housing Needs Analysis for the 2021-2041 planning period.

This Applicant's Statement addresses applicable provisions of the McMinnville City Municipal Code, McMinnville Comprehensive Plan, and Oregon Statewide Planning Goals. Copies of the signed Application Forms, Property Deed, Preliminary Development Plans, Legal Description for Annexation Territory, and Neighborhood Meeting Documentation have been attached to this narrative. The exhibits and narrative demonstrate that the submitted land use applications meet the criteria for approval.

### **III. FINDINGS**

#### **A. MCMINNVILLE ZONING ORDINANCE**

##### **Title 16: Annexation**

##### **Chapter 16.10: General Provisions**

##### **Section 16.10.030: Applicability**

**The following conditions must be met prior to or concurrent with City processing of any annexation request:**

- A. The subject site must be located within the McMinnville urban growth boundary.**
- B. The subject site must be contiguous to the existing City limits.**

##### **COMMENT:**

The subject site is identified by the Yamhill County Tax Assessor as Tax Lots 900 and 1200 of Tax Map 4421. Tax Lot 900 contains approximately 12.40 acres and is located on the east side of the Three Mile Lane Bridge, while Tax Lot 1200 contains 17.6 acres on the west side of the bridge. Both tax lots are currently located within the Urban Growth Boundary (UGB) and the attached Existing General Land Use Plan indicates that the proposed annexation territory is contiguous to the existing city limits (see Exhibit 3).

##### **Section 16.10.040: Annexation Approval**

- A. City Council approval of annexation applications shall be done by ordinance. Procedures for approval shall comply with the provisions of Oregon Revised Statutes, particularly ORS 222.**
- B. If any annexation is initiated by property owners representing less than 100 percent of all owners of property to be annexed, after holding a public hearing and if the City Council approves the proposed annexation, the City Council shall call for an election within the territory to be annexed. Otherwise no election on a proposed**

**annexation is required.**

**COMMENT:**

The attached Application Forms and Property Deed indicate that the applicant is the sole property owner of the proposed annexation territory. As required, the submitted Annexation application will be reviewed by City Council at a public hearing, and if approved, an ordinance will be adopted to amend the city limits boundary.

**Section 16.10.050: Zoning of Annexed Areas**

**The McMinnville Comprehensive Plan Map provides for comprehensive plan designations on all land within the City's urban growth boundary. Land that is currently designated as a Urban holding comprehensive plan designation needs to undergo an Area Planning Process per Section 17.10.010 – 17.10.050 of the McMinnville Municipal Code and at the time of annexation a new comprehensive plan designation will be applied to the subject property that will identify the future City zoning classifications of that property.**

**COMMENT:**

The subject site is currently designated Residential and Floodplain on the City's Comprehensive Plan Map. As required, the applicant has submitted a concurrent Zone Change application to designate portions of the site R-1 and F-P zones upon annexation, consistent with the existing Comprehensive Plan designations.

**Chapter 16.20: Annexation Initiation**

**Section 16.20.020: Annexation Application**

**An annexation application shall include the following:**

- A. A list of owners, including partial holders of interest, within the affected territory, indicating for each owner:**
  - 1. The affected tax lots, including the township, section and range numbers;**
  - 2. The street or site addresses within the affected territory as shown in the Yamhill County Records;**
  - 3. A list of all eligible electors registered at an address within the affected territory; and**
  - 4. Signed petitions as may be required in Subsection B below.**

**COMMENT:**

The attached Application Forms and Property Deed indicate that the applicant owns Tax Lots 900 and 1200 of Tax Map 4421. Also included with this submittal is a Legal Description for the Annexation Territory (see Exhibits 1, 2, and 4).

**B. Written consents on City-approved petition forms that are:**

- 1. Completed and signed, in accordance with ORS 222.125, by:**
  - a. All of the owners within the affected territory; and**
  - b. Not less than 50 percent of the eligible electors, if any, registered within the affected territory; or**
- 2. Completed and signed, in accordance with ORS 222.170, by:**
  - a. More than half the owners of land in the territory, who also own more than half the land in the contiguous territory and of real property therein representing more than half of the assessed value of all real property in the contiguous territory; or**
  - b. A majority of the electors registered in the territory proposed to be annexed and a majority of owners of more than half the land.**
- 3. Publicly owned rights-of-way may be added to annexations initiated by these two methods with consent(s) from the property owner(s).**

**C. In lieu of a petition form described in Subsection B above, an owner's consent may be indicated on a previously executed Consent to Annex form that has not yet expired as specified in ORS 222.173.**

**COMMENT:**

The submitted Application Forms demonstrate that only one property owners own land within the annexation territory and consents to the proposed annexation (see Exhibit 1).

**D. Verification of Property Owners form signed by the Yamhill County Assessor/Tax Collector Department.**

- E. A Certificate of Electors form signed by the Yamhill County Clerk and Elections Department.**
- F. An ORS 195.305 waiver form signed by each owner within the affected territory.**
- G. A waiver form signed by each owner within the affected territory as allowed by ORS 222.173.**

**COMMENT:**

The attached Application Forms and Property Deed provide property owner verification for the annexation territory (see Exhibits 1 and 2). If additional forms are required by the City, the applicant will submit them during a completeness review of the land use application.

- H. A legal description of the affected territory proposed for annexation consistent with ORS 308.225 that will include contiguous or adjacent right-of-way to ensure contiguity as required by ORS 222.111.**

**COMMENT:**

The attached Legal Description for Annexation Territory provides a description consistent with the above standards (see Exhibit 4).

- I. A map stamped by a licensed surveyor that is to scale and highlights the affected territory and its relationship to city limits.**

**COMMENT:**

As required, the attached Proposed Annexation Map has been prepared by a licensed surveyor and meets the above standards (see Exhibit 3).

- J. A list of the districts currently providing services to the affected territory.**

As indicated by the attached Annexation Application form, the subject site is located within the Yamhill Fire District and the McMinnville Water and Light district.

- K. An adequate level of urban services must be available, or made available, within three (3) years of annexation. An adequate level of urban services is defined as:
  - 1. Municipal sanitary sewer and water service meeting the requirements enumerated in the McMinnville Comprehensive Plan for provision of these services. The sanitary sewer service overall will be considered adequate if the municipal operators are in****

**accordance with federal and state regulations, permits, and orders.**

**COMMENT:**

An existing public water main line is located at the north terminus of SE Nehemiah Lane, therefore service can easily be extended to serve the proposed home site location on Tax Lot 1200. Since the nearest sanitary sewer main line is located approximately 1,600 lineal feet from the proposed home site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed dwelling. As required, applicable federal and state permits will be obtained prior to the installation of the proposed septic system.

- 2. Roads with an adequate design capacity for the proposed use and projected future uses. Where construction of the road is not deemed necessary within the three-year time period, the City will note requirements such as dedication of rights-of-way and easements, waivers of remonstrance against assessment for road improvement costs, and/or participation in other transportation improvement costs, for application at the appropriate level of the planning process. The City will also consider public costs of the improvements.**

**COMMENT:**

The submitted Preliminary Development Plan demonstrates that only 1 single-family family dwelling and a septic system can be accommodated on the 39,542 sq. ft. buildable area in the southwest corner of the site. Due to limited impacts to the transportation system, the applicant is not proposing to install improvements to SE Nehemiah Lane. If required, the applicant will submit a waiver of remonstrance for future transportation improvement costs for the roadway.

- 3. Documentation of the availability of police, fire, parks, and school facilities and services shall be made to allow for conclusionary findings for or against the proposed annexation. The adequacy of these services shall be considered in relation to annexation proposals.**

**COMMENT:**

The subject site is currently served by the Yamhill Fire District and is located in the McMinnville School District. City police, fire, and park services will be provided to the site upon annexation. To ensure that the above standards are met, the City will request comments from all affected districts during the review of this Annexation application.

- L. A written narrative addressing the proposal's consistency with the approval criteria specified in Chapter 16.30, if applicable.**



- M. A fee as established by Council resolution.**
- N. If applicable, a concept master plan as required in MMC Chapter 17.10.060 *et seq.***

**COMMENT:**

As required, a written narrative addressing Chapter 16.30 and fee payment have been submitted with this application. A concept master plan for the site has been included with the attached Preliminary Site Plan (see Exhibit 4).

**Chapter 16.30: Properties Subject to MMC 17.10.060**

**Section 16.30.020: Area Planning and Master Planning.**

**Properties in areas that the City has determined are subject to area planning as provided in Chapter 17.10 and in other adopted plans, such as the McMinnville Growth Management and Urbanization Plan, must have an approved area plan and master plan, as provided in Chapter 17.10, and have an annexation agreement to be annexed into the City.**

**COMMENT:**

Per Section 17.10.060, properties containing more than 10 acres are subject to master planning provisions. As discussed above, the applicant is proposing to annex approximately 30 acres and zone the subject parcels F-P and R-1, consistent with existing Comprehensive Plan Map designations. The attached Preliminary Site Plan illustrates how the limited buildable portion of the site can be developed (see Exhibit 3). The remainder of the site is either encumbered by a conservation easement and/or floodplain, or is too small to accommodate a home site and private septic system.

**Section 16.30.030: Annexation Agreement.**

**Properties subject to this Chapter 16.30 must enter into an annexation agreement with the City. The City Council may adopt by resolution an annexation agreement with the owner(s) of property that is proposed for annexation to the City. The annexation agreement shall address, at a minimum, provisions for connection to and extension of public facilities and services to the annexed property. Connection to public facilities and services shall be at the discretion of the City, unless otherwise required by the Oregon Revised Statutes. Where public facilities and services are available and can be extended, the applicant shall be required to do so. The annexation agreement shall also describe a process and timeframe for compliance with the McMinnville Comprehensive Plan. The annexation agreement can also have additional requirements for annexation into the city at the discretion of the City Council that responds to the**

**overall future growth and development needs of the community.**

**COMMENT:**

As required, the applicant will enter into an annexation agreement with the City of McMinnville. The attached Preliminary Site Plan indicates that public water, electrical, and communication services can be extended from the north terminus of SE Nehemiah Lane to the proposed home site on Tax Lot 1200. As required, the site's developer will be responsible for the cost to extend the public facilities and services. Since the nearest sanitary sewer main line is located approximately 1,600 lineal feet from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home. Due to limited impacts to the transportation system, the applicant is not proposing to install improvements to SE Nehemiah Lane. If required, the applicant will submit a waiver of remonstrance for future transportation improvement costs for the roadway.

**Section 16.30.040: Review Process.**

- A. Annexation Application Submittal. The applicant must submit an annexation application consistent with the requirements of Section 16.20.020.**
- B. The property owner will sign an annexation agreement to be considered for approval by the City Council either concurrently with or after the annexation application.**
- C. The City Council will approve an annexation agreement that establishes the expectations of the city for the annexation to be successful.**
- D. The property owner will initiate and complete the land-use process as described in the annexation agreement to rezone the property into a city urban zone which will become effective upon annexation. This process shall be a quasi-judicial land-use process that will need to be concluded prior to annexation.**
- E. The City Council will undertake a legislative review process to determine whether to approve the annexation. The burden is on the applicant to prove compliance with the requirements of this Title and to provide applicable findings.**
- F. The City Council may annex properties where urban services are not and cannot practically be made available within the three-year time frame noted in subsection (b) of this section, but where annexation is needed to address a health hazard, to annex an island, to address sanitary sewer, stormwater, or water connection issues for existing development, to address specific legal or contract issues,**

to annex property where the timing and provision of adequate services in relation to development is or will be addressed through legislatively adopted specific area plans or similar plans, or to address similar situations. In these cases, absent a specific legal or contractual constraint, the city council shall apply an interim zone, such as a limited-use overlay, that would limit development of the property until such time as the services become available.

**COMMENT:**

Consistent with the above standards, the submitted Annexation application will be reviewed through the City's legislative process. During the land use review, the applicant will enter into an annexation agreement.

**Chapter 16.40: Properties Not Subject to MMC 17.10.060**

**Section 16.40.010: Applicability.**

This Chapter applies to all properties that are not subject to MMC 17.10.060.

**COMMENT:**

The proposed annexation is subject to Section 17.10.060, therefore this chapter does not apply.

**Chapter 17.10: Area and Master Planning Process**

**Section 17.10.010: Purpose.** To provide a process that will allow for and ensure the transition from rural to urban land uses in a manner that is consistent with the McMinnville Comprehensive Plan, UGB expansion plans, and the City's overall land supply needs identified in applicable UGB expansion plans and documents.

**Section 17.10.020: Applicability.** The Area Plan and Master Plan processes apply to all lands that are designated as Urban Holding (UH) on the McMinnville Comprehensive Plan Map.

**Section 17.10.030: Procedures.** The Area Plan and Master Plan processes apply to all lands that are designated as Urban Holding (UH) on the McMinnville Comprehensive Plan Map.

**A. Area Plan Requirement.** Prior to annexation or comprehensive plan map amendment, zone change, or development of any land in Urban Holding (UH) Comprehensive Plan Map designations, the City must review and adopt an Area Plan, if applicable.

**COMMENT:**

The City's Comprehensive Plan Map indicates that Lots 900 and 1200 are located within the UGB, but are not designated as an Urban Holding area. Therefore, Area Plan standards do not apply.

**B. Master Plan Requirement.**

- 1. Concept Master Plan. A Concept Master Plan is required as a component of an annexation application to annex property into the city limits of any land in a Urban Holding (UH) Comprehensive Plan Map designation. A Concept Master Plan is not binding and is an advisory document to help inform the annexation agreement. (See Title 16 of the McMinnville Municipal Code for the city's annexation process.)**
- 2. Master Plan. The development and approval of a Master Plan is required prior to a zone change, or development of any land in Urban Holding (UH) Comprehensive Plan Map designations and the UH Zone.**

**COMMENT:**

The City's Comprehensive Plan indicates that Lots 900 and 1200 are fully located within the UGB. Although not designated within an Urban Holding area, the site contains more than 10 acres, therefore Master Plan standards apply. To comply with this provision, the applicant has submitted a Preliminary Site Plan which functions as a Concept Master Plan for the annexation territory (see Exhibit 3). The plan indicates that the buildable area of the site is limited to 39,542 sq. ft. of Tax Lot 1200. This portion of the site is not encumbered by the floodplain and conservation easement along the South Yamhill River, has access to a public utilities and transportation facilities within SE Nehemiah Lane, and provides enough area for the development of a single-family dwelling and the private septic system (see Exhibit 3).

**C. Properties Exempt from Area Planning Requirements. The following properties are exempt from the Area Planning Requirements:**

- 1. Properties Not Designated UH on the Comprehensive Plan Map.**
- 2. Properties that are partially in the city limits and partially in the urban growth boundary, whereby the amount of property in the urban growth boundary is less than 2 acres. If the remnant property in the urban growth boundary that is less than 2 acres designated as UH on the Comprehensive Plan Map,**

the properties are subject to the McMinnville Municipal Code provisions for a Comprehensive Plan Map Amendment and Zoning Map Amendment in order to be annexed into the city limits.

**Section 17.10.040: Area Plan Process.**

- A. The City Council shall initiate an Area Planning process for lands that are designated as Urban Holding (UH) on the McMinnville Comprehensive Plan Map.

**Section 17.10.050: Area Plan Scope and Components.**

- A. Area Plans shall more specifically identify land uses, their locations, and their relationship to public facilities, natural resources, and existing urban uses. The land uses identified in an Area Plan must be consistent with the applicable Framework Plan and the identified land use needs for the Urban Holding (UH) area.

**COMMENT:**

Since the subject site is located outside of designated Urban Holding areas, the above provisions do not apply.

**Section 17.10.060: Master Plans. Master Plans are required for annexation into the City of McMinnville, urbanization into City of McMinnville zones and development, for all properties 10 acres or more.**

- A. **Applicability. This section applies to all properties 10 acres or more proposed for annexation and/or rezoning from the UH zone to a city development zone.**
  - 1. Master Plans shall be required for all lands 10 acres or greater in size.
  - 2. Lands less than 10 acres in size may be annexed into the city, and subsequently developed.

**COMMENT:**

The subject site contains approximately 30 acres, therefore a Master Plan is required for the annexation territory. The attached Preliminary Site Plan serves as a Master Plan for the site. The plan demonstrates that after accounting for areas of the site that are encumbered by the existing conservation easement and floodplain, only 39,542 sq. ft. of Tax Lot 1200 may be developed with a single-family dwelling and private septic system (see Exhibit 3). As illustrated by the attached Existing General Land Use Plan, additional 20,440 sq. ft. and 11,828 sq. ft. areas on Tax Lot 900 are also not encumbered by the floodplain and conservation easement. However, since these portions of the site require access through the floodplain and do not provide enough area for the development of a private septic system, they are not considered suitable for the development of single-family dwellings.

**B. Purpose. The purpose of a Master Plan is to provide:**

- 1. Orderly and efficient development of the City consistent with the City's Framework Plans and adopted Area Plans.**
- 2. Compatibility and/or transition with adjacent developments and the character of the area.**

**COMMENT:**

Consistent with the City's identified housing needs, the applicant proposes annexation and rezoning of approximately 39,542 sq. ft. of vacant and developable land on Tax Lot 1200 for single-family residential use. The attached Existing General Land Use Plan and Preliminary Site Plan demonstrate that the proposed single-family dwelling on Tax Lot 1200 is orderly, provides efficient development, and is compatible with adjacent single-family uses (see Exhibit 3). An additional 20,440 sq. ft. and 11,828 sq. ft. area on Tax Lot 900 are also not encumbered by the floodplain and conservation easement and may be zoned R-1 upon annexation. However, these portions of the site are not feasible for the development of single-family dwellings due to access limitations and lack of sanitary sewer service.

- 3. A complementary mix of uses and activities to achieve the Principles of the McMinnville Growth Management and Urbanization Plan.**

**COMMENT:**

The 2003 McMinnville Growth Management and Urbanization Plan guides the development of a variety of housing types through the 2023 planning period. The proposed single-family detached dwelling on Tax Lot 1200 will help achieve the goal of developing additional housing for the community.

- 4. An interconnected transportation network – streets, bicycle routes, and pedestrian trails – with the master plan area and to existing and planned City streets, routes and trails.**



**COMMENT:**

The submitted Topographic Survey indicates that the buildable portion of the site is located at the north terminus of SE Nehemiah Lane. This roadway is classified as a Local Street and includes a 15-ft. wide paved surface within a 60-ft. wide right-of-way. Due to the location of the conservation easement and floodplain along the South Yamhill River, the applicant is not proposing to extend the street through the site. Neither the Parks and Recreation Master Plan or Transportation System Plan require the extension of streets, bicycle routes, or pedestrian trails through the site.

- 5. A range of housing choices for areas planned to have residential components.**

**COMMENT:**

The City's current Housing Needs Analysis indicates that single-family and multi-family needs will be met through the development of 4,657 dwelling units during the 2021-2041 planning period. However, based on an evaluation of the existing residential land supply, the projected housing demand will not be met. If all of the available residential land supply is developed by 2041, the City will have a projected deficiency of 1,926 dwelling units during the planning period. Therefore, annexation of the subject site is essential when addressing the documented public housing need. The proposed single-family dwelling on Tax Lot 1200 will help provide a range of housing choices for the community.

- 6. A range of open spaces and recreation facilities, as needed to facilitate the Framework Plan, adopted Area Plan and Parks and Recreation Facility Plan.**

**COMMENT:**

The City's Park and Recreation Plan does not identify the development of public recreation facilities on Tax Lots 900 and 1200. However, the attached Existing General Land Use Plan and Preliminary Site Plan demonstrate that the proposed development is limited to the southwest corner of the site (see Exhibit 3). As required, the existing conservation easement and mapped floodplain will be protected as an undeveloped open space area on the subject properties.

- 7. Public and semi-public facilities and services.**
- 8. Preservation of historic buildings, scenic views, and natural resources to the greatest extent possible.**

**COMMENT:**

As demonstrated by the attached Topographic Survey, there are no public or semi-public facilities and services on the site. There are also no historic buildings or designated scenic views on the property. The submitted Preliminary Site Plan demonstrates that the proposed development is located where natural resources along the South Yamhill River will be preserved to the greatest extent possible (see Exhibit 3).

- 9. Transitions or buffers between urban development and rural areas.**

**COMMENT:**

The submitted Existing General Land Use Plan and Preliminary Site Plan demonstrate that the development of only 1 single-family dwelling and preservation of the South Yamhill Rive riparian area is proposed. Therefore, the proposed development \will provide a transition, from low density urban development to the south of the site, to the rural character of the area along the river.

**10. Implementation of McMinnville’s Comprehensive Plan, including adopted Area Plans and the Great Neighborhood Planning Principles.**

**COMMENT:**

The applicant has submitted a Zone Change application top change the existing EF-80 sone designation to R-1 and F-P. The proposed zones are consistent with the site’s existing Residential and Floodplain designations on City’s Comprehensive Plan Map. The subject site is located outside of the adjacent Three Mile Lane Area Plan area, therefore elements of that plan does not apply. The applicant has addressed how the proposal is consistent with Great Neighborhood Planning Principals under the response to Section 17.10.080 below.

**Section 17.10.065: Master Plan Process.**

- A. Concept Master Plan. For the conceptual plan review process, there is no need for the post acknowledgement plan amendments (PAPAs) to the Oregon Department of Land Conservation and Development, or local Measure 56 notice, as it is an advisory document to help inform the annexation agreement and is a required element of an annexation application. (See Title 16 of the McMinnville Municipal Code). However, the Concept Master Plan should consider all of the same elements and factors as the Master Plan described below.**
  
- B. Master Plan. For the final master plan approval, legislative review and approval is required as part of a quasi-judicial land-use decision as it will be an amendment to the McMinnville Comprehensive Land Use Plan and Zoning Map. Following the City Council’s adoption of an Area Plan, but prior to the annexation, comprehensive plan map amendment, zone change, or development of any land within the subject Area Plan, property owners shall submit a Master Plan for review and approval by the City Council.**
  - 1. Applications and requests for the approval of a Master Plan shall be reviewed under the review process described in MMC Section 17.72.120**

**COMMENT:**

In compliance with the above standards and those of Section 17.72.120, the applicant has submitted a Master Plan/Preliminary Site Plan (see Exhibit 3). As required, the plan will be reviewed at a public hearings before the Planning Commission and City Council before a decision is rendered for the application.

**Section 17.10.070: Master Plan Submittal Requirements. Applications for the review and approval of a Concept Master Plan and Master Plan shall include the following elements:**

- A. Plan Objectives. A narrative shall set forth the goals and objectives of the Master Plan and how it achieves McMinnville’s MGMUP and adopted Great Neighborhood Principles.**

**COMMENT:**

The goal of the submitted Master Plan/Preliminary Site Plan is to permit the development of 1 single-family detached dwelling in the southwest corner of Tax Lot 1200, while preserving natural resources and the floodplain along the South Yamhill River. The proposed development of a single-family dwelling helps to address the need for additional residential units as documented in the 2003-2023 McMinnville Growth Management and Urbanization Plan. The City’s more recent Housing Needs Analysis indicates that the City has a deficient residential land supply when addressing housings needs for the 2021-2041 planning period. As such, annexation and development of the subject site is essential when addressing the current public housing need. As required, the applicant has addressed how the proposal is also consistent with the City’s Great Neighborhood Principals in the narrative provided below.

- B. Plan Area and Context. A map of the plan area and surrounding vicinity shall set the context for the Master Plan.**
- C. Land Use Diagram. The land use diagram shall indicate the distribution and location of planned land uses for the Master Plan, including plans for park and open space and community facilities. The plan shall identify proposed comprehensive plan and zoning designations.**

**COMMENT:**

The attached Cover Sheet/Vicinity Map, Existing General Land Use Plan, and Preliminary Site Plan provide all of the required information listed above.

- D. Significant Resources Inventory. An inventory of significant natural resources, scenic and historic resources, and open space areas. When significant resources are present, the Master Plan shall include a management plan to protect resource sites.**

**COMMENT:**

The attached Existing General Land Use Plan demonstrates that the South Yamhill River, its adjacent floodplain, and low-lying areas within the subject site serve as a riparian corridor along the waterway. An existing conservation easement is located on this portion of the site, providing protection of the natural resource area. The submitted Preliminary Site Plan demonstrates that the proposed development does not encroach into the resource area (see Exhibit 3).

- E. Natural Hazard Areas. Inventory and identify areas subject to natural hazards.**

**COMMENT:**

The attached Existing General Land Use Plan and Preliminary Site Plan identify the limits of a 100-year floodplain on the subject properties. As required, the proposed development does not extend into the mapped floodplain area.

- F. Mixed Use Areas. Identify areas planned for mixed uses, which may also include Neighborhood Activity Centers if identified in the applicable Area Plan.**

**COMMENT:**

The applicant is not proposing mixed uses for the site. Therefore, this standard does not apply.

- G. Commercial Areas. Identify areas planned for commercial use, which may also include Neighborhood Activity Centers if identified in the applicable Area Plan.**

**COMMENT:**

Commercial uses are not planned for the site. Therefore, this standard does not apply.

- H. Residential Areas. Identify areas planned for housing development. The housing plan must identify a mix of housing types and densities so that the overall density in the area meets the housing density objectives for the area that are identified in the applicable Framework Plan and Area Plan. The applicable Framework Plan and Area Plan are based on a UGB expansion plan that includes findings that specify the housing types and densities that need to be achieved in order to meet future housing needs. Great Neighborhood Principle #11 also requires that "A range of housing forms and types shall be provided and integrated into neighborhoods to provide for housing choice at different income levels and for different generations."**

**COMMENT:**

The applicant is requesting annexation of the site and rezoning of the area outside of the mapped floodplain to R-1 for future development of a single-family dwelling. As mentioned previously, only 1 dwelling and a private septic system can be developed in the southwest corner of Tax Lot 1200. Given the extent of the conservation easement and floodplain constraints on the property, the proposed use meets Neighborhood Principal #11 to the extent possible.

- I. **Parks and Open Space. Identify land suitable for park and recreation use in accordance with the needs in the applicable Framework Plan and Area Plan, and the standards in the McMinnville Parks, Recreation, and Open Space Master Plan.**

**COMMENT:**

The submitted Topographic Survey indicates that most of the site is encumbered by a conservation easement, protecting the riparian area as open space along the South Yamhill River, and limiting the development of recreational uses or other uses in the natural resource area. The McMinnville Parks, Recreation, and Open Space Master Plan does not indicate that park facilities should be developed along this portion of the riparian corridor.

- J. **Transportation Analysis and Plan. Prepare a traffic impact analysis and local street plan that is consistent with street spacing and connectivity guidelines in the McMinnville Transportation System Plan (TSP). The street plan shall show the proposed classification for all streets, proposed bicycle routes, and proposed pedestrian facilities. The street plan shall show how streets, bike routes, and pedestrian facilities will connect with adjacent urban areas that are already existing and also how those facilities will be extended to adjacent UGB expansion areas that have not yet gone through the Master Planning process.**

**COMMENT:**

Per the 11<sup>th</sup> Edition of the ITE Manual, the proposed single-family dwelling will generate 10 average daily trips, 0.75 AM peak hour trips, and 1 PM peak hour trip. Based on the low impact of the development on existing transportation facilities, the applicant is not proposing to install improvements to SE Nehemiah or other area roadways. The attached Preliminary Site Plan indicates that the adjacent portion of SE Nehemiah Lane is currently developed with a 15-ft. paved surface, which is adequate for the 3 existing homes which access the roadway and the proposed single-family dwelling (see Exhibit 4).

- K. **Public Facilities Analysis and Plan. The plan must include a conceptual layout of public facilities (including at a minimum sanitary sewer, power, water, and storm drainage) needed to support the land use diagram. The Public Facilities Analysis should address overall capacities and must be consistent with the City's adopted facility**

**master plans. Where necessary, the analysis shall identify improvements that may require amending the adopted facility master plans.**

**COMMENT:**

The Topographic Survey and Preliminary Site Plan demonstrate that needed public utilities are located in the vicinity of the site and can be provided when Tax Lot 1200 is developed with a single-family dwelling. Public water can be extended to the annexation territory by installing a meter and connecting a lateral to the existing main line at the north terminus of SE Nehemiah Lane. Similarly, electrical and communication services can be provided by connecting to existing lines at the north terminus of the right-of-way. Since the nearest sanitary sewer main line is located approximately 1,600-ft. from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home. As required, stormwater from impervious surfaces will be managed on-site in accordance with City standards.

- L. Site Design and Development Standards. If unique or innovative development standards are proposed for any area within the Master Plan area that differ from the City's normal development standards, these may be identified in the Master Plan and requested through a Planned Development process.**

**COMMENT:**

The applicant is not proposing to utilize unique development standards for the proposed single-family dwelling. The attached Preliminary Site Plan indicates that applicable City standards will be met (see Exhibit 3).

**Section 17.10.080: Master Plan Review Criteria.**

- A. In the review of an application for a Master Plan, the Planning Commission and City Council shall consider the following:**
  - 1. Whether the proposed Master Plan is consistent with the Framework Plan, Area Plan, and Comprehensive Plan in terms of land use, density, transportation systems and networks, and open space.**

**COMMENT:**

The attached Preliminary Site Plan indicates that 1 single-family dwelling will be developed in the southwest corner of Tax Lot 1200. The proposed density for the subject property is based on the buildable area of the site after considering areas encumbered by the conservation easement, floodplain, and the area needed for the private septic system. The site is not subject to the provisions of an Area Plan, and the 2023 Framework Plan does not apply to proposed development. As required, the applicant has addressed applicable policies of the Comprehensive Plan in the narrative provided below.



2. **Whether the proposed Master Plan is generally suitable for the area in which it is proposed, considering existing and planned neighborhoods, shopping and employment areas, and natural resources and hazards.**

**COMMENT:**

The proposed Master Plan is illustrated by the submitted Preliminary Site Plan (see Exhibit 3). The Existing General Land Use Plan demonstrates that the proposed single-family dwelling is consistent with the existing single-family homes to the south of the site. The plan also demonstrates that the proposed development will protect the riparian area and floodplain along the South Yamhill River. There are no shopping or employment areas in the vicinity of the site. Therefore, the Master Plan is suitable for the area in which it is proposed.

3. **Whether the proposed Master Plan is integrated with existing developed or planned areas.**

**COMMENT:**

The submitted Existing General Land Use Plan and Preliminary Site Plan illustrate that the proposed single-family dwelling is consistent with the land use pattern in the area and will integrate with existing developed areas (see Exhibit 3).

4. **Whether the Master Plan is consistent with the City's adopted Great Neighborhood Principles, which include:**
  - a. **Natural Feature Preservation. Great Neighborhoods are sensitive to the natural conditions and features of the land.**
    - 1) **Neighborhoods shall be designed to preserve significant natural features including, but not limited to, watercourses, sensitive lands, steep slopes, wetlands, wooded areas, and landmark trees.**

**COMMENT:**

As demonstrated by the attached General Land Use Plan and Preliminary Site Plan, the riparian corridor and associated wetlands along the South Yamhill River will be protected from development on the site (see Exhibit 3). These areas of the property will remain in a conservation easement and will provide a vegetated habitat area along the river.

- b. **Scenic Views. Great Neighborhoods preserve scenic views in areas that everyone can access.**

- 1) **Public and private open spaces and streets shall be located and oriented to capture and preserve scenic views, including, but not limited to, views of significant natural features, landscapes, vistas, skylines, and other important features.**

**COMMENT:**

The Preliminary Site Plan illustrates that only 1 single-family dwelling is proposed for the subject property, therefore existing residents to the south of the site will maintain similar views of the riparian corridor along the South Yamhill River. Since an existing conservation easement is provided in the northern portion of the site, scenic views of the significant natural features will be preserved.

- c. **Parks and Open Spaces. Great Neighborhoods have open and recreational spaces to walk, play, gather, and commune as a neighborhood.**
  - 1) **Parks, trails, and open spaces shall be provided at a size and scale that is variable based on the size of the proposed development and the number of dwelling units.**
  - 2) **Central parks and plazas shall be used to create public gathering spaces where appropriate.**
  - 3) **Neighborhood and community parks shall be developed in appropriate locations consistent with the policies in the Parks Master Plan.**

**COMMENT:**

Since the on-site riparian area along the South Yamhill River is currently located within a conservation easement, the applicant is not proposing to dedicate that portion of the site for park and recreation use. As required, land within the conservation easement will continue to be maintained as open space area.

- d. **Pedestrian Friendly. Great Neighborhoods are pedestrian friendly for people of all ages and abilities.**
  - 1) **Neighborhoods shall include a pedestrian network that provides for a safe and enjoyable pedestrian experience, and that encourages walking for a variety of reasons including, but not limited to,**

**health, transportation, recreation, and social interaction.**

- 2) Pedestrian connections shall be provided to commercial areas, schools, community facilities, parks, trails, and open spaces, and shall also be provided between streets that are disconnected (such as cul-de-sacs or blocks with lengths greater than 400 feet).**

**COMMENT:**

Only 3 single-family units currently utilize the adjacent portion of SE Nehemiah Lane with a 15-ft. paved surface. Since only 1 dwelling unit will be developed, the applicant is not proposing to install improvements to this segment of the roadway. Due to the low traffic volume and travel speeds, pedestrians and vehicles may safely share the paved surface. The submitted Preliminary Site Plan demonstrates that the floodplain and conservation easement prevent the extension of SE Nehemiah Lane through the subject site.

- e. Bike Friendly. Great Neighborhoods are bike friendly for people of all ages and abilities.**

- 1) Neighborhoods shall include a bike network that provides for a safe and enjoyable biking experience, and that encourages an increased use of bikes by people of all abilities for a variety of reasons, including, but not limited to, health, transportation, and recreation.**

- 2) Bike connections shall be provided to commercial areas, schools, community facilities, parks, trails, and open spaces.**

**COMMENT:**

Due to the low traffic volume and travel speeds on SE Nehemiah Lane, bicycles and vehicles can safely share the roadway. Nehemiah Lane connects to SE Three Mile Lane to the southeast of the site, which in turn provides additional opportunities for biking to other community destinations.

- f. Connected Streets. Great Neighborhoods have interconnected streets that provide safe travel route options, increased connectivity between places and destinations, and easy pedestrian and bike use.**

- 1) Streets shall be designed to function and connect with the surrounding built**

**environment and the existing and future street network, and shall incorporate human scale elements including, but not limited to, Complete Streets features as defined in the Comprehensive Plan, grid street networks, neighborhood traffic management techniques, traffic calming, and safety enhancements.**

- 2) Streets shall be designed to encourage more bicycle, pedestrian and transit mobility with a goal of less reliance on vehicular mobility.**

**COMMENT:**

As demonstrated by the attached Cover Sheet/Vicinity Map and General Land Use Plan, existing development, the floodplain, and the conservation easement limits how street connectivity can occur around and adjacent to the subject site (see Exhibit 3). Due to low traffic volumes and since only 4 dwellings will be served by the 15-ft. wide section of SE Nehemiah Lane, all modes of travel can safely be accommodated by the roadway. As such, the existing street system adequately meets the above standards.

- g. Accessibility. Great Neighborhoods are designed to be accessible and allow for ease of use for people of all ages and abilities.**
  - 1) To the best extent possible all features within a neighborhood shall be designed to be accessible and feature elements and principles of Universal Design.**
  - 2) Design practices should strive for best practices and not minimum practices.**

**COMMENT:**

Due to low traffic volumes and number of dwelling units served, the applicant is not proposing to install accessibility improvements within the SE Nehemiah Lane right-of-way.

- h. Human Scale Design. Great Neighborhoods have buildings and spaces that are designed to be comfortable at a human scale and that foster human interaction within the built environment.**
  - 1) The size, form, and proportionality of development is designed to function and be balanced with the existing built**

environment.

- 2) Buildings include design elements that promote inclusion and interaction with the right-of-way and public spaces, including, but not limited to, building orientation towards the street or a public space and placement of vehicle-oriented uses in less prominent locations.
- 3) Public spaces include design elements that promote comfortability and ease of use at a human scale, including, but not limited to, street trees, landscaping, lighted public areas, and principles of Crime Prevention through Environmental Design (CPTED).

**COMMENT:**

Although specific building plans have not been determined for Tax Lot 1200, the proposed single-family dwelling will be appropriately human scaled. The 1 or 2-story structure will be located at the north terminus of SE Nehemiah Lane where impacts to the right-of-way and public spaces are minimized.

- i. **Mix of Activities. Great Neighborhoods provide easy and convenient access to many of the destinations, activities, and local services that residents use on a daily basis.**
  - 1) Neighborhood destinations including, but not limited to, neighborhood-serving commercial uses, schools, parks, and other community services, shall be provided in locations that are easily accessible to surrounding residential uses.
  - 2) Neighborhood-serving commercial uses are integrated into the built environment at a scale that is appropriate with the surrounding area.
  - 3) Neighborhoods are designed such that owning a vehicle can be optional.

**COMMENT:**

As mentioned above, due to low traffic volumes and number of dwelling units served, all modes of travel can safely utilize NE Nehemiah Lane. This roadway connects to SE Three Mile Lane, which in turn provides connections to other neighborhood designations.

- j. **Urban-Rural Interface. Great Neighborhoods complement adjacent rural areas and transition between urban and rural uses.**
  - 1) **Buffers or transitions in the scale of uses, buildings, or lots shall be provided on urban lands adjacent to rural lands to ensure compatibility.**

**COMMENT:**

The attached Existing General Land Use Plan and Preliminary Site Plan demonstrate that the proposed home site provides a transition in density from existing single-family development south of the site to the riparian corridor along the South Yamhill River (see Exhibit 3).

- k. **Housing for Diverse Incomes and Generations. Great Neighborhoods provide housing opportunities for people and families with a wide range of incomes, and for people and families in all stages of life.**
  - 1) **A range of housing forms and types shall be provided and integrated into neighborhoods to provide for housing choice at different income levels and for different generations.**

**COMMENT:**

The proposed single-family dwelling will be located on a large lot with a conservation easement. This housing form will add to diversity of housing types in the community.

- l. **Housing Variety. Great Neighborhoods have a variety of building forms and architectural variety to avoid monoculture design.**
  - 1) **Neighborhoods shall have several different housing types.**
  - 2) **Similar housing types, when immediately adjacent to one another, shall provide variety in building form and design.**

**COMMENT:**

While detailed building plans for Tax Lot 1200 have not been determined, the proposed dwelling will provide additional housing variety when compared to existing single-family dwellings to the south and west of the home site.



- m. **Unique and Integrated Design Elements. Great Neighborhoods have unique features, designs, and focal points to create neighborhood character and identity. Neighborhoods shall be encouraged to have:**
  - 1) **Environmentally friendly construction techniques, green infrastructure systems, and energy efficiency incorporated into the built environment.**
  - 2) **Opportunities for public art provided in private and public spaces.**
  - 3) **Neighborhood elements and features including, but not limited to, signs, benches, park shelters, street lights, bike racks, banners, landscaping, paved surfaces, and fences, with a consistent and integrated design that are unique to and define the neighborhood.**

**COMMENT:**

The submitted land use applications are for the annexation and rezoning of the subject site. As required, the applicant will demonstrate compliance with applicable neighborhood design standards at when building permits are requested for the proposed development.

**Section 17.10.090: Development of Areas Less than 10 Acres. Lands less than 10 acres in size may be annexed into the city and rezoned into urban zones without the approval and adoption of a Master Plan. This may occur when the lands are designated for only residential use in the applicable Area Plan or are exempt from Area Planning per Section 17.10.030(C).**

**COMMENT:**

The applicant is proposing to annex approximately 30 acres into the city limits of McMinnville, therefore the standards of this section do not apply.

**Section 17.72.080: Legislative or Quasi-Judicial Hearings. The applications listed in this Chapter are either legislative or quasi-judicial in nature and are subject to a public hearing before the Planning Commission or City Council.**

- A. **A requested amendment to the text of the zoning ordinance or comprehensive plan would call for a legislative-type hearing, the purpose of which is to obtain public input primarily on matters of policy. A legislative**

amendment may be initiated by the City Council, the Planning Commission or by the Citizens' Advisory Committee. Any other citizen may petition the City Council requesting them to initiate a text amendment.

**COMMENT:**

The applicant is not proposing a zoning ordinance or comprehensive plan text amendment, therefore the above standards do not apply.

- B. An application that is site specific (such as a zone change or annexation request) would call for a quasi-judicial hearing. The decisions made as a result of such hearings must be based upon testimony submitted and supported by Findings of Fact. An amendment that is site specific may be initiated by the City Council, the Planning Commission, the Citizens' Advisory Committee or by application of the property owner.**

**COMMENT:**

These Annexation and Zone Change applications have been submitted by the property owner. As required, land use decisions will be issued after public hearings are held before the Planning Commission and City Council.

**Section 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**

**COMMENT:**

A neighborhood meeting for the submitted Annexation and Zone Change applications was held on June 6, 2022. As required, the applicant has submitted the attached Neighborhood Meeting Documentation to demonstrate compliance with City standards (see Exhibit 5).

**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.
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.

**COMMENT:**

As required, the attached Neighborhood Meeting Documentation meets the above standards (see Exhibit 5).

**Section 17.72.120: Applications – Director’s Review with Notification. The following applications shall be submitted as stated above in Section 17.72.020 and shall be reviewed by the Planning Director or designee.**

- Annexation
- Appeal of a Planning Director’s Decision
- Application with Director’s decision for which a public hearing is requested
- Comprehensive Plan Map Amendment
- Comprehensive Plan Text Amendment
- Conditional Use Permit
- Demolition of National Register of Historic Places Structure (Public hearing held by the Historic Landmarks Committee)
- Planned Development
- Planned Development Amendment
- Tentative Subdivision (more than 10 lots)



- **Urban Growth Boundary Amendment**
- **Variance**
- **Zone Change**
- **Zoning Ordinance Text Amendment**
- **Any application listed in Section 17.72.110 for which a public hearing is requested.**

**The above applications are subject to the following submittal, notice, and hearing requirements:**

- A. Applications must be filed not less than 35 (thirty-five) days prior to the date of the public hearing. Applications other than those involving text amendments or other legislative matters shall be reviewed for completeness as outlined above in Section 17.72.040.**
- B. The Director shall send a copy of the proposal to any agency or City department identified by the Director as having interest in the proposal including those agencies and departments responsible for determining compliance with state and federal requirements. The notified agency may provide written comment regarding the proposal.**
- C. An application to amend the comprehensive plan map, zoning ordinance text, comprehensive plan text or other application requiring notice to the Department of Land Conservation (DLCDC) and Development Commission as a “post acknowledgment plan amendment” shall be submitted to the Planning Department a minimum of 55 (fifty-five) days prior to the date of the public hearing so that notice of the application can be provided to the DLCDC.**
- D. Notice of the public hearing shall be published in a newspaper of general circulation in the City, not less than five (5) days nor more than 15 (fifteen) days prior to the date of the public hearing.**
- E. Written notice of a variance request shall be mailed to the applicant and all property owners within 100 feet of the exterior boundary of the subject property, and within 200 feet of the exterior boundary of the subject property for an application for a conditional use permit not fewer than 20 (twenty) nor more than 30 (thirty) days prior to the date of the public hearing.**
- F. Written notice of a request for applications other than those involving text amendments or other legislative matters shall be mailed to the applicant and all property owners within 300 feet of the exterior boundary of the**

**subject property, not fewer than 20 (twenty) nor more than 30 (thirty) days prior to the date of the public hearing.**

**COMMENT:**

The applicant is submitting concurrent Annexation and Zone Change applications, subject to a quasi-judicial hearing land-use process and review by the Planning Director. To meet the above standards, copies of the Application Forms, Property Deed, Preliminary Development Plans, Legal Description for Annexation Territory, and Neighborhood Meeting Documentation have been attached to this narrative (see Exhibits 1-5).

**Chapter 17.74:      Review Criteria**

**Section 17.74.020:    Comprehensive Plan Map Amendment and Zone Change - Review Criteria.**

**An amendment to the official zoning map may be authorized, provided that the proposal satisfies all relevant requirements of this ordinance, and also provided that the applicant demonstrates the following:**

**A.    The proposed amendment is consistent with the goals and policies of the Comprehensive Plan;**

**COMMENT:**

As required, the applicant has addressed applicable goals and policies of the Comprehensive Plan in the narrative provided below.

**B.    The proposed amendment is orderly and timely, considering the pattern of development in the area, surrounding land uses, and any changes which may have occurred in the neighborhood or community to warrant the proposed amendment;**

**COMMENT:**

The attached Existing General Land Use Plan indicates that the subject site is part of an enclave of unannexed parcels that are bordered on multiple sides by properties that are located within the city limits of McMinnville (see Exhibit 3). To the south are R-1 and R-2 zoned parcels which have already been developed with single-family dwellings. The applicant's proposal to annex the subject site will help resolve the patchwork of annexed and unannexed parcels along the south side of the river, and the proposed single-family dwelling will compliment the existing land use pattern in the area.

**C.    Utilities and services can be efficiently provided to serve the proposed uses or other potential uses in the proposed zoning district.**

**When the proposed amendment concerns needed housing (as defined in the McMinnville Comprehensive Plan and state statute), criterion "B" shall not apply to the rezoning of land designated for residential use on the plan map.**

**In addition, the housing policies of the McMinnville Comprehensive Plan shall be given added emphasis and the other policies contained in the plan shall not be used to: (1) exclude needed housing; (2) unnecessarily decrease densities; or (3) allow special conditions to be attached which would have the effect of discouraging needed housing through unreasonable cost or delay.**

**COMMENT:**

The Topographic Survey and Preliminary Site Plan demonstrate that needed public utilities are located in the vicinity of the site and can be extended when Tax Lot 1200 is developed with a single-family dwelling. Public water can be provided to the annexation territory by installing a meter and connecting a lateral to the existing main line at the north terminus of SE Nehemiah Lane. Similarly, electrical and communication services can be efficiently extended by connecting to existing lines at the north terminus of the right-of-way. Since the nearest sanitary sewer main line is located approximately 1,600-ft. from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home. As required, stormwater from impervious surfaces will be managed on-site in accordance with City standards.

The City's current Housing Needs Analysis indicates that single-family and multi-family needs will be met through the development of 4,657 dwelling units during the 2021-2041 planning period. However, the existing residential land supply cannot meet the projected demand for housing units. It has been determined that the City will have a projected deficiency of 1,926 dwelling units during the planning period even if all of the available residential land supply is developed. Therefore, annexation of the subject site is essential when addressing the public need for additional housing.

**Section 17.74.030: Authorization to Grant or Deny Conditional Use. A conditional use listed in this ordinance shall be permitted, altered or denied in accordance with the standards and procedures of this chapter. In the case of a use existing prior to the effective date of this ordinance and classified in this ordinance as a conditional use, a change in the use or in lot area, or an alteration of any structure shall conform to the requirements for conditional uses. In judging whether or not a conditional use proposal shall be approved or denied, the Planning Commission shall weigh its appropriateness and desirability or the public convenience or necessity to be served against any adverse conditions that would result from authorizing the particular development at the location proposed and, to approve such use, shall find that the following criteria are either met, can be met by observance of conditions, or are not applicable:**

**COMMENT:**

The applicant is not proposing to establish a conditional use on the subject site, therefore this section does not apply.

**B. MCMINNVILLE COMPREHENSIVE PLAN**

**Chapter II: Natural Resources**

**Goal II 1: To Preserve the Quality of the Air, Water, and Land Resources Within the Planning Area.**

**COMMENT:**

The applicant is proposing to annex the 30 +/- acre site into the city limits of McMinnville and change the current EF-80 zoning to R-1 and F-P designations. The attached Topographic Survey demonstrates that the annexation territory is currently vacant (see Exhibit 3). An existing conservation easement and a 100-year floodplain follow the South Yamhill River in the northern boundary of the site. The attached Preliminary Site Plan indicates that this riparian corridor will be preserved and only 39,542 sq. ft. (0.91 acres) of the 30 acre site will be developed with a single-family use.

**Land Policies:**

**1.00: Urbanizable lands outside the city limits, but inside the Urban Growth Boundary, shall be retained, whenever possible, in agricultural use until such time as they are needed for urban development.**

**COMMENT:**

As illustrated on the attached Existing General Land Use Plan, the subject site is urbanizable land that is currently located within the McMinnville UGB. The submitted Topographic Survey indicates that most of the 30 acre site is located within a conservation easement, therefore it cannot be put into agricultural use. Per the attached Preliminary Site Plan, development of a home site is proposed for a small buildable area of Tax Lot 1200. Since other areas which are located outside of the floodplain and conservation easement on Lot 900 are too small for a home site, the applicant could continue farming those areas after the site is annexed.

**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.**

**COMMENT:**

The applicant's General Land Use Plan indicates that a floodplain is located on the subject site (see Exhibit 3). As required, the proposed development is located outside of the mapped floodplain so that natural hazards are minimized.

**Water Policies:**

- 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.
- 9.00:** The City of McMinnville shall continue to designate appropriate lands within its corporate limits as "floodplain" to prevent flood induced property damages and to retain and protect natural drainage ways from encroachment by inappropriate uses.
- 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.
- 11.00:** The City of McMinnville shall cooperate with McMinnville Water and Light, the Bureau of Land Management, and Yamhill County to insure that the land use development actions allowed in and around the municipal watershed do not lessen the water quality of the municipal water system below acceptable federal, state, and local standards.

**COMMENT:**

The submitted Existing General Land Use Plan illustrates the limits of a 100-year floodplain along South Yamhill River (see Exhibit 3). The applicant's Preliminary Site Plan indicates that the applicant intends to develop a low-density residential use in the southwest corner of Lot 1200, near other existing single-family dwelling, and approximately 650-ft. from the river. Since there are no proposed impacts within the conservation easement, water quality standards for the waterway will be maintained. As required, the proposed septic system will comply with DEQ standards, and the applicant will obtain appropriate local and state permits prior to the installation of the improvements.

**Chapter III: Cultural, Historical, and Educational Resources**

- Goal III 2:** To Preserve and Protect Sites, Structures, Areas, and Objects of Historical, Cultural, Architectural, or Archaeological Significance to the City of McMinnville.

**COMMENT:**

The subject site does not contain historical, cultural, architectural, or archaeological sites, structures or objects of significance. Therefore, this chapter does not apply to the submitted Annexation and Zone Change applications.

**Chapter IV: Economy of McMinnville**

- 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.**

**COMMENT:**

The attached Existing General Land Use Plan indicates that the subject property is located within the UGB and adjacent to the city limits of McMinnville. The subject parcels are currently designated Residential on the City’s Comprehensive Plan Map. The applicant is proposing to annex Tax Lots 900 and 1200 and change the zoning to R-1 and F-P when the area is brought into the city limits. The proposed map amendments will allow the development of a single-family dwelling, providing additional housing opportunities for the workforce in McMinnville. Residents that live in the proposed dwelling will also purchase local goods and services, helping to contribute to the local economy. In addition, the annexation will provide additional property tax revenue for the City to use for providing public services.

**Chapter V: Housing and Residential Development**

**Goal V 1: To Promote Development of Affordable, Quality Housing for All City Residents.**

**General Housing Policies:**

**58.00: City land development ordinances shall provide opportunities for development of a variety of housing types and densities.**

**61.00: The City of McMinnville shall monitor the conversion of lands to residential use to insure that adequate opportunities for development of all housing types are assured. Annual reports on the housing development pattern, housing density and mix shall be prepared for city review.**

**COMMENT:**

The City’s current Housing Needs Analysis indicates that single-family and multi-family dwelling needs will be met through the development of 4,657 housing units during the 2021-2041 planning period. However, if all inventoried residential land supply is developed by 2041, the City will still maintain a deficiency of 1,926 dwelling units during the planning period. Therefore, annexation of the subject site is essential when addressing the public need for additional housing. As demonstrated by the attached Preliminary Site Plan, the proposed single-family dwelling unit on Tax Lot 1200 is consistent with the existing land use pattern, and the development will contribute towards the development of a variety of housing types for the community (see Exhibit 3).

**Goal V 2: To Promote a Residential Development Pattern that is Land Intensive and Energy Efficient, That Provides for an Urban Level of Public and Private Services, and that Allows Unique and Innovative Development Techniques to be Employed in Residential Designs.**

**Policies:**



**68.00: The City of McMinnville shall encourage a compact form of urban development by directing residential growth close to the city center and to those areas where urban services are already available before committing alternate areas to residential use.**

**COMMENT:**

The submitted Topographic Survey, Existing General Land Use Plan, and Preliminary Site Plan indicate that the proposed annexation territory and single-family dwelling is located adjacent to existing homes, promoting a compact form of urban development. The Preliminary Site Plan indicates that public water, electrical, and communication services can be efficiently extended from the north terminus of SE Nehemiah Lane. Since the nearest sanitary sewer main line is located approximately 1,600-ft. from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home.

**71.00: The City of McMinnville shall designate specific lands inside the urban growth boundary as residential to meet future projected housing needs. Lands so designated may be developed for a variety of housing types. All residential zoning classifications shall be allowed in areas designated as residential on the Comprehensive Plan Map.**

**COMMENT:**

The subject site is currently designated Residential and Floodplain on the Comprehensive Plan Map, therefore the proposed R-1 and F-P zoning is consistent with the planned use of the parcels. The applicant is proposing to develop a single-family dwelling on the R-1 zoned portion of the site, in conformance with the above policy.

**71.05: The City of McMinnville shall encourage annexations and rezoning which are consistent with the policies of the Comprehensive Plan so as to achieve a continuous five-year supply of buildable land planned and zoned for all needed housing types.**

**COMMENT:**

The current Housing Needs Analysis indicates that 4,657 dwelling units need to be developed during the 2021-2041 planning period. Therefore, approximately 1,164 dwelling units need to be constructed during the next 5 years to meet the projected demand. It is anticipated that at the end of the planning period, the City will have a projected deficiency of 1,926 dwelling units. Since the current residential land supply will only last about 12 years, and a portion of the available land supply is located outside of the city limits, the proposed annexation and residential development is timely and will serve a public need.

**71.06: Low Density Residential Development (R-1 and R-2) Low-density residential development should be limited to the following:**

- 1. Areas which are committed to low density development and shown on the buildable lands inventory as “developed” land;**

2. **Areas where street facilities are limited to collector and local streets;**

**COMMENT:**

The subject site is currently designated Residential and Floodplain on the Comprehensive Plan Map. The proposed home site is accessed from SE Nehemiah Lane, a Local Street. Therefore, the proposed R-1 and F-P zoning is consistent with the above policies.

3. **Areas with mapped development limitations such as steep slopes, floodplains, stream corridors, natural drainageways, and wetlands; and**

**COMMENT:**

As demonstrated by the attached Existing General Land Use Plan, the area proposed for annexation is partially encumbered by a floodplain and conservation easement along the South Yamhill River.

4. **Areas with limited capacity for development identified in approved facility master plans, including sanitary sewer, water, drainage, and transportation facilities.**

**COMMENT:**

Since the nearest sanitary sewer main line is located approximately 1,600-ft. from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home. Existing improvements to the section of SE Nehemiah Lane serving the subject site consist of a 15-ft. wide paved surface within a 60-ft. right-of-way. However, the Local Street has adequate capacity since only 3 other dwellings and 1 new dwelling will be served by the roadway.

**71.07: The R-1 zoning designation shall be applied to limited areas within the McMinnville urban growth boundary. These include:**

2. **Neighborhoods and properties within the current urban growth boundary that are developed or have been approved for such densities (Michelbook, for example);**

**COMMENT:**

The subject site is currently designated Residential and Floodplain on the Comprehensive Plan Map, therefore the proposed R-1 and F-P zoning is consistent with approved densities for the site.

**Urban Policies:**

**99.00: An adequate level of urban services shall be provided prior to or concurrent with all proposed residential development, as specified in the acknowledged Public Facilities Plan. Services shall include, but not**

**be limited to:**

- 1. Sanitary sewer collection and disposal lines. Adequate municipal waste treatment plant capacities must be available.**
- 2. Storm sewer and drainage facilities (as required).**
- 3. Streets within the development and providing access to the development, improved to city standards (as required).**
- 4. Municipal water distribution facilities and adequate water supplies (as determined by City Water and Light). (as amended by Ord. 4796, October 14, 2003)**

**COMMENT:**

The Existing General Land Use Plan demonstrates that public utility and transportation facilities are located in the vicinity of the subject site and can be extended when the proposed home site is developed. Public water can be provided to the annexation territory by installing a meter and connecting a lateral to the existing main line at the north terminus of SE Nehemiah Lane. Similarly, electrical and communication services can be provided by connecting to existing lines at the north terminus of the right-of-way. Since the nearest sanitary sewer main line is located approximately 1,600-ft. from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home. As required, stormwater from impervious surfaces will be managed on-site in accordance with City standards. The attached Preliminary Site Plan indicates that this portion of SE Nehemiah Lane is currently developed with a 15-ft. paved surface, which is adequate for the 3 existing homes which access the roadway and the proposed single-family dwelling

**Chapter VI: Transportation System**

**Goal VI 1:**

**To Encourage Development of a Transportation System than Provides for the Coordinated Movement of People and Freight in a Safe and Efficient Manner.**

**Streets Policies:**

**117.00: The City of McMinnville shall endeavor to insure that the roadway network provides safe and easy access to every parcel.**

**COMMENT:**

The submitted Topographic Survey and Preliminary Development Plan illustrate that SE Nehemiah Lane provides safe and easy access to the buildable portion of Lot 1200 (see Exhibit 3).

**118.00: The City of McMinnville shall encourage development of roads that include the following design factors:**

1. **Minimal adverse effects on, and advantageous utilization of, natural features of the land.**
2. **Reduction in the amount of land necessary for streets with continuance of safety, maintenance, and convenience standards.**
3. **Emphasis placed on existing and future needs of the area to be serviced. The function of the street and expected traffic volumes are important factors.**
4. **Consideration given to Complete Streets, in consideration of all modes of transportation (public transit, private vehicle, bike, and foot paths).**
5. **Connectivity of local residential streets shall be encouraged. Residential cul-de-sac streets shall be discouraged where opportunities for through streets exist**

**COMMENT:**

As demonstrated by the attached Cover Sheet/Vicinity Map and General Land Use Plan, existing development, the floodplain, and an existing conservation easement limit how street connectivity can occur around and adjacent to the subject site (see Exhibit 3). Due to low traffic volumes and since only 4 dwellings will be served by the 15-ft. wide section of SE Nehemiah Lane, all modes of travel can safely be accommodated by the existing roadway. As such, the existing street system is consistent with the above policies.

- 119.00: The City of McMinnville shall encourage utilization of existing transportation corridors, wherever possible, before committing new lands.**
- 120.00: The City of McMinnville may require limited and/or shared access points along major and minor arterials, in order to facilitate safe access flows.**
- 121.00: The City of McMinnville shall discourage the direct access of small-scale residential developments onto major or minor arterial streets and major collector streets.**

**COMMENT:**

As required, access to the buildable area of Tax Lot 1200 is from SE Nehemiah Lane, an existing Local Street.

- 122.00: The City of McMinnville shall encourage the following provisions for each of the three functional road classifications:**

### 3. Local Streets

- Designs should minimize through-traffic and serve local areas only.
- Street widths should be appropriate for the existing and future needs of the area.
- Off-street parking should be encouraged wherever possible.
- Landscaping should be encouraged along public rights-of-way.

#### COMMENT:

As discussed above, the existing width of SE Nehemiah Lane is appropriate for low traffic generated by existing and proposed development using the roadway. The attached Preliminary Site Plan demonstrates that off-street parking can be provided within a 2-car garage and in the driveway serving the proposed home site (see Exhibit 3).

#### Parking Policies:

- 126.00:** The City of McMinnville shall continue to require adequate off-street parking and loading facilities for future developments and land use changes.
- 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.

#### COMMENT:

As mentioned above, the attached Preliminary Site Plan demonstrates that off-street parking can be provided within a 2-car garage and in the driveway serving the proposed home site (see Exhibit 3).

#### Bike Paths Policies:

- 130.00:** The City of McMinnville shall encourage implementation of the Bicycle System Plan that connects residential areas to activity areas such as the downtown core, areas of work, schools, community facilities, and recreation facilities.

#### COMMENT:

Due to the low traffic volume and travel speeds on SE Nehemiah Lane, bicycles and vehicles safely share the roadway. Nehemiah Lane connects to SE Three Mile Lane to the southeast of the site, which in turn provides opportunities for biking to other community destinations.

#### Complete Streets:

- 132.24.00:** The safety and convenience of all users of the transportation system including pedestrians, bicyclists, transit users, freight, and motor

vehicle drivers shall be accommodated and balanced in all types of transportation and development projects and through all phases of a project so that even the most vulnerable McMinnville residents – children, elderly, and persons with disabilities – can travel safely within the public right-of-way. Examples of how the Compete Streets policy is implemented:

1. Design and construct right-of-way improvements in compliance with ADA accessibility guidelines (see below).
2. Incorporate features that create a pedestrian friendly environment, such as:
  - a. Narrower traffic lanes;
  - b. Median refuges and raised medians;
  - c. Curb extensions (“bulb-outs”);
  - d. Count-down and audible pedestrian signals;
  - e. Wider sidewalks;
  - f. Bicycle lanes; and
  - g. Street furniture, street trees, and landscaping

**COMMENT:**

As mentioned above, a total of 4 dwellings will be served by the 15-ft. wide section of SE Nehemiah Lane once the proposed single-family dwelling is developed on Tax Lot 1200. Due to the low traffic volume and travel speeds on SE Nehemiah Lane, all modes of travel can safely share the roadway. As such, the existing improvements are consistent with the above policies.

**Multi-modal Transportation System:**

**132.25.00: The transportation system for the McMinnville planning area shall consist of an integrated network of facilities and services for a variety of motorized and non-motorized travel modes.**

**COMMENT:**

Due to the low traffic volume and travel speeds on SE Nehemiah Lane, all modes of travel can safely share the roadway.

**Connectivity and Circulation:**

**132.26.00: The vehicle, pedestrian, transit, and bicycle circulation systems shall be designed to connect major activity centers in the McMinnville**



planning area, increase the overall accessibility of downtown and other centers, as well as provide access to neighborhood residential, shopping, and industrial areas, and McMinnville’s parks and schools.

**132.26.05:** New street connections, complete with appropriately planned pedestrian and bicycle features, shall be incorporated in all new developments consistent with the Local Street Connectivity map.

**COMMENT:**

The Preliminary Site Plan demonstrates that the presence of the floodplain and conservation easement along the South Yamhill River prevents the extension of SE Nehemiah Lane through the site.

**Supportive of General Land Use Plan Designations and Development Patterns:**

**132.27.00:** The provision of transportation facilities and services shall reflect and support the land use designations and development patterns identified in the McMinnville Comprehensive Plan. The design and implementation of transportation facilities and services shall be based on serving current and future travel demand—both short-term and long-term planned uses.

**COMMENT:**

SE Nehemiah Lane is currently designated as a Local Street. It is currently developed with a 15-ft. paved width within a 60-ft. wide right-of-way for the roadway segment which serves the proposed home site and 3 other single-family dwellings. Due to the low traffic volume and speeds, the transportation facilities support the existing land use designations and development pattern.

**Transportation Safety:**

**132.31.00:** The City of McMinnville shall make the design, construction, and operation of a safe transportation system for all modes of travel a high priority.

**COMMENT:**

As mentioned above, existing improvements to SE Nehemiah Lane are appropriate for the proposed single-family dwelling and 3 other homes which utilize the roadway.

**Public Safety:**

**132.32.00:** The safe, rapid movement of fire, medical, and police vehicles shall be an integral part of the design and operation of the McMinnville transportation system.

**COMMENT:**

The attached Preliminary Site Plan demonstrates that a hammerhead turnaround meeting Fire Code standards is currently provided at the terminus of SE Nehemiah Lane (see Exhibit 3). Therefore, the existing transportation system is consistent with the above policy.

**Livability:**

**132.35.00: Transportation facilities in the McMinnville planning area shall be, to the degree possible, designed and constructed to mitigate noise, energy consumption, and neighborhood disruption, and to encourage the use of public transit, bikeways, sidewalks, and walkways.**

**Health and Welfare:**

**132.36.00: Through implementation of its Complete Streets policy and the TSP by enhancing its pedestrian and bicycle systems, the City of McMinnville will help encourage greater physical activity and improved health and welfare of its residents.**

**COMMENT:**

The existing SE Nehemiah Lane improvements support all modes of travel, encouraging greater physical activity for area residents.

**Transportation Sustainability:**

**132.37.00: Through implementation of the TSP and the Comprehensive Plan, the City of McMinnville will, to the extent possible, seek measures that simultaneously help reduce traffic congestion, pollution, crashes and consumer costs, while increasing mobility options for non-drivers, and encouraging a more efficient land use pattern.**

**COMMENT:**

As indicated in the above narrative, the applicant's Existing General Land Use Plan and Preliminary Site Plan demonstrate adherence to the TSP and Comprehensive Plan policies that support multi-modal transportation, safety goals, transportation sustainability, and connectivity to area businesses, residences, parks, open spaces, and recreation amenities (see Exhibit 3).

**132.40.15: Transportation SDCs – The City should update its transportation systems development charge (SDC) to address growth-related traffic impacts.**

**COMMENT:**

When building permits are issued for the proposed home site, transportation SDCs will be paid for anticipated traffic impacts.

**Circulation:**

**132.41.00: Residential Street Network – A safe and convenient network of residential streets should serve neighborhoods. When assessing the adequacy of local traffic circulation, the following considerations are of high priority:**

- 1. Pedestrian circulation;**
- 2. Enhancement of emergency vehicle access;**
- 3. Reduction of emergency vehicle response times;**
- 4. Reduction of speeds in neighborhoods,; and**
- 5. Mitigation of other neighborhood concerns such as safety, noise, and aesthetics.**

**COMMENT:**

The existing 15-ft. wide section of SE Nehemiah Lane appropriately serves the proposed home site considering the limited number of existing dwellings served and low traffic speeds on the roadway. The length of this section of the roadway is only about 1,100-ft., therefore emergency vehicle response times will not be significantly impacted.

**132.41.05: Cul-de-sac streets in new development should only be allowed when connecting neighborhood streets are not feasible due to existing land uses, topography, or other natural and physical constraints.**

**132.41.30: Promote Street Connectivity – The City shall require street systems in subdivisions and development that promote street connectivity between neighborhoods.**

**COMMENT:**

The attached Preliminary Site Plan demonstrates that a hammerhead turnaround meeting Fire Code standards is currently provided at the terminus of SE Nehemiah Lane (see Exhibit 3). The presence of a conservation easement and floodplain along the South Yamhill River prevents the extension of SE Nehemiah Lane through the site.

**Neighborhood Traffic Management:**

**132.43.10: Limited Neighborhood Cut-Through Traffic – Local residential streets should be designed to prevent or discourage their use as shortcuts for through traffic. Local traffic control measures should be coordinated with the affected neighborhood.**

**COMMENT:**

Since the north terminus of SE Nehemiah Lane abuts the subject site, cut through traffic will not utilize this Local Street.

**Impervious Surface Area:**

**132.45.00: Supplement Street Design Standards – McMinnville’s standards should be supplemented to achieve reductions in impermeable surfaces, consistent with safety and operating standards. Innovative design and materials should be utilized to reduce impermeable surfaces.**

**COMMENT:**

The existing impervious surface width of SE Nehemiah Lane is 15-ft., which is appropriate for existing and planned development using the roadway.

**Chapter VII: Community Facilities and Services**

**Goal VII 1:**

**To Provide Necessary Public and Private Facilities and Utilities at Levels Commensurate with Urban Development, Extended in a Phased Manner, and Planned and Provided in Advance of or Concurrent with Development, In Order to Promote the Orderly Conversion of Urbanizable Lands to Urban Lands within the McMinnville Urban Growth Boundary.**

**Sanitary Sewer System Policies:**

**136.00: The City of McMinnville shall insure that urban developments are connected to the municipal sewage system pursuant to applicable city, state, and federal regulations.**

**140.00: The City of McMinnville shall continue to limit sewer service extensions to the areas within the urban growth boundary, except where service is granted to comply with state or federal laws. Areas outside the city limits, but within the urban growth boundary, shall be granted sewer service hook-ups only under policies adopted by the City.**

**141.00: The City of McMinnville shall continue to separate storm and sanitary sewers where they are connected to reduce the inflow of storm sewer waters to the sewage treatment plant. Ongoing maintenance and improvements of the existing system shall also be undertaken to reduce infiltration of rain water into the system.**

**COMMENT:**

Since the nearest sanitary sewer main line is located approximately 1,600-ft. from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home. As required, appropriate local and state permits will be obtained prior to construction of the improvements.

**Storm Drainage Policies:**

- 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.
- 143.00:** The City of McMinnville shall encourage the retention of natural drainage ways for storm water drainage.

**COMMENT:**

As required, an on-site storm system will be designed to meet City standards. Stormwater from impervious surfaces will be managed so that it is released on-site at the pre-development rate.

**Water System Policies:**

- 144.00:** The City of McMinnville, through McMinnville Water and Light, shall provide water services for development at urban densities within the McMinnville Urban Growth Boundary.
- 145.00:** The City of McMinnville, recognizing McMinnville Water and Light as the agency responsible for water system services, shall extend water services within the framework outlined below:
- 1.** Facilities are placed in locations and in such a manner as to insure compatibility with surrounding land uses.
  - 2.** Extensions promote the development patterns and phasing envisioned in the McMinnville Comprehensive Plan.
  - 3.** For urban level developments within McMinnville, sanitary sewers are extended or planned for extension at the proposed development densities by such time as the water services are to be utilized.
  - 4.** Applicable policies for extending water services, as developed by the City Water and Light Commission, are adhered to.

**COMMENT:**

Public water can be extended to the annexation territory by installing a meter and connecting a lateral to the existing main line at the north terminus of SE Nehemiah Lane. As mentioned above, a private septic system will serve the proposed single-family dwelling on Tax Lot 1200.

**Water and Sewer – Land Development Criteria Policies:**

**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.

**COMMENT:**

An existing public water line that is located at the north terminus of SE Nehemiah Lane has the capacity to serve the proposed single-family dwelling on Tax Lot 1200. As required, the developer will be responsible for the cost to install a meter and extend a lateral to serve the new home site. Since the new dwelling is located 1,600-ft. from the nearest public sanitary sewer line, the applicant is proposing to install a private septic system to serve the site. Prior to development of the proposed improvements, detailed plans will be submitted for building permits, demonstrating that federal, state, and local wastewater standards are met.

**Police and Fire Protection Policies:**

**152.00:** The City of McMinnville shall encourage the provision of adequate



police and fire facilities and personnel to meet the needs of the community as it expands.

- 155.00:** The ability of existing police and fire facilities and services to meet the needs of new service areas and populations shall be a criterion used in evaluating annexations, subdivision proposals, and other major land use decisions.

**COMMENT:**

It is anticipated that City of McMinnville police and fire services have the capacity to serve the proposed single-family use on the subject site. As demonstrated by the attached Preliminary Site Plan, a turnaround meeting Fire Code standards is provided at the terminus of SE Nehemiah Lane.

**Goal VII 3:**

**To Provide Parks and Recreation Facilities, Open Spaces, and Scenic Areas for the Use and Enjoyment of All Citizens of the Community.**

- 159.00:** The City of McMinnville’s Parks, Recreation, and Open Space Master Plan shall serve to identify future needs of the community, available resources, funding alternatives, and priority projects.
- 163.00:** The City of McMinnville shall continue to require land, or money in lieu of land, from new residential developments for the acquisition and/or development of parklands, natural areas, and open spaces.
- 168.00:** Distinctive natural features and areas shall be retained, wherever possible, in future urban developments.
- 169.00:** Drainage ways in the City shall be preserved, where possible, for natural areas and open spaces and to provide natural storm run-offs.
- 170.05:** For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used.

**COMMENT:**

The subject parcels are not identified as future parkland in the McMinnville Parks and Recreation Master Plan. However, due to the presence of the conservation easement and proposed F-P zoning on the site, the riparian area along South Yamhill River will be protected as open space.

**Chapter VII: Energy**

**Goal VIII 2:**

**To Conserve all Forms of Energy Through Utilization of Land Use Planning Tools.**

**Energy Supply Distribution Policies:**

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

**COMMENT:**

The submitted Existing General Land Use Plan and Preliminary Site Plan demonstrates that the proposed dwelling on Tax Lot 1200 is clustered with existing single-family homes, providing a compact urban development pattern consistent with the above policy.

**Chapter IX: Urbanization**

**Goal IX 1:**

**To Provide Adequate Lands to Service the Needs of the Projected Population to the Year 2023, and to Ensure the Conversion of these Lands in an Orderly, Timely Manner to Urban Uses.**

**COMMENT:**

The City has recently prepared a Housing Needs Analysis which projects housing needs during the 2021-2041 planning period. This analysis indicates that single-family and multi-family needs will be met through the development of 4,657 dwelling units during the planning period. However, the existing residential land supply will not meet the projected demand. Even if all of the available residential land supply is developed by 2041, the City will have a projected deficiency of 1,926 dwelling units during the planning period. Therefore, annexation of the subject site is essential when addressing the public need for additional housing.

**General Development Pattern Policies:**

**183.00: The City of McMinnville, with the cooperation of Yamhill County, shall establish three categories of lands within the Urban Growth Boundary. Future urbanizable lands are those lands outside the city limits, but inside the Urban Growth Boundary. These lands shall be retained in agricultural resource zones until converted to urbanizable lands by annexation to the City of McMinnville. Urbanizable lands are those lands within the city limits which are not yet developed at urban densities. Conversion of these lands to the urban classification shall involve fulfillment of the goals and policies of this plan, provision of urban services, and application of appropriate implementation ordinances and measures. Urban lands are those lands within the city limits developed at urban densities.**

**COMMENT:**

Per the Comprehensive Plan Map, the subject site is currently designated as Floodplain and Residential. The Residential designated land is considered urbanizable and may be developed at urban densities. The attached Preliminary Site Plan demonstrates that after accounting for the floodplain, conservation easement, and area needed for a private septic system, the site can be development with 1 single-family dwelling (see Exhibit 3). Therefore, the proposed annexation and zoning for the site is consistent with the above policy.

**184.00: The City of McMinnville shall establish a Comprehensive Plan Map designating allowed land uses within the McMinnville Urban Growth Boundary. Land uses allowed under the specific designations shall be set in Volume I of the McMinnville Comprehensive Plan, Chapter IX.**

**COMMENT:**

As mentioned above, the subject site is located within the UGB and outside the city limits of McMinnville. The proposed zoning map amendment from EF-80 to R-1 and F-P zoning is consistent with current Comprehensive Plan Map designations for the site.

**Great Neighborhood Principles Policies:**

**187.10: The City of McMinnville shall establish Great Neighborhood Principles to guide the land use patterns, design, and development of the places that McMinnville citizens live, work, and play. The Great Neighborhood Principles will ensure that all developed places include characteristics and elements that create a livable, egalitarian, healthy, social, inclusive, safe, and vibrant neighborhood with enduring value, whether that place is a completely new development or a redevelopment or infill project within an existing built area.**

**COMMENT:**

As required, the applicant has addressed how the proposed map amendments are consistent with the Great Neighborhood Principles under the response to Section 17.10.080 of the McMinnville Zoning Ordinance.

**Chapter X: Citizen Involvement and Plan Amendment**

**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.**

**COMMENT:**

The requested land use actions are to annex the site into the City of McMinnville and change the Zoning Map designation from EF-80 to R-1 and F-P when the subject parcels are brought into the city limits. As required, citizens will have the opportunity to comment on the proposed map amendments at public hearings before the Planning Commission and City Council prior to issuance of the land use decision.

**C. OREGON STATEWIDE PLANNING GOALS**

**Goal 1: Citizen Involvement**

**Summary: Goal 1 calls for "the opportunity for citizens to be involved in all phases of the planning process." It requires each city and county to have a citizen involvement program containing six components specified in the goal. It also requires local governments to have a committee for citizen involvement (CCI) to monitor and encourage public participation in planning.**

**COMMENT:**

The requested land use actions are to annex the site into the City of McMinnville, change the Zoning Map designation for the site from EF-80 to R-1 and F-P. As required, citizens will have the opportunity to comment on the proposed map amendments at public hearings before the Planning Commission and City Council.

**Goal 2: Land Use Planning**

**Summary: Goal 2 outlines the basic procedures of Oregon's statewide planning program. It says that land use decisions are to be made in accordance with a comprehensive plan, and that suitable "implementation ordinances" to put the plan's policies into effect must be adopted. It requires that plans be based on "factual information"; that local plans and ordinances be coordinated with those of other jurisdictions and agencies; and that plans be reviewed periodically and amended as needed. Goal 2 also contains standards for taking exceptions to statewide goals. An exception may be taken when a statewide goal cannot or should not be applied to a particular area or situation.**

**COMMENT:**

As discussed throughout this Applicant's Statement, the subject site is included in McMinnville's UGB and is designated Residential and Floodplain in the Comprehensive Plan. The subject site was selected for inclusion in the city limits is based on a number of locational factors including its access to the local street system, the ability to provide orderly and economic provision of public facilities and services, and compatibility with adjacent residential uses.

As discussed above, the proposed annexation will help meet the City's identified housing needs. The proposed zone change to R-1 and F-P is consistent with existing R-1 and R-2 designations to the south of the site. As required, the applicant's narrative addresses how the proposed map amendments meet applicable goals and policies of the City of McMinnville Comprehensive Plan. This proposal does not require an exception to any Statewide Planning Goals.

**Goal 3: Agricultural Lands**

**Summary: Goal 3 defines "agricultural lands." It then requires counties to inventory such lands and to "preserve and maintain" them through farm zoning. Details on the uses allowed in farm zones are found in ORS Chapter 215 and in Oregon Administrative Rules, Chapter 660, Division 33.**

**COMMENT:**

The subject site is currently located within the City of McMinnville Urban Growth Boundary and is under transitional farm use. The parcels are currently under Yamhill County jurisdiction and are zoned EF-80. With the proposed annexation and zone change, the buildable portion of the site will be limited to the southeast corner of Tax Lot 1200. If desired by the property owner, the portion of Tax Lot 900 that is not encumbered by the conservation easement may continue to be used for limited agricultural purposes.

**Goal 4: Forest Lands**

**Summary: This goal defines forest lands and requires counties to inventory them and adopt policies and ordinances that will "conserve forest lands for forest uses."**

**COMMENT:**

The attached Existing General Land Use Plan illustrates that vegetated riparian areas are located adjacent to the South Yamhill River, along the north boundary of the property (see Exhibit 3). However, since the subject property does not include designated forest lands, Goal 4 is not applicable to the proposed land designation.

**Goal 5: Open Spaces, Scenic and Historic Areas and Natural Resources**

**Summary: Goal 5 covers more than a dozen natural and cultural resources such as wildlife habitats and wetlands. It establishes a process for each resource to be inventoried and evaluated. If a resource or site is found to be significant, a local government has three policy choices: preserve the resource, allow proposed uses that conflict with it, or strike some sort of a balance between the resource and the uses that would conflict with it.**

**COMMENT:**

The subject site does not contain any designated open spaces, scenic, or historic areas. The attached Topographic Survey and Existing General Land Use Plan demonstrates that South Yamhill River, its adjacent floodplain, and low-lying areas within the subject site could potentially contain wetlands. A conservation easement occurs along the South Yamhill River in addition to the area's floodplain. The applicant's Preliminary Site Plan indicates that the proposed home site does not encroach into the floodplain or conservation easement areas on the site.

**Goal 6: Air, Water and Land Resources Quality**

**Summary:** This goal requires local comprehensive plans and implementing measures to be consistent with state and federal regulations on matters such as groundwater pollution.

**COMMENT:**

If the proposed annexation and zoning designations are approved, specific site development plans will be submitted for building permit review. The permitting process will ensure compliance with local, state, and federal air, water, and land resource quality standards.

**Goal 7: Areas Subject To Natural Disasters and Hazards**

**Summary:** Goal 7 deals with development in places subject to natural hazards such as floods or landslides. It requires that jurisdictions apply "appropriate safeguards" (floodplain zoning, for example) when planning for development there.

**COMMENT:**

City maps and the attached Existing General Land Use Plan indicate that the subject site contains floodplain areas along the bank of the South Yamhill River. The applicant's Preliminary Site Plan indicates that no residential uses are proposed within hazardous areas of the site (see Exhibit 3). Therefore, the submitted Annexation and Zoning Change applications are consistent with Goal 7.

**Goal 8: Recreation Needs**

**Summary:** This goal calls for each community to evaluate its areas and facilities for recreation and develop plans to deal with the projected demand for them. It also sets forth detailed standards for expedited siting of destination resorts.



**COMMENT:**

The McMinnville Parks and Recreation Plan does not identify park facilities on the subject site. However, due to the presence of the conservation easement and proposed F-P zoning on the parcels, the riparian area along South Yamhill River will continue to be protected as open space.

**Goal 9: Economic Development**

**Summary: Goal 9 calls for diversification and improvement of the economy. It asks communities to inventory commercial and industrial lands, project future needs for such lands, and plan and zone enough land to meet those needs.**

**COMMENT:**

The 30-acre subject site is currently designated Residential and Floodplain on the City's Comprehensive Plan Map. Currently the subject property is located within the UGB and outside the city limits of McMinnville. Since this proposal does not involve existing commercial or industrial lands, the proposed annexation and zoning map amendments are consistent with Goal 9.

**Goal 10: Housing**

**Summary: This goal specifies that each city must plan for and accommodate needed housing types, such as multifamily and manufactured housing. It requires each city to inventory its buildable residential lands, project future needs for such lands, and plan and zone enough buildable land to meet those needs. It also prohibits local plans from discriminating against needed housing types.**

**COMMENT:**

The submitted Preliminary Site Plan proposes the development of 1 single-family detached dwelling in the southwest corner of Tax Lot 1200. The proposed home site preserves natural resources and will not encroach into the floodplain along the South Yamhill River. The proposed development of a single-family dwelling helps to meet the need for additional residential units as identified in the 2003-2023 McMinnville Growth Management and Urbanization Plan. The City's more recent Housing Needs Analysis indicates that the City is maintaining a deficient residential land supply when addressing housings needs during the 2021-2041 planning period. As such, annexation and development of the subject site is essential when addressing the public housing need.

**Goal 11: Public Facilities and Services**

**Summary: Goal 11 calls for efficient planning of public services such as sewers, water, law enforcement, and fire protection. The goal's central concept is that public services should to be planned in accordance with a community's needs and capacities rather than be forced to respond to development as it occurs.**

**COMMENT:**

The Topographic Survey and Preliminary Site Plan demonstrate that needed public utilities are located in the vicinity of the site and can be extended when Tax Lot 1200 is developed with a single-family dwelling. Public water can be extended to the annexation territory by installing a meter and connecting a lateral to the existing main line at the north terminus of SE Nehemiah Lane. Similarly, electrical and communication services can be provided by connecting to existing lines at the north terminus of the right-of-way. Since the nearest sanitary sewer main line is located approximately 1,600-ft. from the site at the intersection of SE Nehemiah Lane and SE Three Mile Lane, the applicant is proposing to install a private septic system to serve the proposed home. As required, stormwater from impervious surfaces will be managed on-site in accordance with City standards. With annexation of the property, the subject site will also have access to City fire and police services. Therefore, the proposed map amendments comply with Goal 11.

**Goal 12: Transportation**

**Summary:** The goal aims to provide "a safe, convenient and economic transportation system." It asks for communities to address the needs of the "transportation disadvantaged."

**COMMENT:**

The submitted Preliminary Site Plan indicates that, due to the presence of the floodplain and conservation easement, only 1 single-family dwelling will be developed on the site. Per the 11<sup>th</sup> Edition of the ITE Manual, the proposed dwelling will generate 10 average daily trips, 0.75 AM peak hour trips, and 1 PM peak hour trip. Based on the low impact of the development on existing transportation facilities, the applicant is not proposing to install improvements to SE Nehemiah Lane. The site plan indicates that the adjacent portion of SE Nehemiah Lane is currently developed with a 15-ft. paved surface, which is adequate for the 3 existing homes which access the roadway and the proposed single-family dwelling (see Exhibit 4).

**Goal 13: Energy**

**Summary:** Goal 13 declares that "land and uses developed on the land shall be managed and controlled so as to maximize the conservation of all forms of energy, based upon sound economic principles."

**COMMENT:**

This proposed map amendments do not significantly affect Goal 13. A discussion of energy conservation is provided under Goal 14 below.

**Goal 14: Urbanization**

**Summary:** This goal requires cities to estimate future growth and needs for land and then plan and zone enough land to meet those needs. It calls for each city to

establish an "urban growth boundary" (UGB) to "identify and separate urbanizable land from rural land." It specifies seven factors that must be considered in drawing up a UGB. It also lists four criteria to be applied when undeveloped land within a UGB is converted to an urban use.

#### **Land Need**

**Establishment and change of urban growth boundaries shall be based on the following:**

- (1) Demonstrated need to accommodate long range urban population, consistent with a 20-year population forecast coordinated with affected local governments; and**

#### **COMMENT:**

The City's current Housing Needs Analysis indicates that single-family and multi-family needs will be met through the development of 4,657 dwelling units during the 2021-2041 planning period. However, even if all available residential land supply is developed by 2041, the City will have a projected deficiency of 1,926 dwelling units during the planning period. Therefore, annexation of the subject site is essential when addressing the public need for additional housing.

- (2) Demonstrated need for housing, employment opportunities, livability or uses such as public facilities, streets and roads, schools, parks or open space, or any combination of the need categories in this subsection (2).**

#### **COMMENT:**

The subject property is designated as a Residential and Floodplain on the City of McMinnville Comprehensive Plan Map. As discussed above, there is a documented need to develop additional housing to meet the needs of the projected population. The proposed annexation and zone changes will help meet this need for additional housing while preserving the floodplain areas of the site as open space.

#### **Boundary Location**

**The location of the urban growth boundary and changes to the boundary shall be determined by evaluating alternative boundary locations consistent with ORS 197.298 and with consideration of the following factors:**

- (1) Efficient accommodation of identified land needs;**

#### **COMMENT:**

The applicant is not proposing changes to the existing urban growth boundary, therefore these factors do not apply.

**IV. SUMMARY AND CONCLUSIONS**

Based on the above findings, the applicant has demonstrated compliance with applicable sections of the City of McMinnville Municipal City Code, McMinnville Comprehensive Plan, and Oregon Statewide Planning Goals. Therefore, the applicant requests that the concurrent Annexation and Zoning Change applications be approved.

**V. EXHIBITS**

- 1. Application Forms**
- 2. Property Deed**
- 3. Preliminary Development Plans**
  - Sheet P-1: Cover Sheet/Vicinity Map**
  - Sheet P-2: Existing General Land Use Plan**
  - Sheet P-3: Preliminary Site Plan/Master Plan**
  - Sheet S-1: Topographic Survey**
  - Sheet S-2: Topographic Survey**
  - Sheet S-3: Topographic Survey**
  - Sheet S-4: Proposed Annexation Map**
- 4. Legal Description for Proposed Annexation Territory**
- 5. Neighborhood Meeting Documentation**

# APPLICATION FORMS

**EXHIBIT 1**



# Annexation Information & Submittal Requirements



Planning Department  
231 NE Fifth Street ◦ McMinnville, OR 97128  
(503) 434-7311 Office ◦ (503) 474-4955 Fax  
[www.mcminnvilleoregon.gov](http://www.mcminnvilleoregon.gov)

## Overview

Annexation is the first step in converting rural unincorporated areas to urban densities and City standards, and is the means by which property owners can join the City of McMinnville, receive City services, and vote in City elections. Usually, developing land to more intensive use or higher density, or access to one or more major urban services are the reasons residents and property owners outside the City consider annexation. A petition to annex to the City of McMinnville may be initiated by a property owner of the land to be annexed, or by the City. The land must be contiguous to the city limits and located inside the McMinnville urban growth boundary.

On May 21, 1996, the voters of the City of McMinnville passed a ballot measure amending the City's Charter and requiring voter approval of annexation requests. As such, unless otherwise mandated by state law, annexations must be approved by a majority vote of the City's electorate. Given the complexity of the process, it is imperative that the applicant contact the Planning Department staff as the first step in the annexation process.

In addition to the material found in this information packet, the following will assist in the application process when considering the timeline for an annexation request.

- A. An application for an annexation must be approved by the Planning Commission and City Council prior to placement on the ballot.
- B. Annexation requests are subject to voter approval at either the May or November elections.
- C. For an annexation request to be placed on the May ballot, a complete application must be received in the Planning Department office no later than 5:00 p.m. on the second Thursday of the November prior. For an annexation request to be placed on the November ballot, a complete application must be received no later than 5:00 p.m. the second Thursday of the May prior. Most all annexation requests that have received final approval from the City Council will be referred to the voters at the next available election. However, should an appeal be filed the annexation measure may have to be rescheduled to a subsequent election date.

The applicant is responsible for all costs incurred by the City in processing the application, including election costs, with the following exceptions:

If there are other City items in the same election, the applicant shall be responsible for a pro-rata portion of any shared costs.

If the election is concurrent with the May primary or November general election of any even-numbered year, the applicant is not responsible for any election costs.

## Submittal Requirements

The following materials must be provided at the time of submittal, or the application will not be accepted for processing.

- A completed Annexation application form.
- Written consent petition to the annexation, signed by the requisite number of affected property owners, electors, or both to conduct an election within the area to be annexed, as provided by state law.
- Legal description (a closing metes and bounds description) of the property to be annexed and a boundary survey certified by a registered engineer or surveyor.
- Vicinity map of the area to be annexed including adjacent City territory.
- A general land use site plan (drawn to scale, with a north arrow, legible, and of a reproducible size), indicating types and intensities of proposed development, transportation corridors, watercourses, significant natural features, open spaces, and adjoining development. If of a larger size, provide five (5) copies in addition to **an electronic copy** with the submittal.
- Statement of overall development concept and methods by which the physical and related social environment of the site, surrounding area, and community will be enhanced.
- If uses other than those permitted by the existing comprehensive plan are proposed, application must then be accompanied by a comprehensive plan map amendment and zone change application.
- Payment of applicable review fee.

## Review Process

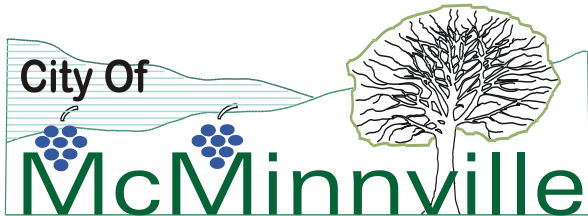
The Planning Commission will hold at least one public hearing on the annexation request. Public notice of this hearing will be provided by the City to all property owners within 300 feet of the proposed annexation at least 20 days prior to the hearing, and published in the *News Register* at least five days prior to the hearing. Following the close of the hearing, the Commission will forward a recommendation to the City Council to approve the annexation request and submit it to the voters at the next available election, or deny the request.

If the vote of the Commission is for denial, no further proceedings shall occur unless the decision is appealed to the City Council. If the Commission's recommendation is for approval, the Council will review the record of the Commission hearing and vote to approve the annexation and set the matter for election, or call for their own public hearing. If the annexation request is approved by the Council, staff would work with the Yamhill County Clerk to place the measure on the next available election.

As provided in the [McMinnville Annexation Ordinance \(No. 4636\)](#), the following conditions or policies must be met prior to or concurrent with the City processing of an annexation request. The burden for providing the findings for these conditions or policies is placed upon the applicant.

- A. The proposed use for the site complies with the McMinnville Comprehensive Plan Volume II (Goals and Policies) and with the designation on the McMinnville Comprehensive Plan Map. If a redesignation of the plan map is requested concurrent with annexation, the uses allowed under the proposed designation must comply with Volume II (Goals and Policies).
- B. An adequate level of urban services must be available, or made available, within three years' time of annexation. An adequate level of urban services shall be defined as:
  - 1. Municipal sanitary sewer and water service meeting the requirements enumerated in Volume II (Goals and Policies) for provision of these services.
  - 2. Roads with an adequate design capacity for the proposed use and projected future uses. Where construction of the road is not deemed necessary within the three-year time period, the City shall note requirements such as dedication of right-of-way, waiver of remonstrance against assessment for road improvement costs, or participation in other traffic improvement costs, for application at the appropriate level of the planning process. The City shall also consider public costs for improvement and the ability of the City to provide for those costs.
- C. Findings documenting the availability of police, fire, and school facilities and services shall be made to allow for conclusionary findings either for or against the proposed annexation. The adequacy of these services shall be considered in relation to annexation proposals.

For further information regarding McMinnville's annexation process, please contact the Planning Department.



**Planning Department**

231 NE Fifth Street o McMinnville, OR 97128

(503) 434-7311 Office o (503) 474-4955 Fax

[www.mcminnvilleoregon.gov](http://www.mcminnvilleoregon.gov)

|                         |
|-------------------------|
| <b>Office Use Only:</b> |
| File No. _____          |
| Date Received _____     |
| Fee _____               |
| Receipt No. _____       |
| Received by _____       |

# Annexation Application

## Applicant Information

**Applicant is:**  Property Owner  Contract Buyer  Option Holder  Agent  Other \_\_\_\_\_

Applicant Name Anders Johansen Phone 541-972-5812

Contact Name Steve Kay Phone 503-804-1089  
*(If different than above)*

Address PO Box 1920

City, State, Zip Silverton, OR 97381

Contact Email steve@cascadiapd.com

## Property Owner Information

Property Owner Name Anders Johansen Phone 541-972-5812  
*(If different than above)*

Contact Name Same as Above Phone Same as Above

Address 1805 SE Nehemiah Lane

City, State, Zip McMinnville, OR 97128

Contact Email johansena86@hotmail.com

## Site Location and Description

*(If metes and bounds description, indicate on separate sheet)*

Property Address No Assigned Address

Assessor Map No. R4421 (Map) T.L. 900 and 1200 Total Site Area 30.00+/- Acres

Subdivision \_\_\_\_\_ Block \_\_\_\_\_ Lot \_\_\_\_\_

Comprehensive Plan Designation Residential Zoning Designation EF-80

# Petition for Annexation to the City of McMinnville, Oregon

To: The Council of the City of McMinnville, Oregon

We, the undersigned property owners of the area described below, hereby petition for, and give our consent to annexation of the area described herein to the City of McMinnville.

The property to be annexed is described in full in the attached document "Legal Description of Property."

1805 SE Nehemiah Lane, McMinnville, OR 97128

Owner Address

Anders Johansen

Owner Name (printed)

Owner Signature

\*\*\*\*\*

Owner Address

Owner Name (printed)

Owner Signature

\*\*\*\*\*

Owner Address

Owner Name (printed)

Owner Signature

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Owner Address

Owner Name (printed)

Owner Signature

\*\*\*\*\*

Owner Address

Owner Name (printed)

Owner Signature

\*\*\*\*\*

# Annexation Data Sheet

## Existing Conditions of Property Described in the Annexation Request

1. General description of property (including features such as slopes, vegetation, drainage basins, and flood plain areas): \_\_\_\_\_  
See attached narrative.  
\_\_\_\_\_  
\_\_\_\_\_
2. Existing land use (number, type and square footage of residential, commercial, industrial, and/or public facility structures situated within subject site): \_\_\_\_\_  
See attached narrative).  
\_\_\_\_\_  
\_\_\_\_\_
3. Total Current Estimated Population: \_\_\_\_\_ See Attached Narrative.
4. Current county zoning (if territory contains more than one zone, please indicate tax lot numbers and existing zoning designations for those tax lots): \_\_\_\_\_  
See attached narrative.  
\_\_\_\_\_  
\_\_\_\_\_

## Proposed Development of Property Described in the Annexation Request

1. If the property is either entirely or substantially undeveloped, what are the plans for future development? (Be specific – if site or development plans have been prepared, please submit copies.) \_\_\_\_\_  
See attached narrative.  
\_\_\_\_\_  
\_\_\_\_\_
2. Can the proposed development be achieved under current Yamhill County zoning regulations?  
 Yes  No  
If no, has a zone change been sought from the county for the property under consideration?  
 Yes  No  
If yes, please describe the outcome of the zone change request. \_\_\_\_\_  
\_\_\_\_\_  
If no, why? The applicant is submitting a concurrent Zone Change application to the City.  
\_\_\_\_\_
3. Is the proposed development compatible with the City's Comprehensive Land Use Plan for the area?  
 Yes  No  
If yes, please explain: \_\_\_\_\_  
The site is designed Residential on the Comprehensive Plan and the  
applicant is proposing a R-1 zone designation.  
\_\_\_\_\_  
\_\_\_\_\_





**Existing Governmental Services**

1. If the property described in the proposal is presently included within the boundaries of any of the following types of governmental units, please so indicate stating the name(s) of the governmental units involved:

Rural Fire District Yamhill Fire District

Sanitary District None

Water District McMinnville Water and Light


2. If any of the above units are presently servicing the property (for instance, are residences in the territory hooked up to a public sewer or water system), please describe. \_\_\_\_\_

No existing dwellings on property.

In addition to this completed application, the applicant must provide the following:

- Written consent petition to the annexation, signed by the requisite number of affected property owners, electors, or both to conduct an election within the area to be annexed, as provided by law.*
- Legal description (a closing metes and bounds description) of the property to be annexed and a boundary survey certified by a registered engineer or surveyor.*
- Vicinity map of the area to be annexed including adjacent City territory.*
- A general land use site plan (drawn to scale, with a north arrow, legible, and of a reproducible size), indicating types and intensities of proposed development, transportation corridors, watercourses, significant natural features, open spaces, and adjoining development. If of a larger size, provide five (5) copies in addition to **an electronic copy** with the submittal.*
- Statement of overall development concept and methods by which the physical and related social environment of the site, surrounding area, and community will be enhanced.*
- If uses other than those permitted by the existing comprehensive plan are proposed, application must then be accompanied by a comprehensive plan map amendment and zone change application.*
- Payment of the applicable review fee, which can be found on the Planning Department web page.*

**I certify the statements contained herein, along with the evidence submitted, are in all respects true and are correct to the best of my knowledge and belief.**

  
Applicant's Signature

6/27/2022  
Date

  
Property Owner's Signature

6/27/2022  
Date

# Comprehensive Plan Map Amendment & Zone Change Information & Submittal Requirements



Planning Department  
231 NE Fifth Street ◦ McMinnville, OR 97128  
(503) 434-7311 Office ◦ (503) 474-4955 Fax  
[www.mcminnvilleoregon.gov](http://www.mcminnvilleoregon.gov)

## Overview

The comprehensive plan map describes the long-term direction and vision for the growth and development of our community. The zoning map describes the various zoning classifications for each parcel in McMinnville, as it exists today. Requests to amend either of these maps can be initiated by a property owner and are subject to review and approval by the McMinnville Planning Commission and City Council. Prior to submitting a request to amend either map, you are strongly encouraged to meet with Planning Department staff to discuss application and submittal requirements, scheduling, and the details of your proposal and its consistency with the McMinnville comprehensive plan. Further information regarding these processes can be found in Sections 17.72.120 (Applications – Public Hearings) to 17.72.0130 (Public Hearing Process) and 17.74.020 (Comprehensive Plan Map Amendment and Zone Change - Review Criteria) of the McMinnville Zoning Ordinance.

## Application Submittal

The following materials must be provided at the time of submittal, or the application will not be accepted for processing.

- A completed Comprehensive Plan Map Amendment and/or Zone Change application form. If additional explanation or materials would assist or support the request, include them with the application form.
- A site plan (drawn to scale, with a north arrow, legible, and of a reproducible size), indicating existing and proposed features within and adjacent to the subject site, such as: access; lot and street lines with dimensions; distances from property lines to structures; improvements; and significant features (slope, vegetation, adjacent development, drainage, etc.). If of a larger size, provide five (5) copies in addition to **an electronic copy** with the submittal.
- A legal description of the subject site, preferably taken from the deed.
- Compliance of Neighborhood Meeting Requirements
- Payment of the applicable review fee.

## Review Process

A request to amend the zoning map or comprehensive plan map is subject to review by the Planning Commission at a public hearing, who then forwards a recommendation to the City Council for their approval. In advance of the Commission hearing, notice is mailed to neighboring property owners advising them of the requested action and inviting their participation in the upcoming hearing. The process for providing notification and reviewing a request to amend the zoning map or comprehensive

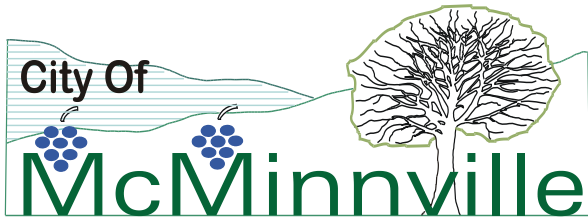
plan map is outlined in Sections 17.72.120 (Applications-Public Hearings) and 17.72.130 (Public Hearing Process) of the Zoning Ordinance. While a complete application for a request to amend the zoning map must be submitted 35 (thirty-five) days prior to the date of the first public hearing, a request to amend the comprehensive plan map must be submitted 45 (forty-five) days prior to the date of the public hearing to ensure that notice of the application is provided to the Department of Land Conservation and Development, as required by State law.

The Planning Commission will use the following criteria in reaching a decision to approve, approve with conditions, or deny an application to amend the zoning map or comprehensive plan map.

- A. The proposed amendment is consistent with the goals and policies of the Comprehensive Plan;
- B. The proposed amendment is orderly and timely, considering the pattern of development in the area, surrounding land uses, and any changes which may have occurred in the neighborhood or community to warrant the proposed amendment; and
- C. Utilities and services can be efficiently provided to serve the proposed uses or other potential uses in the proposed zoning district.

The Planning Commission will make a recommendation to the City Council to either approve or deny the request or approve the request in a different form. The City Council will either adopt an ordinance reflecting the proposed map amendment or zone change, or call for a public hearing.

The decision made by the Planning Commission may be appealed to the City Council as stated in Section 17.72.180 (Appeal from Ruling of Planning Commission) of the Zoning Ordinance. A decision of the City Council may be appealed to the Oregon Land Use Board of Appeals (LUBA), if filed in accordance with the requirements of State law.



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| Date Received           | _____ |
| Fee                     | _____ |
| Receipt No.             | _____ |
| Received by             | _____ |

## Comprehensive Plan Map Amendment/ Zone Change Application

### Applicant Information

**Applicant is:**  Property Owner    Contract Buyer    Option Holder    Agent    Other \_\_\_\_\_

Applicant Name Anders Johansen Phone 541-972-5812

Contact Name Steve Kay Phone 503-804-1089  
*(If different than above)*

Address PO Box 1920

City, State, Zip Silverton, OR 97381

Contact Email steve@cascadiapd.com

### Property Owner Information

Property Owner Name Anders Johansen Phone 541-972-5812  
*(If different than above)*

Contact Name Same as Above Phone Same as Above

Address 1805 SE Nehemiah Lane

City, State, Zip McMinnville, OR 97128

Contact Email johansena86@hotmail.com

### Site Location and Description

*(If metes and bounds description, indicate on separate sheet)*

Property Address No Assigned Address

Assessor Map No. R4 421 (Map) T.L. 900 and 1200 Total Site Area 30.00+/- Acres

Subdivision \_\_\_\_\_ Block \_\_\_\_\_ Lot \_\_\_\_\_

Comprehensive Plan Designation Residential Zoning Designation EF-80

This request is for a:

**Comprehensive Plan Amendment**

**Zone Change**

1. What, in detail, are you asking for? State the reason(s) for the request and the intended use(s) of the property.

The applicant is proposing to annex the property. To provide consistency with the Comprehensive Plan Map, the applicant is submitting a concurrent Zone Change application to change the site's designation from EF-80 to R-1.

2. Show in detail, by citing specific goals and policies, how your request is consistent with applicable goals and policies of the McMinnville Comprehensive Plan (Vol. 2).

Please see attached narrative.

3. If your request is subject to the provisions of a planned development overlay, show, in detail, how the request conforms to the requirements of the overlay.

The subject site is not subject to the provisions of a planned development overlay.



4. If you are requesting a Planned Development, state how the proposal deviates from the requirements of the Zoning Ordinance and give justification for such deviation.\_\_\_\_\_

The applicant is not requesting a Planned Development with this application.

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5. Considering the pattern of development in the area and surrounding land uses, show, in detail, how the proposed amendment is orderly and timely.\_\_\_\_\_

Please see the attached narrative.

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6. Describe any changes in the neighborhood or surrounding area which might support or warrant the request.\_\_\_\_\_

Please see the attached narrative.

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7. Document how the site can be efficiently provided with public utilities, including water, sewer, electricity, and natural gas, if needed, and that there is sufficient capacity to serve the proposed use.

Please see the attached narrative.

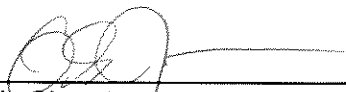
8. Describe, in detail, how the proposed use will affect traffic in the area. What is the expected trip generation?

Please see the attached narrative.

In addition to this completed application, the applicant must provide the following:

- A site plan (drawn to scale, with a north arrow, legible, and of a reproducible size), indicating existing and proposed features within and adjacent to the subject site, such as: access; lot and street lines with dimensions; distances from property lines to structures; improvements; and significant features (slope, vegetation, adjacent development, drainage, etc.). If of a larger size, provide five (5) copies in addition to **an electronic copy** with the submittal.
- A legal description of the parcel(s), preferably taken from the deed.
- Compliance of Neighborhood Meeting Requirements.
- Payment of the applicable review fee, which can be found on the Planning Department web page.

I certify the statements contained herein, along with the evidence submitted, are in all respects true and are correct to the best of my knowledge and belief.

  
Applicant's Signature

6/27/2022  
Date

  
Property Owner's Signature

6/27/2022  
Date

# PROPERTY DEED

**EXHIBIT 2**

James G. Moore, Morris W. Woodard, John Hillyard and Oscar Tyler doing business

as Tyler-Pacific

hereinafter called grantor, convey(s) to

Herman A. Johansen and Margaret K. Johansen, husband and wife

all that real property situated in the County

of Yamhill State of Oregon, described as:

Parcel 1.

Being a part of the Nehemiah Martin Donation Land Claim, Notification No. 1436, Claim No. 84 in Section 21, in Township 4 South, Range 4 West of the Willamette Meridian in the County of Yamhill, State of Oregon and said part being more particularly bounded and described as follows, to wit:

Beginning at the most Northerly angle in the North boundary line of said Donation Land Claim; thence running South 20° West 8.25 chains to a corner of William Campbell's land, which corner is also the angle corner of that tract conveyed to Keith G. Border et ux. by deed recorded April 20, 1962 in Film Volume 22, Page 68; thence Southeasterly along the East line of said Border tract 6.53 chains more or less to the most Easterly Southeast corner of said Border tract; thence South 1.24½ chains to a point due West of the Northwest corner of "Himnett" four acres tract; thence East 7.87 chains, more or less to the Northeast corner of that tract conveyed to W. R. Prouty et ux. recorded April 15, 1963 in Film Volume 29, Page 564; thence North 10.08 chains more or less to the North boundary line of said Donation Land Claim; thence Northwesterly along the North line of said Donation Land Claim 9.90 chains more or less to the place of beginning. EXCEPT that portion conveyed to the State of Oregon for highway purposes recorded December 7, 1949 in Book 155, Page 496.

Parcel 2.

That portion of the following described premises lying within the bounds of the Nehemiah Martin Donation Land Claim #83 in Section 21, Township 4 South, Range 4 West of the Willamette Meridian in Yamhill County, Oregon:

Beginning at a point in the center of a county road at the most Westerly corner of a certain tract of land conveyed to Thomas C. Allen and wife by deed recorded August 30, 1954 in Book 174, Page 334, Deed records; thence North 40° East along said Allen tract boundary line and the Northeasterly extension thereof 13.97 chains more or less to the Southwesterly line of a certain tract of land conveyed to Victor Larsen by deed recorded July 18, 1946 in Book 136, Page 428, Deed records; thence North 35° West 6.535 chains, more or less to most Westerly corner of said Larsen tract, said corner being situated on the Southeasterly line of a tract of land conveyed to J. E. Brooks by Deed "S" Page 291, deed records; thence North 20° East along the division line of said Larsen and Brooks tracts to the center of the Yamhill River; thence Westerly with the center of said River to a point intersecting the center line of afore-mentioned county road; thence

Southeasterly along the center line of said county road to the place of beginning.

EXCEPT all that portion conveyed to the State of Oregon by deed recorded December 7, 1949 in Book 155, Page 496, Deed and Mortgage Records.

TRANSAMERICA TITLE INS. CO. 51-3204

3890 Logans Ferry Rd. Monroeville Pennsylvania

Escrow No. 61951cc Order No. 51-3204

FORM TA-16 6-711

Yield Right Title Co. Clerk By Opal J. Hart Deputy

51-3204  
TRANSAMERICA TITLE INS. CO.

and covenant(s) that grantor is the owner of the above described property free of all encumbrances except The rights of the public in and to that portion of the above property lying within the limits of streets, roads and highways, 2) The rights of the public in and to that portion of the above property lying within the limits of the Yamhill River, #) Easement from Taylor T. Potter and Jane Potter husband and wife, to the United States of America recorded in Book 117, Page 204, Deed Records. (affects Parcel 1) and will warrant and defend the same against all persons who may lawfully claim the same, except as shown above.

The true and actual consideration for this transfer is \$ 23,500.00 \*

Dated this 24<sup>th</sup> day of August, 1972.

James G. Moore  
James G. Moore

Morris W. Woodard  
Morris W. Woodard

John Hillyard  
John Hillyard

Oscar Tyler  
Oscar Tyler

STATE OF OREGON, County of Multnomah ) ss.

August 24, 1972 personally appeared the above named James G. Moore, Morris W. Woodard, John Hillyard, Oscar Tyler and acknowledged the foregoing instrument to be their voluntary act and deed.



Before me:

W. L. Holmes

Notary Public for Oregon

My commission expires: 8/22/76

- \* The dollar amount should include cash plus all encumbrances existing against the property to which the property remains subject or which the purchaser agrees to pay or assume.
- \*\* If consideration includes other property or value, add the following: "However, the actual consideration consists of or includes other property or value given or promised which is part of the/the whole consideration." (Indicate which)

WARRANTY DEED (INDIVIDUAL)

James G. Moore, Morris W. Woodard  
John Hillyard, Oscar Tyler  
TO  
Herman A. Johansen, et ux

After Recording Return to:

Herman A. Johansen  
3890 Logans Ferry Rd.  
Monroeville Pennsylvania

Escrow No. 61951cc  
Order No. 51-3204

FORM TA-16 (6-71)

STATE OF OREGON, )

County of Yamhill ) ss. **17465**  
Multnomah

I certify that the within instrument was received for record on the 24 day of Aug, 1972 at 4:14 o'clock P.M. and recorded in book 90 on page 2151 Records of Deeds of said County.

Witness my hand and seal of County affixed.

Carol J. Hart Title  
Co. Clerk  
By Carol J. Hart Deputy

400

WARRANTY DEED

FILM 107 PAGE 1131

KNOW ALL MEN BY THESE PRESENTS, That Yola J. White

hereinafter called the grantor, for the consideration hereinafter stated, to grantor paid by Herman Johansen and Margaret Johansen, husband and wife, hereinafter called the grantees, does hereby grant, bargain, sell and convey unto the said grantees and grantees heirs, assigns and assigns, that certain real property, with the improvements hereon and appurtenances thereunto in anywise in anywise appertaining situated in the County of Yamhill, State of Oregon, described as follows:

PARCEL 1:

Part of the Nehemia Martin Donation Land Claim #83 in Section 21, Township 4 South, Range 4 West of the Willamette Meridian in Yamhill County, Oregon described as follows:

BEGINNING at a point in the center of the County Road 25.98 chains North and 25.98 chains West of the corner of Section 21, Township 4 South, Range 4 West of the Willamette Meridian in Yamhill County, Oregon; thence South 15° 15' West 6.11 chains to a stone 6x8x10 inches; thence North 78° 35' West 16.75 chains to the East or right bank of the Yamhill River, at low water mark; thence following down said river and low water mark along the East or right bank of said river, North 7° East 3.93 chains; North 5° 35' East 1.11 chains; North 6° 30' East 4.67 chains to a stake; thence South 15° East 2.85 chains; thence North 17° 20' East 4.75 chains to a stake under bridge in center of County road; thence following along said County Road under said bridge, South 44° 37' East 17.70 chains to the place of beginning.

PARCEL 2:

Being part of the North Half of the Nehemia Martin Donation Land Claim #83, Notification #1236 in Section 21, Township 4 South, Range 4 West of the Willamette Meridian in Yamhill County, Oregon;

BEGINNING at the most Northerly corner of that certain 10.00 acre tract described in the deed from James C. and Goldie M. Paster to Harley G. and Pearl Lyon, recorded May 2, 1956 in Book 100, Page 626, Deed Records, said point being in the center of the old county road which was under trestle of old bridge site, said point being 22.12 chains North and 37.91 chains West from the Southeast corner of said Section 21; thence South 17° 20' West with line of the Lyon tract 4.75 chains to angle in said tract; thence North 72° 15' West with line of the Lyon Tract, 3.73 chains to center of Yamhill River; thence Northerly down center of said river 6.10 chains, more or less, to a point North 51° West from beginning; thence South 51° East 4.50 chains to beginning.

TRANSAMERICA TITLE#88-00  
5591

Personally appeared the above named Yola J. White, and acknowledged the foregoing instrument to be her voluntary act and deed. Before me: Barbara J. Trum, Notary Public for Oregon, My commission expires: Sept. 19, 1975. Each for himself and not one for the other, did say that she was the president and that the latter is the secretary of a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors and each of them acknowledged said instrument to be its voluntary act and deed. Before me: Notary Public for Oregon, My commission expires: Sept. 19, 1975.

GRANTOR'S NAME AND ADDRESS  
GRANTEE'S NAME AND ADDRESS  
After recording return to:  
Mr. and Mrs. Herman Johansen  
Rt 1 Box 89  
McMinnville, Oregon 97128  
NAME, ADDRESS, ZIP  
Until a change is requested all tax statements shall be sent to the following address:  
Mr. and Mrs. Herman Johansen  
Rt 1 Box 89  
McMinnville, Oregon 97128  
NAME, ADDRESS, ZIP

37446 STATE OF OREGON,  
County of Yamhill  
I certify that the within instrument was received for record on the 19 day of August, 1975, at 7:00 o'clock P.M., and recorded in book 107 on page 1131 or as file/reel number.  
Record of Deeds of said county.  
Witness my hand and seal of County affixed.  
WANDA CATT, COUNTY CLERK  
Recording Officer  
By Pamela J. G... Deputy



FILM 107 PAGE 1132

Except special assessment for farm use; the rights of the public in and to that portion of the above property lying within the limits of County Road 89; the rights of the public and of governmental bodies in that portion of the above described property lying below the high water mark of the Yamhill River and the ownership of the State of Oregon in that portion lying below the high water mark thereof; and easement created by instrument, including the terms and provisions thereof for right-of-way to the City of McMinnville by and through the Water and Light Commission as in Film Volume 89, Page 887, Deed and Mortgage Records.

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE SIDE)

To Have and to Hold the same unto the said grantee and grantee's heirs, successors and assigns forever. And said grantor hereby covenants to and with said grantee and grantee's heirs, successors and assigns, that grantor is lawfully seized in fee simple of the above granted premises, free from all encumbrances as above

and that grantor will warrant and forever defend the said premises and every part and parcel thereof against the lawful claims and demands of all persons whomsoever, except those claiming under the above described encumbrances.

The true and actual consideration paid for this transfer, stated in terms of dollars, is \$ 25,000.00. However, the actual consideration consists of or includes other property or value given or promised which is the whole consideration (indicate which). This answer between the parties, if not applicable, should be deleted. See ORS 86.025, part of the

In construing this deed and where the context so requires, the singular includes the plural and all grammatical changes shall be implied to make the provisions hereof apply equally to corporations and to individuals.

In Witness Whereof, the grantor has executed this instrument this 14th day of August, 1975. If a corporate grantor, it has caused its name to be signed and seal affixed by its officers, duly authorized thereto by order of its board of directors.

*Lois J. White*  
Lois J. White

(If executed by a corporation, affix corporate seal)

STATE OF OREGON, }  
County of Yamhill } ss.  
August 14, 1975

STATE OF OREGON, County of \_\_\_\_\_ ) ss.  
Personally appeared \_\_\_\_\_, 19\_\_\_\_

Personally appeared the above named  
Lois J. White

Personally appeared \_\_\_\_\_ and \_\_\_\_\_ who, being duly sworn, each for himself and not one for the other, did say that the former is the president and that the latter is the secretary of \_\_\_\_\_

and acknowledged the foregoing instrument to be his voluntary act and deed.

and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.

(OFFICIAL SEAL)  
Notary Public for Oregon  
My commission expires: Sept. 19, 1975

(OFFICIAL SEAL)  
Notary Public for Oregon  
My commission expires: \_\_\_\_\_

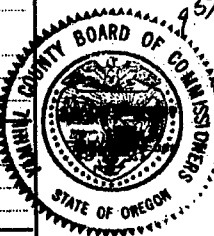
GRANTOR'S NAME AND ADDRESS

GRANTEE'S NAME AND ADDRESS

After recording return to:  
Mr. and Mrs. Herman Johansen  
Rt 1 Box 89  
McMinnville, Oregon 97128  
NAME, ADDRESS, ZIP

Until a change is requested all tax statements shall be sent to the following address.  
Mr. and Mrs. Herman Johansen  
Rt 1 Box 89  
McMinnville, Oregon 97128  
NAME, ADDRESS, ZIP

37446 STATE OF OREGON,  
County of Yamhill



I certify that the within instrument was received for record on the day of August, 1975, at 7:00 o'clock P.M. and recorded in book 197 on page 1131 or as file/real number \_\_\_\_\_ Record of Deeds of said county.

Witness my hand and seal of County attized.

WANDA CATT, COUNTY CLERK  
Recording Officer  
By *Patricia J. Galt* Deputy

5591

IN THE BOARD OF COUNTY COMMISSIONERS OF THE STATE OF OREGON  
YAMHILL COUNTY OREGON

FOR THE COUNTY OF YAMHILL

SEP 14 10 00 AM '79

SITTING FOR THE TRANSACTION OF COUNTY BUSINESS

KAL SATT  
 COUNTY CLERK  
*[Signature]* DEPUTY

In the Matter of the Vacation of  
 a Portion of County Road #195 as  
 requested by Herman Johansen. )

ORDER NO. 79-270

THE BOARD OF COMMISSIONERS of Yamhill County, Oregon, on the 29th day of August, 1979, set for the transaction of County business, in special session, Commissioners Colin Armstrong and Ted Lopuszynski being present.

IT APPEARING TO THE BOARD that this matter came on regularly for hearing, upon application by Herman Johansen requesting the vacation of a portion of County Road #195 as described hereinbelow, and

IT APPEARING TO THE BOARD AND THE BOARD FINDS as follows, to wit:

- (1) That Herman Johansen is the owner of the property surrounding the property proposed to be vacated.
- (2) That notice of the pendency of this hearing was given by posting at three of the most public places in the area of the road proposed to be vacated.
- (3) That no property in the vicinity of this road will be denied access to a County road by this proposed vacation.
- (4) That all of the properties in the area have some other suitable access to a County or public road.
- (5) That the property described in the application is presently not open to or used by the public and has not been for many years immediately proceeding the filing of this application.
- (6) That Yamhill County Ordinance #110 has been complied with as to procedure.

IT IS THEREFORE, HEREBY ORDERED BY THE BOARD that the following described portion of County Road #195, be and hereby is vacated, to wit:

Being a portion of County Road No. 195 as surveyed January 25, 1861 in County Survey No. 48, accepted in Commissioners Journal No. 2 at Page 92, and being a strip of land 60 feet in width, lying 30 feet on each side of the following described road centerline.

Beginning at angle point A3 of County Road Survey No. 48 and running thence South 43° East 1209.12 feet to a concrete road barricade now there, said barricade lying North 43° West 947.10 feet, more or less, of a point lying South 20 feet of the Southwest corner of Lot No. 2, Block 6, of the F. W. Martins Addition to the town of McMinnville, Oregon, said addition being filed at Book 1, Page 11 in the Yamhill County Surveyor's Office.

IT IS FURTHER ORDERED that a copy of this order be recorded in the Deed Records of Yamhill County, Oregon, and a copy thereof be filed with the Yamhill County Assessor and Yamhill County Surveyor as by law required.

DATED this 29th day of August, 1979, at McMinnville, Oregon.

ATTEST:

WANDA CATT  
County Clerk

*Patricia A. Mullen*  
Patricia A. Mullen  
Deputy

APPROVED AS TO FORM:

BY: *Darryl S. Garrettson*  
Darryl S. Garrettson, Legal Counsel

YAMHILL COUNTY BOARD OF COMMISSIONERS

*Colin Armstrong*  
Chairman Colin Armstrong

*Tom Lopuszynski*  
Commissioner Tom Lopuszynski

*John P. Macaulay*  
Commissioner John P. Macaulay

STATE OF OREGON }  
County of YAMHILL }

09544

I, *Wanda Catt*, County Clerk of said County and State, do hereby certify that the foregoing is a true and correct copy of the same as recorded on the books of said County and State, on the 29th day of August, 1979, at McMinnville, Oregon.

In presence of witness, I have subscribed my name and affixed my official Seal  
Wanda Catt, County Clerk

*Wanda Catt*  
Deputy

**DEED OF PERSONAL REPRESENTATIVE**

**MARTA JOHANSEN AND ANDERS JOHANSEN**, the duly appointed, qualified, and acting Personal Representatives of the Estate of **Herman Andrew Johansen**, deceased, Yamhill County Case No. 14PB00341, conveys to **ANDERS JOHANSEN**, all that real property situated in Yamhill County, Oregon, described as follows:

See Exhibit "A", attached hereto and incorporated herein

**SUBJECT TO:** All liens, encumbrances, easements and restrictions of record.

**FURTHER SUBJECT TO:**

1. The rights of the public in and to that portion of the above property lying within the limits of County Road #94;

2. The rights of the public and of governmental bodies in that portion of the above described property lying below the high water mark of the Yamhill River and the ownership of the State of Oregon in that portion lying below the high water mark thereof;

3. As disclosed by the tax rolls, the premises herein described have been zoned or classified for farm use. At any time that said land is disqualified for such use the property will be subject to additional taxes or penalties and interest.

The true and actual consideration for this conveyance stated in terms of dollars is none; however, the actual consideration consists of or includes other property or value given or promised, which is the whole consideration.

**BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7 CHAPTER 8, OREGON LAWS 2010. THIS**

After Recording Return to:  
Peterson & Prause, L.L.P.  
P.O. Box 827  
McMinnville, Oregon 97128

Until a change is requested, all tax statements shall be sent to the following address:  
1805 Nehemiah Lane  
McMinnville, Oregon 97128

OFFICIAL YAMHILL COUNTY RECORDS  
BRIAN VAN BERGEN, COUNTY CLERK

201518740



\$61.00

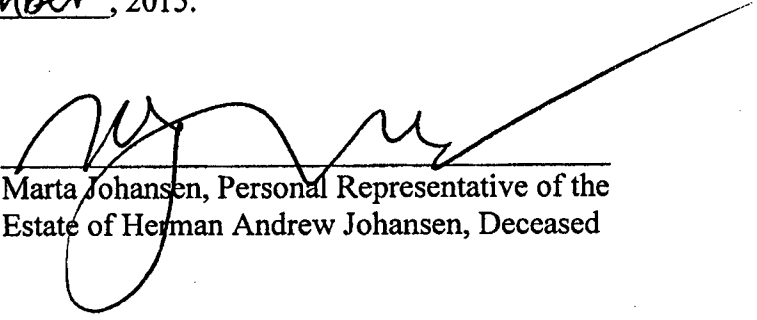
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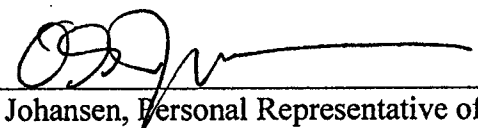
DMR-DDMR Cnt=1 Stn=1023 CONFIRM  
\$25.00 \$5.00 \$11.00 \$20.00

PAGE 1 - DEED OF PERSONAL REPRESENTATIVE

INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

DATED this 23<sup>rd</sup> day of November, 2015.

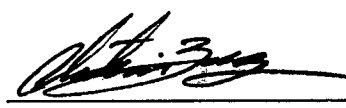
  
Marta Johansen, Personal Representative of the Estate of Herman Andrew Johansen, Deceased

  
Anders Johansen, Personal Representative of the Estate of Herman Andrew Johansen, Deceased

STATE OF CALIFORNIA )  
 ) ss.  
County of San Francisco )

On the 23<sup>rd</sup> day of November, 2015, personally appeared before me the above named **MARTA JOHANSEN** and acknowledged the foregoing instrument to be her voluntary act and deed as Personal Representative of the Herman Andrew Johansen Estate.



  
Notary Public for California  
My Commission Expires: 06/25/2019

STATE OF OREGON            )  
  ) ss.  
County of Yamhill            )

On the 30 day of November, 2015, personally appeared before me the above named **ANDERS JOHANSEN** and acknowledged the foregoing instrument to be his voluntary act and deed as Personal Representative of the Herman Andrew Johansen Estate.



Susan C Gass  
Notary Public for Oregon  
My Commission Expires: 3/25/17



EXHIBIT A

PARCEL 1:

Part of the Nehemia Martin Donation Land Claim #83 in Section 21, Township 4 South, Range 4 West of the Willamette Meridian in Yamhill County, Oregon described as follows:

BEGINNING at a point in the center of the Country Road; 9.52 chains North and 25.98 chains West of the corner of Sections 21, 22, 27 and 28 in Township 4 South, Range 4 West of the Willamette Meridian in Yamhill County, Oregon; thence South 15° 15' West 6.4½ chains to the East or right bank of the Yamhill River at low water mark; thence following down said river and low water mark along the East or right bank of said river, North 7° East 3.93 chains; North 8° 26' East 3.37 ½ chains; North 6° 30' East 4.67 chains to the stake; thence South 72° 15' East 2.85 chains; thence North 17° 20' East 4.75 chains to a stake under bridge in center of County road; thence following along said County road under said bridge, South 44° 37' East 17.70 chains to the place of beginning.

PARCEL 2:

Being part of the North Half of the Nehemia Martin Donation Land Claim #83, Notification #1236 in Section 21, Township 4 South, Range 4 West of the Willamette Meridian in Yamhill County, Oregon;

BEGINNING at the most Northerly corner of that certain 20.00 acre tract described in the deed from James C. And Goldie M. Foster to Harley G. And Pearl Lyon, recorded May 2, 1956 in Book 180, Page 626, Deed Records, said point being in the center of the old county road which was under trestle of old bridge site, said point being 22.12 chains North and 37.91 chains West from the Southeastern corner of said Section 21; thence South 17°20' West with line of the Lyon tract 4.75 chains to angle in said tract; thence North 72° 15' West with line of the Lyon Tract, 373 chains to center of Yamhill River; thence Northerly down center of said river 6.10 chains, more or less, to a point North 51° West from beginning; thence South 51° East 4.50 chains to beginning.

PARCEL 3:

Being a part of the Nehemiah Martin Donation Land Claim, Notification No. 1436, Claim No. 84 in Section 21, in Township 4 South, Range 4 West of the Willamette Meridian in the County of Yamhill, State of Oregon and said part being more particularly bounded and described as follows, to wit:

Beginning at the most Northerly angle in the North boundary line of said Donation Land Claim; thence running South 20° West 8.25 chains to a corner of William Campbell's land, which corner is also the angle corner of that tract conveyed to Keith G. Border et ux. By deed recorded April 20, 1962 in Film Volume 22, Page 68; thence Southeasterly along the East line of said Border tract 6.53 chains more or less to the most Easterly Southeast corner of said Border tract;

thence South 1.24 ½ chains to a point due West of the Northwest corner of "Himnett" four acres tract; thence East 7.87 chains , more or less to the Northeast corner of that tract conveyed to W.R. Prouty et ux. Recorded April 15, 1963 in Film Volume 29, Page 564; thence North 10.08 chains more or less to the North boundary line of said Donation Land Claim; thence Northwesterly along the North line of said Donation Land Claim 9.90 chains more or less to the place of beginning.

EXCEPT that portion conveyed to the State of Oregon for highway purposes recorded December 7, 1949 in Book 155, Page 496.

PARCEL 4:

That portion of the following described premises lying within the bounds of the Nehemiah Martin Donation Land Claim #83 in Section 21, Township 4 South, Range 4 West of the Willamette Meridian in Yamhill County, Oregon:

Beginning at a point in the center of a country road at the most Westerly corner of a certain tract of land conveyed to Thomas C. Allen and wife by deed recorded August 30, 1954 in Book 174, Page 334, Deed records; thence North 40° East along said Allen tract boundary line and the Northeasterly extension thereof 13.97 chains more or less to the Southwesterly line of a certain tract of land conveyed to Victor Larsen by deed recorded July 18, 1946 in Book 136, Page 428, Deed records; thence North 35° West 6.535 chains, more or less to the most Westerly corner of said Larsen tract, said corner being situated on the Southeasterly line of a tract of land conveyed to J.E. Brooks by Deed "S" Page 291, deed records; thence North 20° East along the division line of said Larsen and Brooks tracts to the center of the Yamhill River; thence Westerly with the center of said River to a point intersecting the center line of afore-mentioned county road; thence Southeasterly along the center line of said county road to the place of beginning.

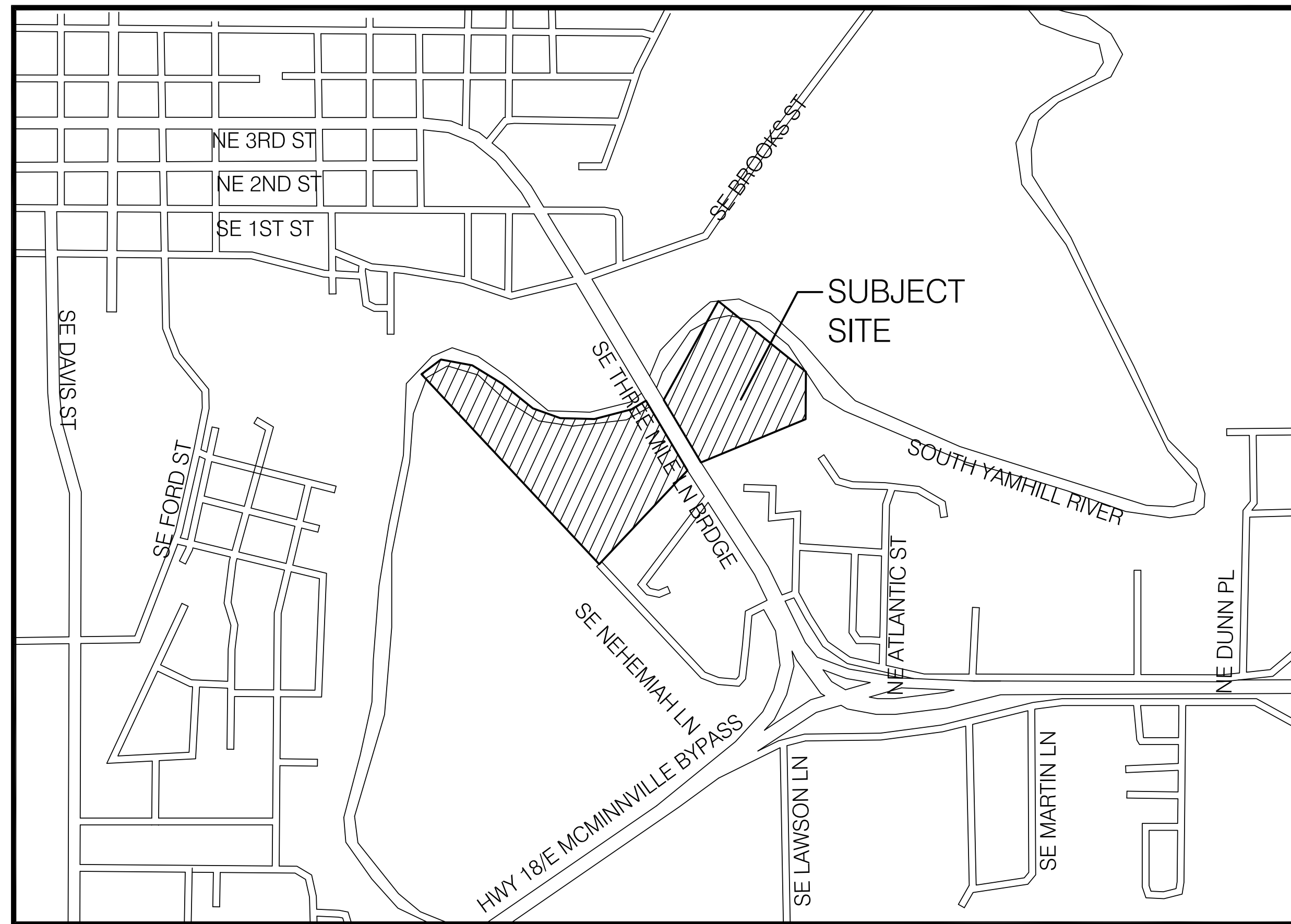
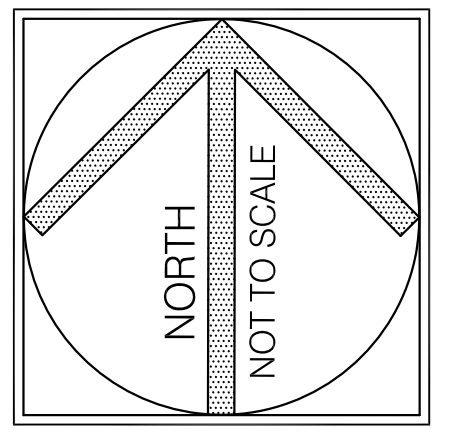
EXCEPT all that portion conveyed to the State of Oregon by deed recorded December 7, 1949 in Book 155, Page 496 Deed and Mortgage Records.

# **PRELIMINARY DEVELOPMENT PLANS**

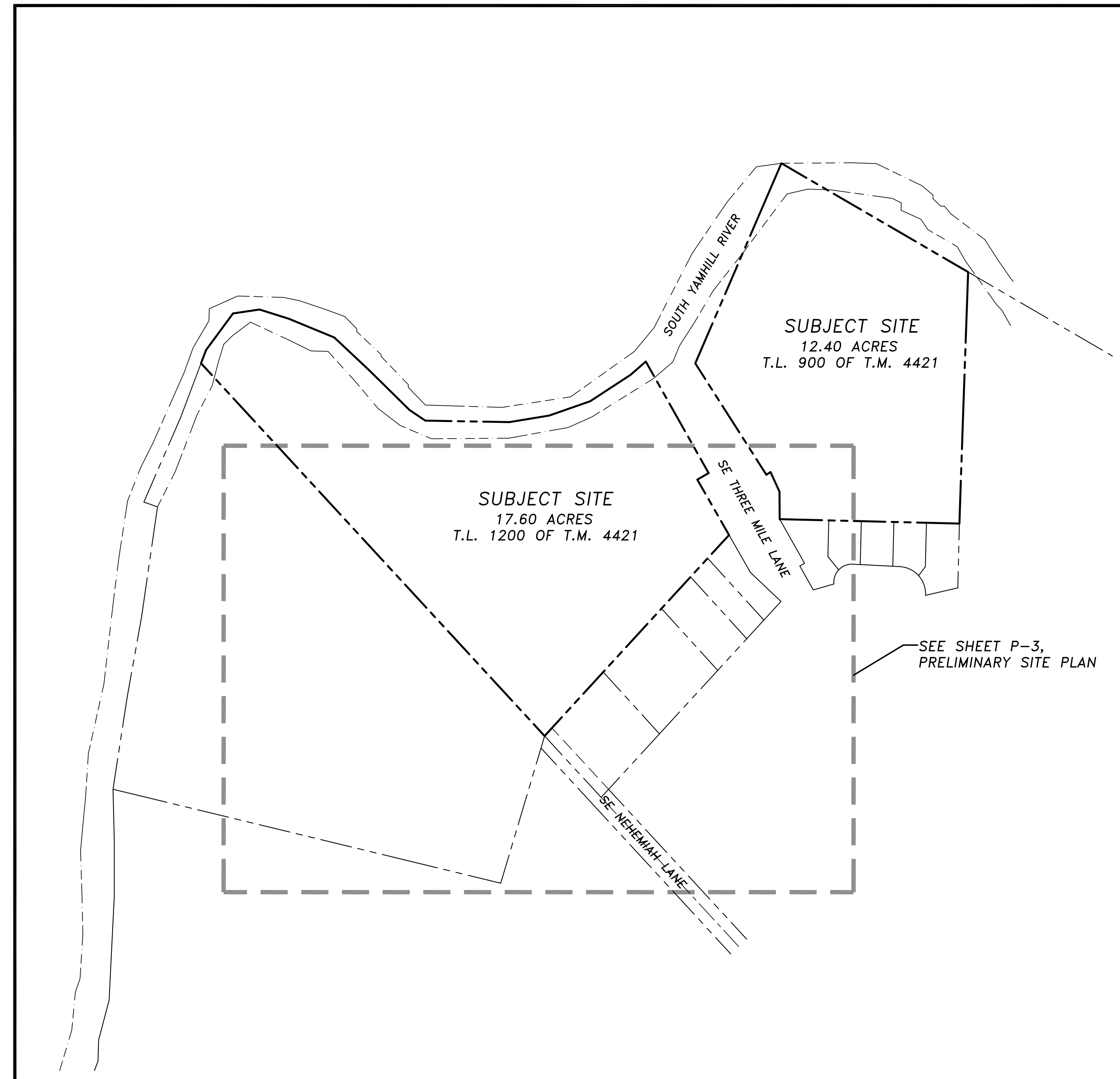
**EXHIBIT 3**

# THREE MILE LANE MAP AMENDMENTS

## MCMINNVILLE, ORE.



VICINITY MAP



SITE MAP

### INDEX OF DRAWINGS

- P-1 COVER SHEET
- P-2 GENERAL LAND USE PLAN
- P-3 PRELIMINARY SITE PLAN
- S-1 TOPOGRAPHIC SURVEY
- S-2 TOPOGRAPHIC SURVEY
- S-3 TOPOGRAPHIC SURVEY
- S-4 ANNEXATION MAP

### APPLICANT / PROPERTY OWNER

ANDERS JOHANSEN  
 1805 SE NEHEMIAH LANE  
 MCMINNVILLE, OR 97128  
 541-977-5812  
 CONTACT: ANDERS JOHANSEN

### APPLICANT'S REPRESENTATIVE

CASCADIA PLANNING + DEVELOPMENT SERVICES  
 PO BOX 1920  
 SILVERTON, OR 97038  
 503-804-9294  
 CONTACT: STEVE KAY, AICP

### LAND SURVEYOR

NORTHSTAR SURVEYING  
 720 NW 4TH STREET  
 CORVALLIS, OR 97330  
 541-757-9050  
 CONTACT: DAVID SCHLOSSER, PLS

CITY OF MCMINNVILLE LAND USE APPLICATION  
**THREE MILE LANE MAP AMENDMENTS**

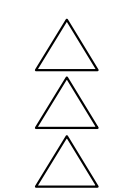
T.L. 900 AND 1200 OF T.M. 4421  
 YAMHILL COUNTY, OR

SE THREE MILE LANE  
 MCMINNVILLE, OR 97128

### COVER SHEET/ VICINITY MAP

JUNE 22, 2022

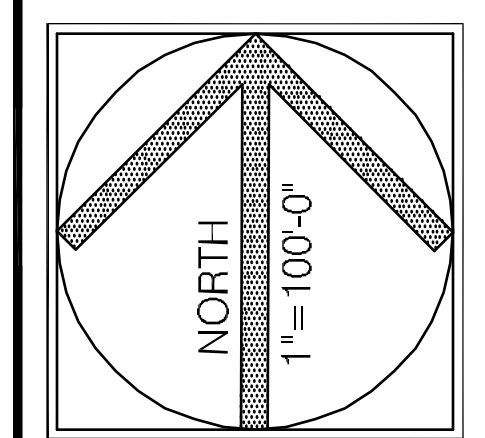
REVISIONS



**P-1**

SHEET 1 OF 3





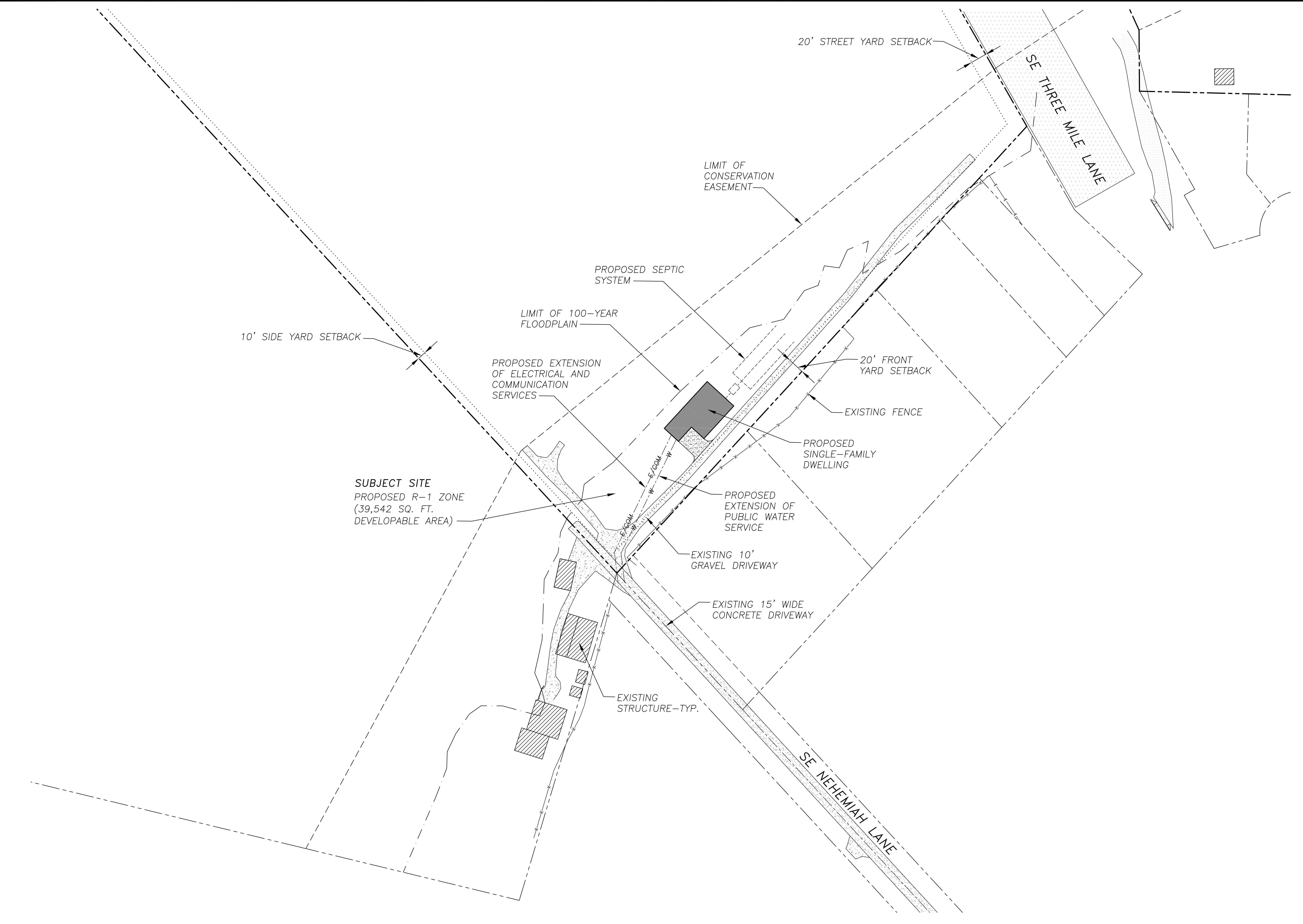
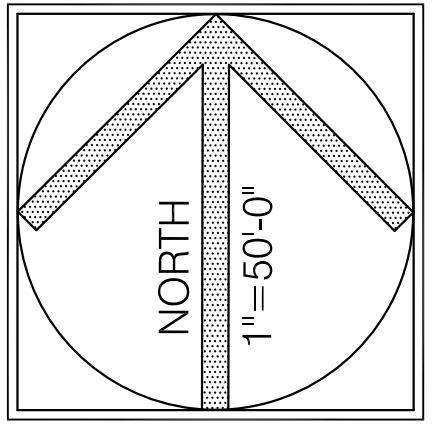
CITY OF MCMINNVILLE LAND USE APPLICATION  
**THREE MILE LANE MAP AMENDMENTS**  
 T.L. 900 AND 1200 OF T.M. 4421  
 YAMHILL COUNTY, OR

SE THREE MILE LANE  
 MCMINNVILLE, OR 97128

EXISTING  
 GENERAL  
 LAND USE  
 PLAN  
 JUNE 22, 2022

REVISIONS  
 ▲  
 ▲  
 ▲







**UTILITY STATEMENT:**

THE UNDERGROUND UTILITIES SHOWN HAVE BEEN LOCATED FROM FIELD SURVEY INFORMATION AND EXISTING DRAWINGS. THE SURVEYOR MAKES NO GUARANTEE THAT THE UNDERGROUND UTILITIES SHOWN COMPRISE ALL SUCH UTILITIES IN THE AREA, EITHER IN SERVICE OR ABANDONED. THE SURVEYOR FURTHER DOES NOT WARRANT THAT THE UNDERGROUND UTILITIES SHOWN ARE IN THE EXACT LOCATION INDICATED ALTHOUGH HE DOES CERTIFY THAT THEY ARE LOCATED AS ACCURATELY AS POSSIBLE FROM THE INFORMATION AVAILABLE. THE SURVEYOR HAS NOT PHYSICALLY LOCATED THE UNDERGROUND UTILITIES

**BASIS & BENCHMARK**

BASIS OF BEARINGS AND BENCHMARK WERE DERIVED FROM USING STATE PLANE COORDINATE SYSTEM. (ZONE: OREGON NORTH 3601, HORIZONTAL DATUM: NAD 83, VERTICAL DATUM NAVD 88)

THE RIVER LOCATION HAS BEEN SCALED FROM AERIAL PHOTOGRAPHY AS STATED FOR CS 1119

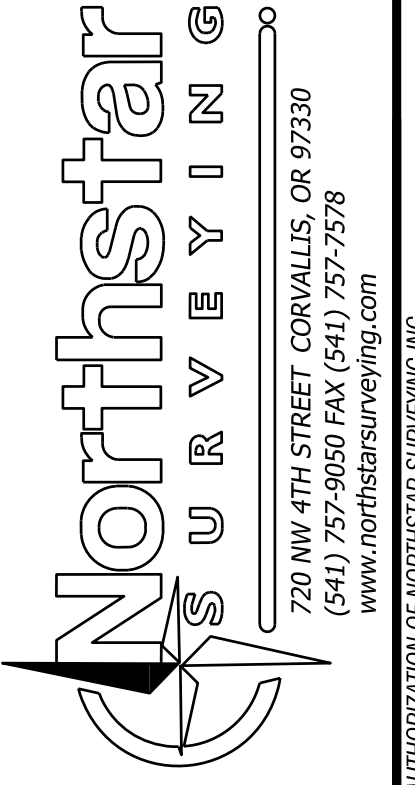
WPR EASEMENT ALONG CENTERLINE OF RIVER 2700' M/L

JOHANSEN WPR EASEMENT 66-0436-8-8018  
PORTION WEST OF 3 MILE LANE  
17.8 ACRES M/L - INCLUDING RIVER

JOHANSEN WPR EASEMENT 66-0436-8-8018  
PORTION EAST OF 3 MILE LANE  
9.8 ACRES M/L - INCLUDING RIVER

**LEGEND**

- .... FOUND MONUMENT
- + .... COMPUTED POINT, NOTHING FOUND OR SET
- RECORD DATA FROM THE FOLLOWING:
- [ ] .... CS 11019      { } .... QUAIL RIDGE SUBDIVISION
- \*\* .... CS 12808      # # .... CS 2526-1
- ( ) .... CS 10659      < > .... FILM VOLUME 107/1131



PROJECT LOCATION  
**SECTION 21**  
**T 4 S, R 4 W, W. M.**  
**YAMHILL COUNTY, OREGON**

EXISTING CONDITIONS SURVEY  
PREPARED FOR:  
**ANDERS JOHANSEN**

REGISTERED PROFESSIONAL LAND SURVEYOR  
*David Lee Schlosser Jr.*  
OREGON  
JUNE 10, 2014  
DAVID LEE SCHLOSSER JR.  
72617

RENEWS: 06/30/2022

DATE 03/01/2022

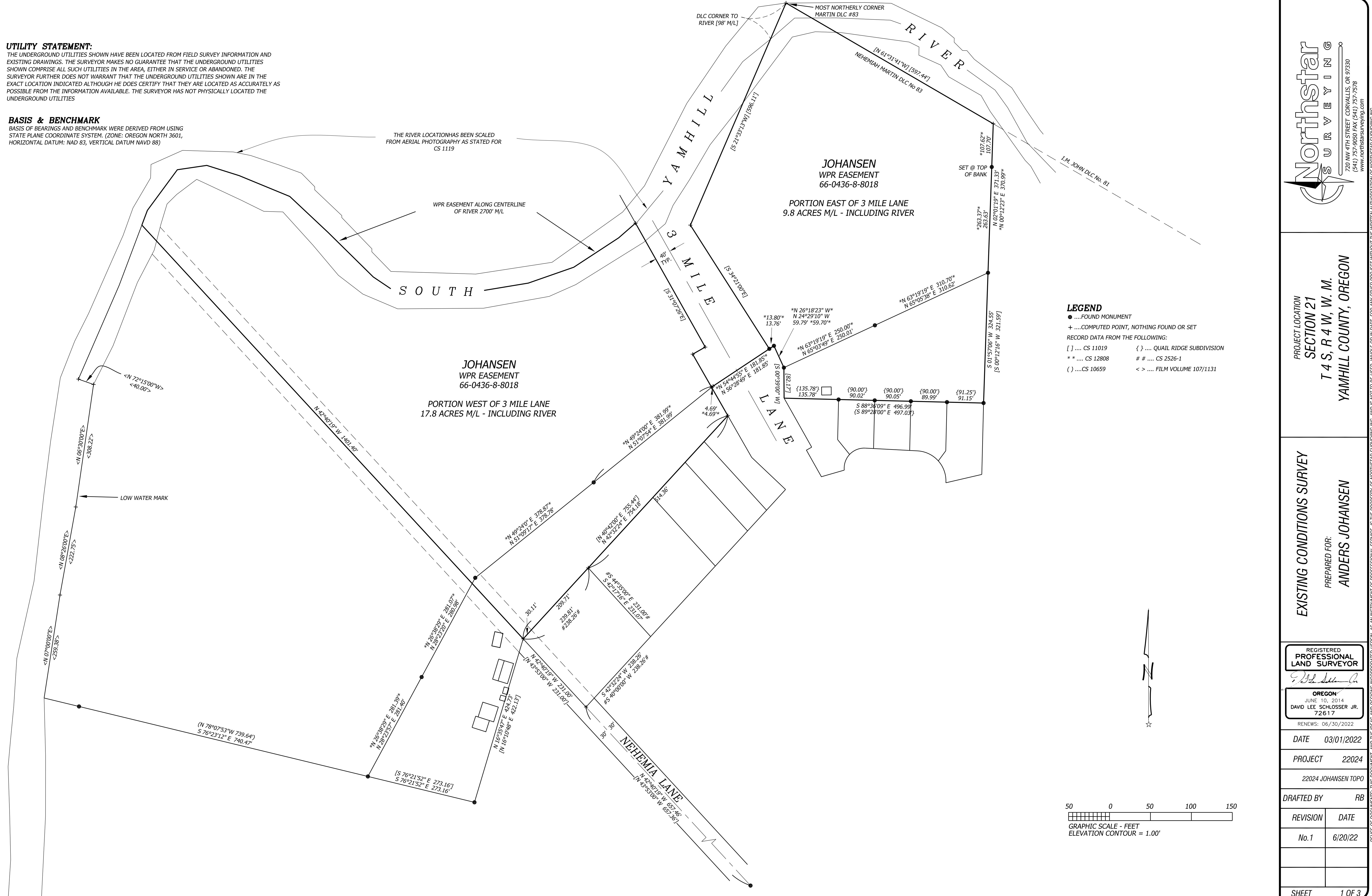
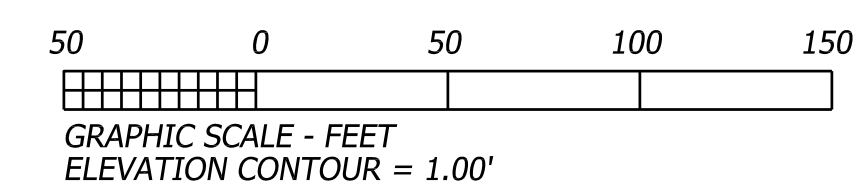
PROJECT 22024

22024 JOHANSEN TOPO

DRAFTED BY RB

| REVISION | DATE    |
|----------|---------|
| No. 1    | 6/20/22 |

SHEET 1 OF 3



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**UTILITY STATEMENT:**  
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**BASIS & BENCHMARK**  
 BASIS OF BEARINGS AND BENCHMARK WERE DERIVED FROM USING STATE PLANE COORDINATE SYSTEM, (ZONE: OREGON NORTH 3601, HORIZONTAL DATUM: NAD 83, VERTICAL DATUM NAVD 88)

TAX LOT  
 1200  
 4-4-21

**JOHANSEN**  
**WPR EASEMENT**  
**66-0436-8-8018**  
 PORTION WEST OF 3 MILE LANE  
 17.8 ACRES M/L - INCLUDING RIVER

TAX LOT  
 1300  
 4-4-21

TAX LOT  
 2000  
 4-4-28

TAX LOT  
 2100  
 4-4-21DD

TAX LOT  
 2200  
 4-4-21DD

TAX LOT  
 2300  
 4-4-21DD

TAX LOT  
 2400  
 4-4-21DD

TAX LOT  
 2000  
 4-4-21DD

TAX LOT  
 2100  
 4-4-21DD

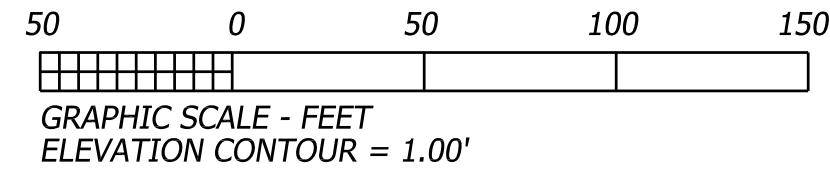
TAX LOT  
 905  
 4-4-21DD

TAX LOT  
 904  
 4-4-21DD

TAX LOT  
 903  
 4-4-21DD

**LEGEND**

- ...FOUND MONUMENT
- + ...COMPUTED POINT, NOTHING FOUND OR SET
- ... FENCE LINE
- .....GRAVEL HATCH
- .....DIRT ROAD HATCH
- .....ASPHALT HATCH
- .....CONCRETE3 HATCH
- BFE...BASE FLOOD ELEVATION



PROJECT LOCATION  
**SECTION 21**  
**T 4 S, R 4 W, W. M.**  
**YAMHILL COUNTY, OREGON**

EXISTING CONDITIONS SURVEY  
 PREPARED FOR:  
**ANDERS JOHANSEN**

REGISTERED  
 PROFESSIONAL  
 LAND SURVEYOR

OREGON  
 JUNE 10, 2014  
 DAVID LEE SCHLOSSER JR.  
 72617

RENEWS: 06/30/2022

DATE 03/01/2022

PROJECT 22024

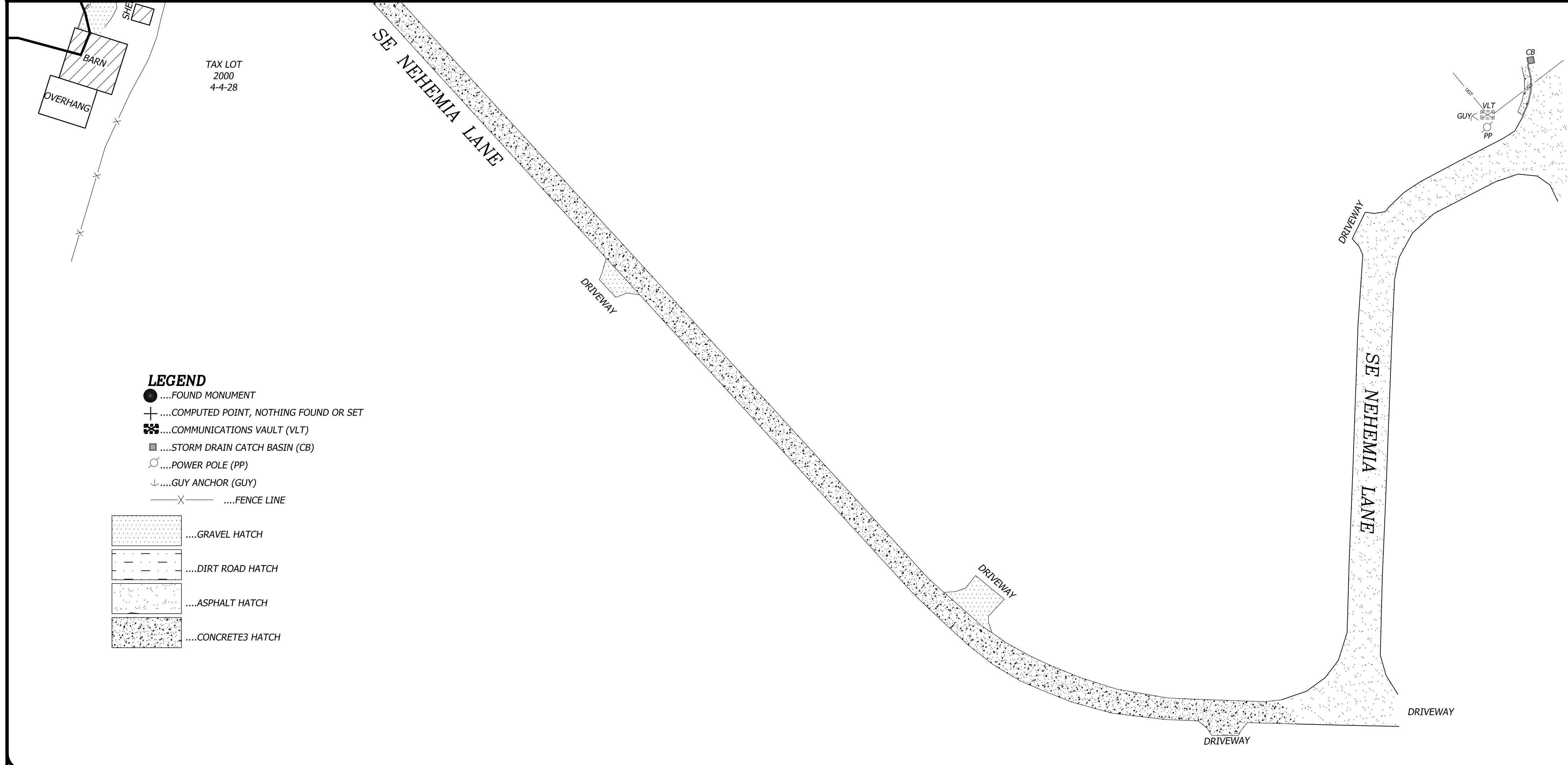
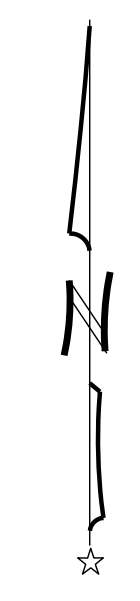
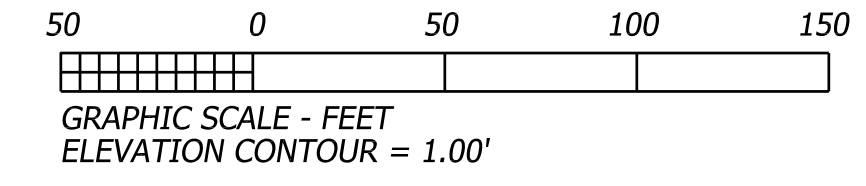
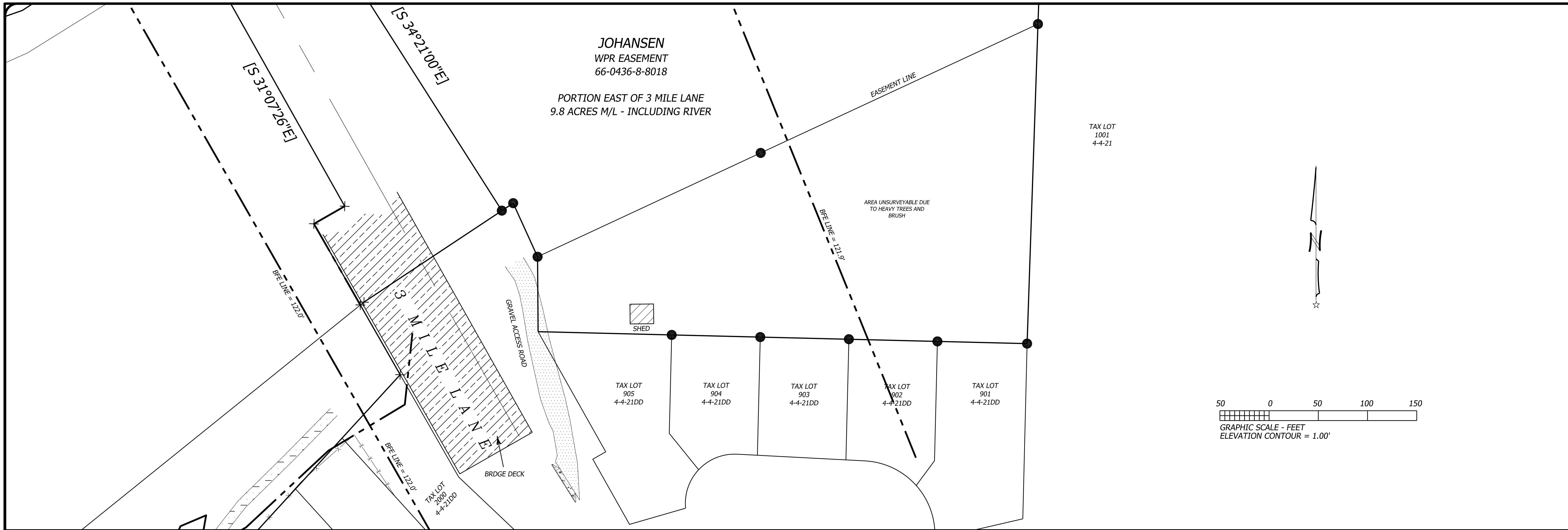
22024 JOHANSEN TOPO

DRAFTED BY RB

| REVISION | DATE    |
|----------|---------|
| No.1     | 6/20/22 |

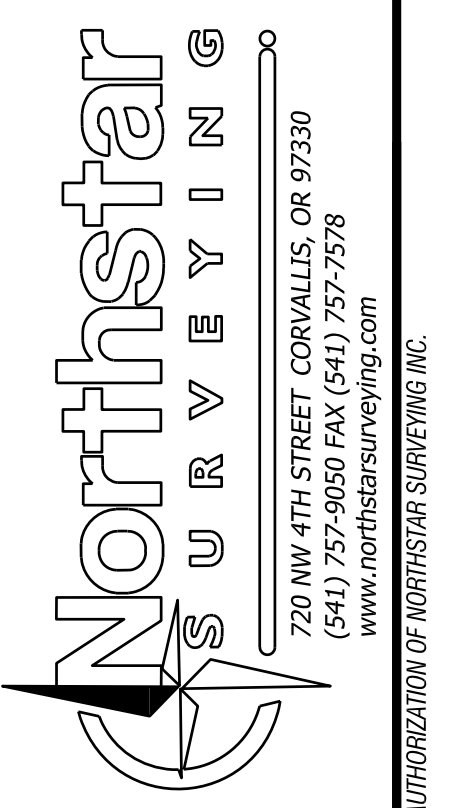
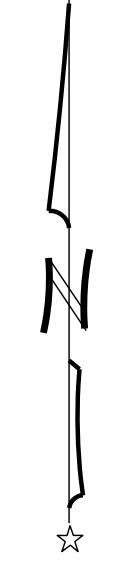
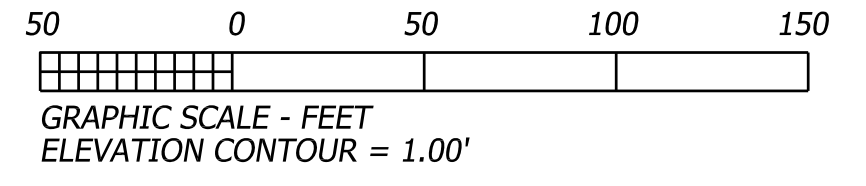
SHEET 2 OF 3

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**BASIS & BENCHMARK**  
 BASIS OF BEARINGS AND BENCHMARK WERE DERIVED FROM USING STATE PLANE COORDINATE SYSTEM. (ZONE: OREGON NORTH 3601, HORIZONTAL DATUM: NAD 83, VERTICAL DATUM NAVD 88)



PROJECT LOCATION  
**SECTION 21**  
**T 4 S, R 4 W, W. M.**  
**YAMHILL COUNTY, OREGON**

EXISTING CONDITIONS SURVEY  
 PREPARED FOR:  
**ANDERS JOHANSEN**

REGISTERED  
**PROFESSIONAL  
 LAND SURVEYOR**

OREGON  
 JUNE 10, 2014  
 DAVID LEE SCHLOSSER JR.  
 72617

RENEWS: 06/30/2022

DATE 03/01/2022

PROJECT 22024

22024 JOHANSEN TOPO

DRAFTED BY RB

| REVISION | DATE    |
|----------|---------|
| No.1     | 6/20/22 |

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SHEET 3 OF 3

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**BASIS OF BEARINGS**

BASIS OF BEARINGS AND BENCHMARK WERE DERIVED FROM USING STATE PLANE COORDINATE SYSTEM. (ZONE: OREGON NORTH 3601, HORIZONTAL DATUM: NAD 83)

THE RIVER LOCATION HAS BEEN SCALED FROM AERIAL PHOTOGRAPHY AS STATED FOR CS 1119

WPR EASEMENT, CITY LIMIT LINE AND NEW ANNEXATION ALONG CENTERLINE OF RIVER 2659' M/L COURSE 11

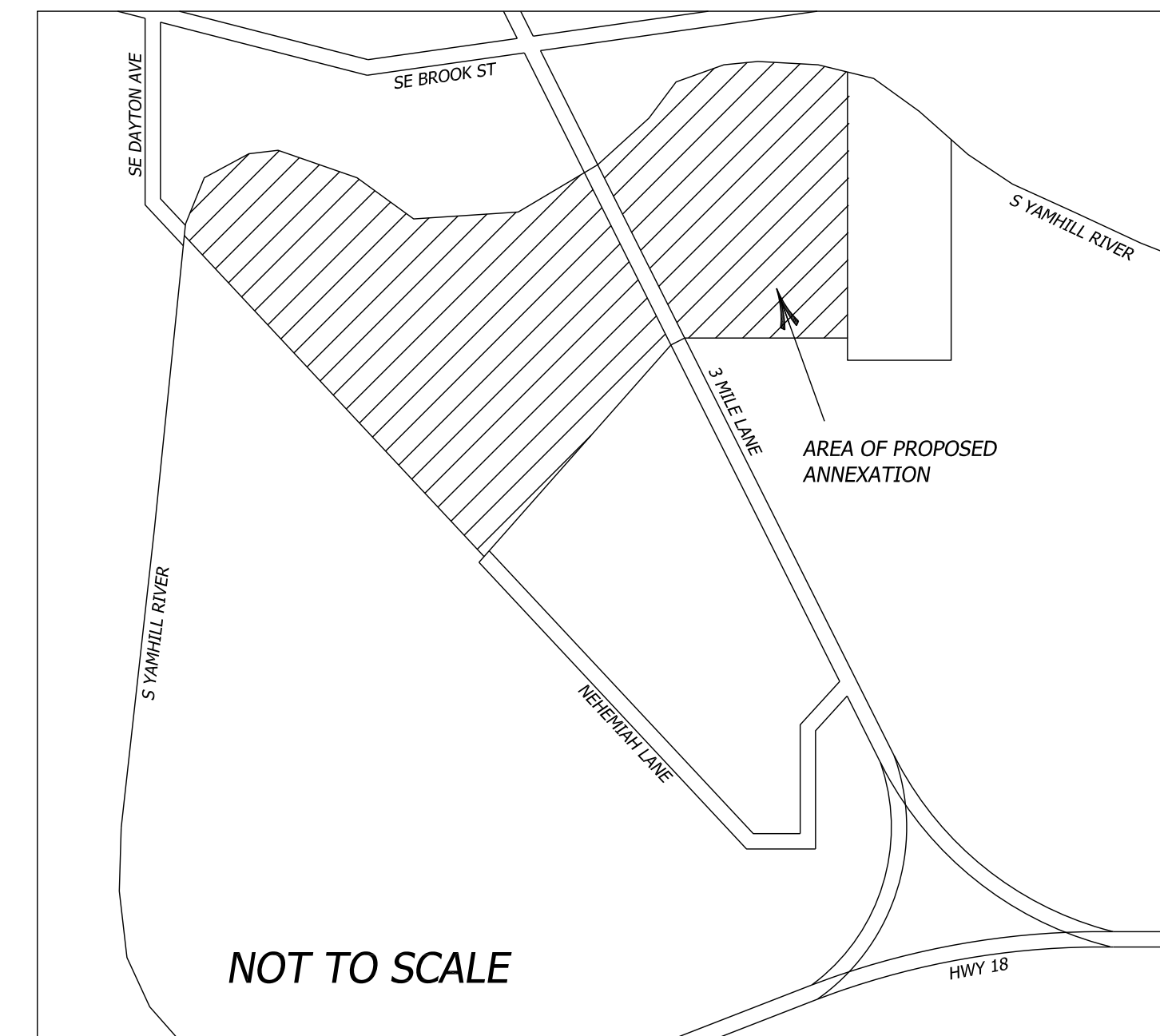
JOHANSEN WPR EASEMENT 66-0436-8-8018  
PORTION WEST OF 3 MILE LANE 17.8 ACRES M/L - INCLUDING RIVER

JOHANSEN WPR EASEMENT 66-0436-8-8018  
PORTION EAST OF 3 MILE LANE 9.8 ACRES M/L - INCLUDING RIVER

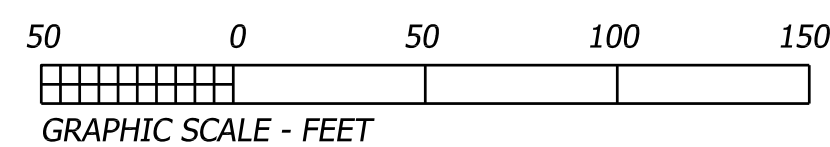
**LEGEND**

- .... FOUND MONUMENT - 5/8" IRON RODS - PER VARIOUS RECORDS
  - + .... COMPUTED POINT, NOTHING FOUND OR SET
- RECORD DATA FROM THE FOLLOWING:
- [ ] .... CS 11019      { } .... QUAIL RIDGE SUBDIVISION
  - \* \* .... CS 12808      # # .... CS 2526-1
  - ( ) .... CS 10659      < > .... FILM VOLUME 107 PAGE 1131
  - ..... CITY LIMIT BOUNDARY PER CITY OF MC MINVILLE
  - N.A.P. .... NOT A PART

**VICINITY MAP**



NOT TO SCALE



PROJECT LOCATION  
**SECTION 21**  
T 4 S, R 4 W, W. M.  
YAMHILL COUNTY, OREGON

ANNEXATION MAP  
PREPARED FOR:  
**ANDERS JOHANSEN**

REGISTERED PROFESSIONAL LAND SURVEYOR

OREGON  
JUNE 10, 2014  
DAVID LEE SCHLOSSER JR.  
72617

RENEWS: 06/30/2022

DATE 04/06/2022

PROJECT 22024

22024 JOHANSEN TOPO

DRAFTED BY RB

| REVISION | DATE    |
|----------|---------|
| No. 1    | 6/20/22 |

SHEET 1 OF 1

**LEGAL DESCRIPTION FOR PROPOSED  
ANNEXATION TERRITORY**

**EXHIBIT 4**



DAVID SCHLOSSER - LAND SURVEYOR

720 NW 4<sup>th</sup> Street, Corvallis, Oregon 97330 Phone 541-757-

EXHIBIT A  
LEGAL DESCRIPTION

for  
Anders Johansen Annexation  
April 14, 2022

A portion of those certain tracts of land as conveyed to Anders Johansen as Parcel 3 and Parcel 4 per deed Document No 2015-18740, Yamhill County Records, a part of the Nehemiah Martin Donation Land Claim No. 83 located in Section 21, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon, being more particularly described as follows:

Beginning at a point in the centerline of SE Nehemiah Lane, said point being S 22°27'58" W 1713.51 feet from the most Northerly corner of the Nehemiah Martin Donation Land Claim No. 83,

- (COURSE 1) Thence N 42°32'24" E 754.18 feet to the Westerly Right-of-Way line of 3 Mile Lane;
- (COURSE 2) Thence along said Right-of-Way line N 29°46'24" W 82.55 feet;
- (COURSE 3) Thence leaving said Westerly Right-of-Way line N 56°28'47" E 186.49 feet to a 5/8" iron rod on the Easterly Right-of-way line of 3 Mile Lane;
- (COURSE 4) Thence along said Easterly Right-of-Way line S 24°29'10" E 59.79 feet to a 5/8" iron rod;
- (COURSE 5) Thence continuing along said Right-of-Way line, S 00°24'45" W 76.02 feet to a 5/8" iron rod at the Northwest corner of Lot 6, Quail Ridge Subdivision, a Subdivision in said County and State;
- (COURSE 6) Thence leaving said Easterly Right-of-Way line, along the North line of said Quail Ridge Subdivision, S 88°36'09" E 496.99 feet to a 5/8" iron rod;
- (COURSE 7) Thence leaving said North line, N 01°57'06" E 324.55 feet to a 5/8" iron rod;
- (COURSE 8) Thence N 02°01'19" E 371.33 feet, more or less, to a point on the Northeasterly line of said Donation Land Claim No. 83;
- (COURSE 9) Thence along said Claim line, N 59°47'12" W 597.44 feet to the most Northerly Corner of said Claim No. 83;
- (COURSE 10) Thence leaving said Claim line, S 23°17'42" W 98.00 feet, more or less to a point on the centerline of the South Yamhill River;
- (COURSE 11) Thence upstream and Westerly along said centerline to a point that is N 42°40'19" W 1401.40 feet from the Point of Beginning;
- (COURSE) 12 Thence leaving said centerline, S 42°40'19" E 1401.40 feet to the Point of Beginning.

Containing 46.2 acres, more or less.

Note: The Basis of Bearings for this description is the State Plane Coordinate System.

REGISTERED  
PROFESSIONAL  
LAND SURVEYOR

*David Lee Schlosser Jr.*  
OREGON  
JUNE 10, 2014  
DAVID LEE SCHLOSSER JR.  
72617



# **NEIGHBORHOOD MEETING DOCUMENTATION**

**EXHIBIT 5**

May 15, 2022

**Re: Neighborhood Meeting for Proposed Annexation and Zone Change**

Dear Resident and/or Property Owner:

Cascadia Planning + Development Services is representing the owner of the property illustrated on the attached map. The subject site is located on the east side Yamhill River, on both sides of Three Mile Lane Bridge. It is identified by the Washington County Assessor as Tax Lots 900 and 1200 of Tax Map 4 4 21. Nearly all of the site is located within a floodplain and a conservation easement along the river, therefore only one home is proposed for the parcels. The properties contains approximately 30-acres and will be zoned R-1 (Low Density Residential) with the proposed annexation into the city limits of McMinnville.

The purpose of this meeting is to provide a forum for the applicant and surrounding property owners/ residents to review the proposal and to identify issues so that they may be considered before a land use application is submitted to the City. This meeting gives you the opportunity to share any special information you know about the property involved. We will attempt to answer questions which may be relevant to McMinnville Zoning Ordinance standards.

You are invited to attend a neighborhood meeting regarding this proposal:

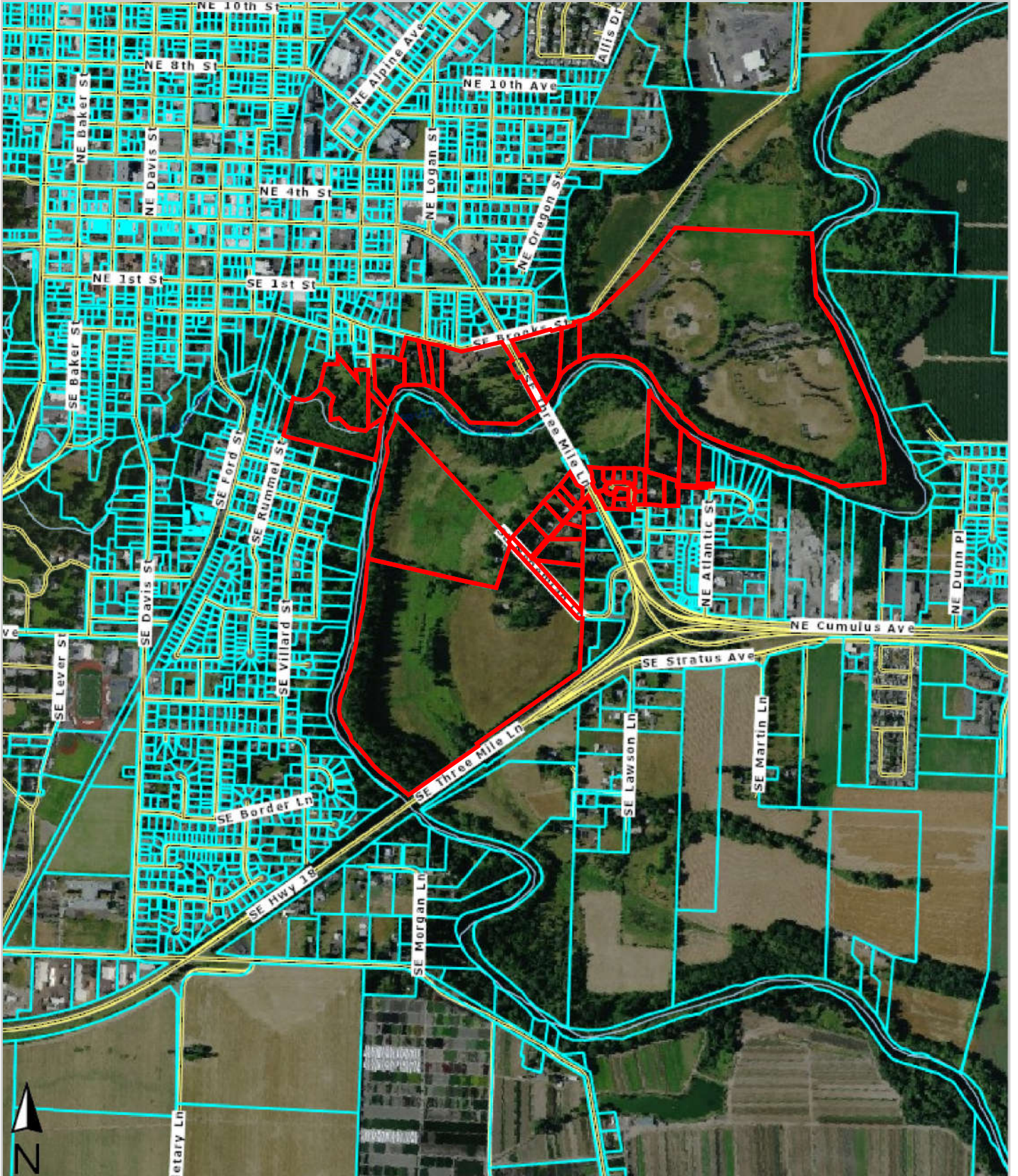
on: Monday, June 6th, 2002 at 6:30 pm  
Baker Creek Community Church  
325 NW Baker Creek Road, McMinnville, OR 97128

Please note that this will be an informal meeting based on preliminary development plans. We look forward to discussing this proposal with you. Feel free to contact me at 503-804-1089 or steve@cascadiapd.com if you have any questions.

Sincerely,

Steve Kay, AICP  
Cascadia Planning + Development Services





This map/plat is being furnished as an aid in locating the herein described land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.







## Farm Search Criteria

## Averages

|                      |              |
|----------------------|--------------|
| Sale Price           | \$198,256.00 |
| Loan Amt             | \$204,442.82 |
| SqFt                 | 2,365 SqFt   |
| Assessed Total Value | \$266,807.64 |
| Market Total Value   | \$457,797.95 |
| Price/SqFt           | \$102.05     |

#1

|                       |                      |                      |                                       |
|-----------------------|----------------------|----------------------|---------------------------------------|
| Parcel #:             | 155628               | Tax Account:         | R442100800                            |
| Owner:                | McMinnville City Of  | Owner Occupied:      | No                                    |
| Site Address #:       | McMinnville OR 97128 | Owner Address #:     | 535 NE 5th St<br>McMinnville OR 97128 |
| Year Built:           |                      | Building SqFt/Acres: | /1.30 Acres                           |
| Assessed Total Value: | \$7,247.00           | Bedrooms:            |                                       |
| Market Total Value:   | \$200,088.00         | Bathrooms:           |                                       |
| Rec. Date:            | 01/01/1992           | Total Rooms:         |                                       |
| Sale Date:            | 01/01/1992           | Sale Price:          |                                       |

#2

|                       |  |                      |  |
|-----------------------|--|----------------------|--|
| Parcel #:             | 155682                                     | Tax Account:         | R442101001                                 |
| Owner:                | Hamilton, Christine M                      | Owner Occupied:      | No   |
| Site Address #:       | 225 NE Atlantic St<br>McMinnville OR 97128 | Owner Address #:     | 2110 NE Village Ct<br>McMinnville OR 97128 |
| Year Built:           | 1978                                       | Building SqFt/Acres: | 2,944 SqFt/4.12 Acres                      |
| Assessed Total Value: | \$346,204.00                               | Bedrooms:            | 3  |
| Market Total Value:   | \$465,706.00                               | Bathrooms:           | 2  |
| Rec. Date:            | 11/08/2019                                 | Total Rooms:         |  |
| Sale Date:            | 11/08/2019                                 | Sale Price:          | \$210,055.00                               |

#3

|                       |   |                      |   |
|-----------------------|---|----------------------|---|
| Parcel #:             | 155717                                      | Tax Account:         | R442101300                                  |
| Owner:                | Johansen, Anders                            | Owner Occupied:      | Yes   |
| Site Address #:       | 1805 SE Nehemiah Ln<br>McMinnville OR 97128 | Owner Address #:     | 1805 SE Nehemiah Ln<br>McMinnville OR 97128 |
| Year Built:           | 1917  | Building SqFt/Acres: | 2,092 SqFt/21.70 Acres                      |
| Assessed Total Value: | \$132,807.00                                | Bedrooms:            | 4   |
| Market Total Value:   | \$340,317.00                                | Bathrooms:           | 1   |
| Rec. Date:            | 05/11/2020                                  | Total Rooms:         |   |
| Sale Date:            | 05/01/2020                                  | Sale Price:          | \$2,500.00                                  |

#4

|                       |                      |                      |                                       |
|-----------------------|----------------------|----------------------|---------------------------------------|
| Parcel #:             | 163192               | Tax Account:         | R4421CA03200                          |
| Owner:                | McMinnville City Of  | Owner Occupied:      | No                                    |
| Site Address #:       | McMinnville OR 97128 | Owner Address #:     | 535 NE 5th St<br>McMinnville OR 97128 |
| Year Built:           |                      | Building SqFt/Acres: | /3.42 Acres                           |
| Assessed Total Value: | \$4,446.00           | Bedrooms:            |                                       |
| Market Total Value:   | \$4,446.00           | Bathrooms:           |                                       |
| Rec. Date:            | 01/01/1993           | Total Rooms:         |                                       |
| Sale Date:            | 01/01/1993           | Sale Price:          |                                       |

#5

|                       |   |                      |   |
|-----------------------|---|----------------------|---|
| Parcel #:             | 163272                                    | Tax Account:         | R4421CA03900                              |
| Owner:                | Schroeder Colleen K & Gary L Trustees Of  | Owner Occupied:      | Yes                                       |
| Site Address #:       | 302 SE Dayton Ave<br>McMinnville OR 97128 | Owner Address #:     | 302 SE Dayton Ave<br>McMinnville OR 97128 |
| Year Built:           | 1952                                      | Building SqFt/Acres: | 2,769 SqFt/1.42 Acres                     |
| Assessed Total Value: | \$373,163.00                              | Bedrooms:            | 3   |
| Market Total Value:   | \$589,973.00                              | Bathrooms:           | 2   |
| Rec. Date:            | 02/27/2003                                | Total Rooms:         |   |
| Sale Date:            | 02/21/2003                                | Sale Price:          |   |

#6  
**Parcel #:** 163281 **Tax Account:** R4421CA03901  
**Owner:** McMinnville City Of **Owner Occupied:** No  
**Site Address #:** McMinnville OR 97128 **Owner Address #:** 535 NE 5th St  
McMinnville OR 97128  
**Year Built:** **Building SqFt/Acres:** /0.66 Acres  
**Assessed Total Value:** \$858.00 **Bedrooms:**  
**Market Total Value:** \$858.00 **Bathrooms:**  
**Rec. Date:** 01/01/1994 **Total Rooms:**  
**Sale Date:** 01/01/1994 **Sale Price:**

---

#7  
**Parcel #:** 165804 **Tax Account:** R4421DB04100  
**Owner:** Christian Church Of Oregon & Southwest **Owner Occupied:** No  
Idaho **Owner Address #:** First Christian Church Of McMinnville 13  
**Site Address #:** 1300 SE Brooks St McMinnville OR 97128  
McMinnville OR 97128 **Building SqFt/Acres:** /10.20 Acres  
**Year Built:** **Bedrooms:**  
**Assessed Total Value:** \$772,186.00 **Bathrooms:**  
**Market Total Value:** \$1,200,695.00 **Total Rooms:**  
**Rec. Date:** 03/31/2021 **Sale Price:**  
**Sale Date:** 03/31/2021

---

#8  
**Parcel #:** 165813 **Tax Account:** R4421DB04200  
**Owner:** McMinnville City Of **Owner Occupied:** No  
**Site Address #:** 1400 SE Brooks St **Owner Address #:** 535 NE 5th St  
McMinnville OR 97128 McMinnville OR 97128 **Building SqFt/Acres:** /2.79 Acres  
**Year Built:** **Bedrooms:**  
**Assessed Total Value:** \$24,827.00 **Bathrooms:**  
**Market Total Value:** \$24,827.00 **Total Rooms:**  
**Rec. Date:** 01/01/1992 **Sale Price:**  
**Sale Date:** 01/01/1992

---

#9  
**Parcel #:** 165831 **Tax Account:** R4421DD00200  
**Owner:** Mather, Dewite E **Owner Occupied:** No  
**Site Address #:** McMinnville OR 97128 **Owner Address #:** PO Box 125  
Sweet Home OR 97386 **Building SqFt/Acres:** /0.50 Acres  
**Year Built:** **Bedrooms:**  
**Assessed Total Value:** \$29,609.00 **Bathrooms:**  
**Market Total Value:** \$127,147.00 **Total Rooms:**  
**Rec. Date:** 07/21/1997 **Sale Price:** \$89,000.00  
**Sale Date:** 07/21/1997

---

#10  
**Parcel #:** 165911 **Tax Account:** R4421DD00900  
**Owner:** Phelps, John B **Owner Occupied:** Yes  
**Site Address #:** 1987 NE Springer Ct **Owner Address #:** 1987 NE Springer Ct  
McMinnville OR 97128 McMinnville OR 97128 **Building SqFt/Acres:** 2,433 SqFt/0.22 Acres  
**Year Built:** 1994 **Bedrooms:** 5  
**Assessed Total Value:** \$370,585.00 **Bathrooms:** 2.5  
**Market Total Value:** \$571,400.00 **Total Rooms:**  
**Rec. Date:** 08/02/2013 **Sale Price:** \$289,900.00  
**Sale Date:** 07/31/2013



#11  
Parcel #: 166000 Tax Account: R4421DD01600  
Owner: Smalley, Richard L Owner Occupied: Yes  
Site Address #: 106 SE Mountain View Ln Owner Address #: 106 SE Mountain View Ln  
McMinnville OR 97128  
Year Built: 1955 Building SqFt/Acres: 1,152 SqFt/0.40 Acres  
Assessed Total Value: \$171,152.00 Bedrooms: 2  
Market Total Value: \$313,867.00 Bathrooms: 1  
Rec. Date: 07/11/2012 Total Rooms: 3  
Sale Date: 06/13/2012 Sale Price: \$145,000.00

---

#12  
Parcel #: 166019 Tax Account: R4421DD01700  
Owner: Mendoza, Gabriel A Owner Occupied: Yes  
Site Address #: 108 SE Mountain View Ln Owner Address #: 108 SE Mountain View Ln  
McMinnville OR 97128  
Year Built: 1960 Building SqFt/Acres: 1,441 SqFt/0.54 Acres  
Assessed Total Value: \$157,978.00 Bedrooms: 3  
Market Total Value: \$321,112.00 Bathrooms: 2  
Rec. Date: 01/10/2003 Total Rooms: 5  
Sale Date: 01/10/2003 Sale Price:

---

#13  
Parcel #: 166028 Tax Account: R4421DD01800  
Owner: Brian Nancy J Trustee For Owner Occupied: Yes  
Site Address #: 116 SE Mountain View Ln Owner Address #: 116 SE Mountain View Ln  
McMinnville OR 97128  
Year Built: 1907 Building SqFt/Acres: 2,734 SqFt/1.83 Acres  
Assessed Total Value: \$247,702.00 Bedrooms: 4  
Market Total Value: \$470,768.00 Bathrooms: 2  
Rec. Date: 09/20/2004 Total Rooms: 6  
Sale Date: 09/16/2004 Sale Price:

---

#14  
Parcel #: 166046 Tax Account: R4421DD01900  
Owner: Hitchcock John W & Wendy F Trustees For Owner Occupied: No  
Site Address #: OR 97128 Owner Address #: PO Box 123  
McMinnville OR 97128  
Year Built: Building SqFt/Acres: /1.76 Acres  
Assessed Total Value: \$6,921.00 Bedrooms:  
Market Total Value: \$11,630.00 Bathrooms:  
Rec. Date: 06/16/2004 Total Rooms:  
Sale Date: 06/16/2004 Sale Price:

---

#15  
Parcel #: 166064 Tax Account: R4421DD02000  
Owner: McDonnell, Jeffrey S Owner Occupied: Yes  
Site Address #: 101 SE Mountain View Ln Owner Address #: 101 SE Mountain View Ln  
McMinnville OR 97128  
Year Built: 1920 Building SqFt/Acres: 1,777 SqFt/0.59 Acres  
Assessed Total Value: \$100,778.00 Bedrooms: 5  
Market Total Value: \$254,503.00 Bathrooms: 1  
Rec. Date: 02/24/2020 Total Rooms: 6  
Sale Date: 02/24/2020 Sale Price:

---

#16  
Parcel #: 166082 Tax Account: R4421DD02100  
Owner: Shields, Lynda F Owner Occupied: Yes  
Site Address #: 105 SE Mountain View Ln Owner Address #: 105 SE Mountain View Ln  
McMinnville OR 97128  
Year Built: 1962 Building SqFt/Acres: 1,452 SqFt/0.37 Acres  
Assessed Total Value: \$151,828.00 Bedrooms: 5  
Market Total Value: \$332,542.00 Bathrooms: 1  
Rec. Date: 03/30/2016 Total Rooms: 6  
Sale Date: 03/25/2016 Sale Price:

#17  
Parcel #: 166091 Tax Account: R4421DD02200  
Owner: Hermens Family Trust Owner Occupied: Yes  
Site Address #: 107 SE Mountain View Ln Owner Address #: 107 SE Mountain View Ln  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1897 Building SqFt/Acres: 1,536 SqFt/0.68 Acres  
Assessed Total Value: \$178,925.00 Bedrooms: 3  
Market Total Value: \$466,223.00 Bathrooms: 2  
Rec. Date: 04/01/2019 Total Rooms:  
Sale Date: 03/01/2019 Sale Price:

---

#18  
Parcel #: 166108 Tax Account: R4421DD02300  
Owner: Schnider, Calvin J Owner Occupied: Yes  
Site Address #: 111 SE Mountain View Ln Owner Address #: 111 SE Mountain View Ln  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1954 Building SqFt/Acres: 1,365 SqFt/0.95 Acres  
Assessed Total Value: \$191,021.00 Bedrooms: 3  
Market Total Value: \$353,895.00 Bathrooms: 1.5  
Rec. Date: 12/29/2014 Total Rooms:  
Sale Date: 12/15/2014 Sale Price:

---

#19  
Parcel #: 166117 Tax Account: R4421DD02400  
Owner: Cunningham, Scott Owner Occupied: Yes  
Site Address #: 115 SE Mountain View Ln Owner Address #: 115 SE Mountain View Ln  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1962 Building SqFt/Acres: 3,560 SqFt/1.10 Acres  
Assessed Total Value: \$324,380.00 Bedrooms: 5  
Market Total Value: \$535,341.00 Bathrooms: 2  
Rec. Date: 05/17/2021 Total Rooms:  
Sale Date: 05/12/2021 Sale Price:

---

#20  
Parcel #: 167465 Tax Account: R442202300  
Owner: McMinnville City Of Owner Occupied: No  
Site Address #: McMinnville OR 97128 Owner Address #: 230 NE 2nd St  
McMinnville OR 97128  
Year Built: Building SqFt/Acres: /79.52 Acres  
Assessed Total Value: \$307,160.00 Bedrooms:  
Market Total Value: \$366,502.00 Bathrooms:  
Rec. Date: 04/01/1984 Total Rooms:  
Sale Date: 04/01/1984 Sale Price: \$178,920.00

---

#21  
Parcel #: 168936 Tax Account: R442802000  
Owner: Hitchcock John W & Wendy F Trustees For Owner Occupied: No  
Site Address #: 1827 SE Three Mile Ln Owner Address #: PO Box 123  
OR 97128 McMinnville OR 97128  
Year Built: 1918 Building SqFt/Acres: 3,257 SqFt/64.80 Acres  
Assessed Total Value: \$315,595.00 Bedrooms: 4  
Market Total Value: \$868,718.00 Bathrooms: 1  
Rec. Date: 06/16/2004 Total Rooms:  
Sale Date: 06/16/2004 Sale Price:

---

#22  
Parcel #: 301104 Tax Account: R4421CA03802  
Owner: Bertram, David L Owner Occupied: No  
Site Address #: McMinnville OR 97128 Owner Address #: 621 SE Rummel St  
McMinnville OR 97128  
Year Built: Building SqFt/Acres: /5.31 Acres  
Assessed Total Value: \$17,971.00 Bedrooms:  
Market Total Value: \$139,488.00 Bathrooms:  
Rec. Date: 04/22/1998 Total Rooms:  
Sale Date: 04/22/1998 Sale Price:

#23  
Parcel #: 415875 Tax Account: R442101101  
Owner: Barnett, Nathan A Owner Occupied: Yes  
Site Address #: 229 NE Atlantic St Owner Address #: 229 NE Atlantic St  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1986 Building SqFt/Acres: 1,900 SqFt/2.00 Acres  
Assessed Total Value: \$278,723.00 Bedrooms: 2  
Market Total Value: \$420,720.00 Bathrooms: 2  
Rec. Date: 11/08/2019 Total Rooms: 4  
Sale Date: 10/31/2019 Sale Price: \$210,055.00

---

#24  
Parcel #: 470886 Tax Account: R4421DB03901  
Owner: Wahle, Betty J Owner Occupied: No  
Site Address #: 1140 SE Brooks St Owner Address #: PO Box 325  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1968 Building SqFt/Acres: 3,807 SqFt/1.24 Acres  
Assessed Total Value: \$438,397.00 Bedrooms: 4  
Market Total Value: \$657,707.00 Bathrooms: 3  
Rec. Date: 12/29/2010 Total Rooms: 7  
Sale Date: 12/09/2010 Sale Price:

---

#25  
Parcel #: 478290 Tax Account: R4421DD01101  
Owner: Sparks, Alan Owner Occupied: Yes  
Site Address #: 102 SE Mountain View Ln Owner Address #: 102 SE Mountain View Ln  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1956 Building SqFt/Acres: 1,646 SqFt/0.23 Acres  
Assessed Total Value: \$168,419.00 Bedrooms: 2  
Market Total Value: \$276,074.00 Bathrooms: 1  
Rec. Date: 05/02/2018 Total Rooms: 3  
Sale Date: 05/02/2018 Sale Price: \$35,361.00

---

#26  
Parcel #: 483073 Tax Account: R4421DB04002  
Owner: Fasana, Mark A Owner Occupied: Yes  
Site Address #: 1200 SE Brooks St Owner Address #: 1200 SE Brooks St  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1992 Building SqFt/Acres: 2,255 SqFt/0.68 Acres  
Assessed Total Value: \$427,294.00 Bedrooms: 3  
Market Total Value: \$638,554.00 Bathrooms: 2.5  
Rec. Date: 07/02/2018 Total Rooms: 5.5  
Sale Date: 06/12/2018 Sale Price: \$497,000.00

---

#27  
Parcel #: 483076 Tax Account: R4421DB04003  
Owner: Benner, Carson Owner Occupied: Yes  
Site Address #: 1240 SE Brooks St Owner Address #: 1240 SE Brooks St  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1990 Building SqFt/Acres: 2,226 SqFt/0.76 Acres  
Assessed Total Value: \$368,741.00 Bedrooms: 3  
Market Total Value: \$610,325.00 Bathrooms: 2  
Rec. Date: 04/04/2012 Total Rooms: 5  
Sale Date: 04/03/2012 Sale Price: \$331,500.00

---

#28  
Parcel #: 490432 Tax Account: R4421DD00901  
Owner: Lake, Brent C Trust Owner Occupied: Yes  
Site Address #: 1971 NE Springer Ct Owner Address #: 1971 NE Springer Ct  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1994 Building SqFt/Acres: 3,123 SqFt/0.38 Acres  
Assessed Total Value: \$405,946.00 Bedrooms: 3  
Market Total Value: \$690,661.00 Bathrooms: 2  
Rec. Date: 05/31/2018 Total Rooms: 5  
Sale Date: 05/31/2018 Sale Price:

#29  
Parcel #: 490435 Tax Account: R4421DD00902  
Owner: Fuchs, Charles P Owner Occupied: Yes  
Site Address #: 1955 NE Springer Ct Owner Address #: 1955 NE Springer Ct  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1994 Building SqFt/Acres: 3,038 SqFt/0.26 Acres  
Assessed Total Value: \$388,591.00 Bedrooms: 2  
Market Total Value: \$654,245.00 Bathrooms: 2  
Rec. Date: 10/12/1994 Total Rooms: 4  
Sale Date: 10/12/1994 Sale Price: \$37,000.00

---

#30  
Parcel #: 490438 Tax Account: R4421DD00903  
Owner: Emslie, Daniel Owner Occupied: Yes  
Site Address #: 1939 NE Springer Ct Owner Address #: 1939 NE Springer Ct  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1993 Building SqFt/Acres: 2,256 SqFt/0.25 Acres  
Assessed Total Value: \$389,916.00 Bedrooms: 3  
Market Total Value: \$657,663.00 Bathrooms: 3  
Rec. Date: 04/05/2018 Total Rooms: 6  
Sale Date: 03/30/2018 Sale Price: \$409,000.00

---

#31  
Parcel #: 490441 Tax Account: R4421DD00904  
Owner: Ringer Fred W Jr Co-Trustee Owner Occupied: Yes  
Site Address #: 1921 NE Springer Ct Owner Address #: 1921 NE Springer Ct  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1994 Building SqFt/Acres: 3,008 SqFt/0.25 Acres  
Assessed Total Value: \$409,732.00 Bedrooms: 3  
Market Total Value: \$640,158.00 Bathrooms: 2.5  
Rec. Date: 03/04/2013 Total Rooms: 5.5  
Sale Date: 02/14/2013 Sale Price:

---

#32  
Parcel #: 490444 Tax Account: R4421DD00905  
Owner: Wale, Rebecca I Owner Occupied: Yes  
Site Address #: 1907 NE Springer Ct Owner Address #: 1907 NE Springer Ct  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1999 Building SqFt/Acres: 2,752 SqFt/0.42 Acres  
Assessed Total Value: \$337,283.00 Bedrooms: 3  
Market Total Value: \$607,992.00 Bathrooms: 2  
Rec. Date: 10/04/2019 Total Rooms: 5  
Sale Date: 07/15/2019 Sale Price: \$25,661.00

---

#33  
Parcel #: 490447 Tax Account: R4421DD00906  
Owner: Springer, Allen J Owner Occupied: Yes  
Site Address #: 1910 NE Springer Ct Owner Address #: 1910 NE Springer Ct  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1996 Building SqFt/Acres: 3,525 SqFt/0.33 Acres  
Assessed Total Value: \$439,740.00 Bedrooms: 4  
Market Total Value: \$715,221.00 Bathrooms: 3  
Rec. Date: 02/20/1996 Total Rooms: 7  
Sale Date: 02/09/1996 Sale Price: \$25,000.00

---

#34  
Parcel #: 490450 Tax Account: R4421DD00907  
Owner: Plyter, John Owner Occupied: Yes  
Site Address #: 1942 NE Springer Ct Owner Address #: 1942 NE Springer Ct  
McMinnville OR 97128 McMinnville OR 97128  
Year Built: 1992 Building SqFt/Acres: 2,210 SqFt/0.25 Acres  
Assessed Total Value: \$337,905.00 Bedrooms: 4  
Market Total Value: \$537,516.00 Bathrooms: 2  
Rec. Date: 12/02/2002 Total Rooms: 6  
Sale Date: 11/22/2002 Sale Price:

**#35**  
**Parcel #:** 490453 **Tax Account:** R4421DD00908  
**Owner:** Dash Family LLC **Owner Occupied:** No  
**Site Address #:** 1980 NE Springer Ct **Owner Address #:** PO Box 820  
McMinnville OR 97128 Warrenton OR 97146  
**Year Built:** 1993 **Building SqFt/Acres:** 2,143 SqFt/0.27 Acres  
**Assessed Total Value:** \$315,968.00 **Bedrooms:** 5  
**Market Total Value:** \$495,122.00 **Bathrooms:** 3  
**Rec. Date:** 03/15/2022 **Total Rooms:**  
**Sale Date:** 03/15/2022 **Sale Price:** \$486,500.00

---

**#36**  
**Parcel #:** 509059 **Tax Account:** R4421DD00201  
**Owner:** Selid, Hannah M **Owner Occupied:** Yes  
**Site Address #:** 220 NE Pacific St **Owner Address #:** 220 NE Pacific St  
McMinnville OR 97128 McMinnville OR 97128  
**Year Built:** 1940 **Building SqFt/Acres:** 1,464 SqFt/0.69 Acres  
**Assessed Total Value:** \$162,262.00 **Bedrooms:** 3  
**Market Total Value:** \$296,624.00 **Bathrooms:** 1  
**Rec. Date:** 10/17/2017 **Total Rooms:**  
**Sale Date:** 10/16/2017 **Sale Price:** \$253,000.00

---

**#37**  
**Parcel #:** 644626 **Tax Account:** R4421DD00200  
**Owner:** Mather, Dewite E **Owner Occupied:** No  
**Site Address #:** McMinnville OR 97128 **Owner Address #:** PO Box 125  
Sweet Home OR 97386  
**Year Built:** **Building SqFt/Acres:** /0.10 Acres  
**Assessed Total Value:** \$3,948.00 **Bedrooms:**  
**Market Total Value:** \$36,328.00 **Bathrooms:**  
**Rec. Date:** 01/01/1957 **Total Rooms:**  
**Sale Date:** 01/01/1957 **Sale Price:**

---

**#38**  
**Parcel #:** 644629 **Tax Account:** R4421DD00201  
**Owner:** Selid, Hannah M **Owner Occupied:** Yes  
**Site Address #:** 220 NE Pacific St **Owner Address #:** 220 NE Pacific St  
McMinnville OR 97128 McMinnville OR 97128  
**Year Built:** **Building SqFt/Acres:** /0.30 Acres  
**Assessed Total Value:** \$11,448.00 **Bedrooms:**  
**Market Total Value:** \$42,732.00 **Bathrooms:**  
**Rec. Date:** 10/17/2017 **Total Rooms:**  
**Sale Date:** 10/17/2017 **Sale Price:** \$144,900.00

---

**#39**  
**Parcel #:** 644635 **Tax Account:** R442202300  
**Owner:** McMinnville City Of **Owner Occupied:** No  
**Site Address #:** McMinnville OR 97128 **Owner Address #:** 230 NE 2nd St  
McMinnville OR 97128  
**Year Built:** **Building SqFt/Acres:** /79.52 Acres  
**Assessed Total Value:** \$1,287,842.00 **Bedrooms:**  
**Market Total Value:** \$1,916,432.00 **Bathrooms:**  
**Rec. Date:** 04/01/1984 **Total Rooms:**  
**Sale Date:** 04/01/1984 **Sale Price:**

**McMinnville City Of  
535 NE 5th St  
McMinnville OR 97128**

**Christine Hamilton  
2110 NE Village Ct  
McMinnville OR 97128**

**Anders Johansen  
1805 SE Nehemiah Ln  
McMinnville OR 97128**

**McMinnville City Of  
535 NE 5th St  
McMinnville OR 97128**

**Schroeder Colleen K & Gary L  
Trustees Of  
302 SE Dayton Ave  
McMinnville OR 97128**

**McMinnville City Of  
535 NE 5th St  
McMinnville OR 97128**

**Christian Church Of Oregon &  
Southwest Idaho  
First Christian Church Of  
McMinnville 13  
McMinnville OR 97128**

**McMinnville City Of  
535 NE 5th St  
McMinnville OR 97128**

**Dewite Mather  
PO Box 125  
Sweet Home OR 97386**

**John Phelps  
1987 NE Springer Ct  
McMinnville OR 97128**

**Richard Smalley  
106 SE Mountain View Ln  
McMinnville OR 97128**

**Gabriel Mendoza  
108 SE Mountain View Ln  
McMinnville OR 97128**

**Brian Nancy J Trustee For  
116 SE Mountain View Ln  
McMinnville OR 97128**

**Hitchcock John W & Wendy F  
Trustees For  
PO Box 123  
McMinnville OR 97128**

**Jeffrey McDonnell  
101 SE Mountain View Ln  
McMinnville OR 97128**

**Lynda Shields  
105 SE Mountain View Ln  
McMinnville OR 97128**

**Hermens Family Trust  
107 SE Mountain View Ln  
McMinnville OR 97128**

**Calvin Schnider  
111 SE Mountain View Ln  
McMinnville OR 97128**

**Scott Cunningham  
115 SE Mountain View Ln  
McMinnville OR 97128**

**McMinnville City Of  
230 NE 2nd St  
McMinnville OR 97128**

**Hitchcock John W & Wendy F  
Trustees For  
PO Box 123  
McMinnville OR 97128**

**David Bertram  
621 SE Rummel St  
McMinnville OR 97128**

**Nathan Barnett  
229 NE Atlantic St  
McMinnville OR 97128**

**Betty Wahle  
PO Box 325  
McMinnville OR 97128**

**Alan Sparks  
102 SE Mountain View Ln  
McMinnville OR 97128**

**Mark Fasana  
1200 SE Brooks St  
McMinnville OR 97128**

**Carson Benner  
1240 SE Brooks St  
McMinnville OR 97128**

**Brent Lake  
1971 NE Springer Ct  
McMinnville OR 97128**

**Charles Fuchs  
1955 NE Springer Ct  
McMinnville OR 97128**

**Daniel Emslie  
1939 NE Springer Ct  
McMinnville OR 97128**



**Ringer Fred W Jr Co-Trustee  
1921 NE Springer Ct  
McMinnville OR 97128**

**Rebecca Wale  
1907 NE Springer Ct  
McMinnville OR 97128**

**Allen Springer  
1910 NE Springer Ct  
McMinnville OR 97128**

**John Plyter  
1942 NE Springer Ct  
McMinnville OR 97128**

**Dash Family LLC  
PO Box 820  
Warrenton OR 97146**

**Hannah Selid  
220 NE Pacific St  
McMinnville OR 97128**

**Dewite Mather  
PO Box 125  
Sweet Home OR 97386**

**Hannah Selid  
220 NE Pacific St  
McMinnville OR 97128**

**McMinnville City Of  
230 NE 2nd St  
McMinnville OR 97128**

Posted Sign on North Side of the Bridge





Posted Sign on South Side of the Bridge







**BASIS OF BEARINGS**  
 BASIS OF BEARINGS AND BENCHMARK WERE DERIVED FROM USING  
 STATE PLANE COORDINATE SYSTEM. (ZONE: OREGON NORTH 3601,  
 HORIZONTAL DATUM: NAD 83)

THE RIVER LOCATION HAS BEEN SCALED  
 FROM AERIAL PHOTOGRAPHY AS STATED FOR  
 CS 1119

WPR EASEMENT, CITY LIMIT LINE AND  
 NEW ANNEXATION  
 ALONG CENTERLINE OF RIVER  
 2659' M/L  
 COURSE 11

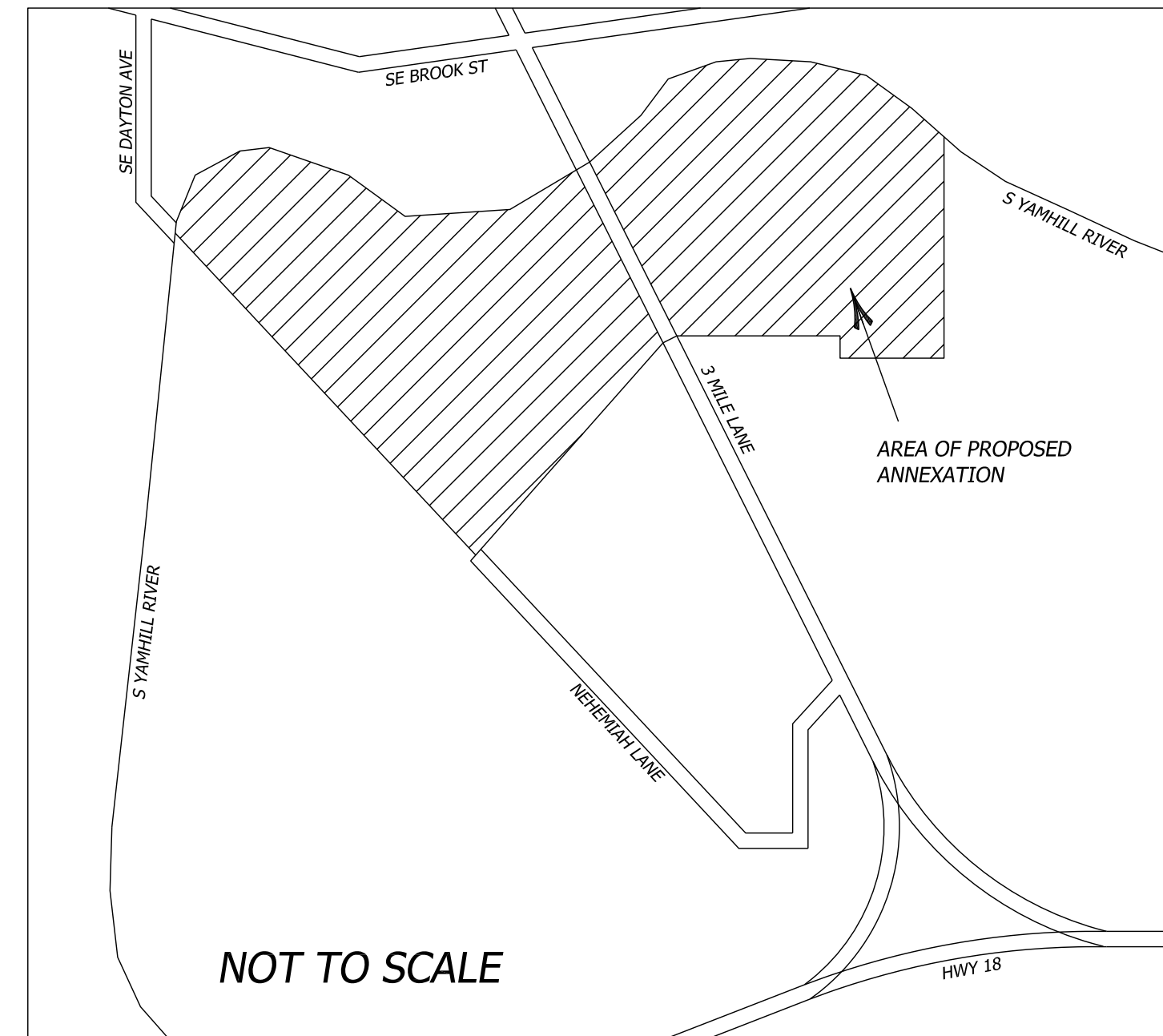
**JOHANSEN  
 WPR EASEMENT  
 66-0436-8-8018**  
 PORTION EAST OF 3 MILE LANE  
 9.8 ACRES M/L - INCLUDING RIVER

**JOHANSEN  
 WPR EASEMENT  
 66-0436-8-8018**  
 PORTION WEST OF 3 MILE LANE  
 36.4 ACRES M/L - INCLUDING RIVER

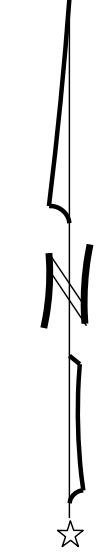
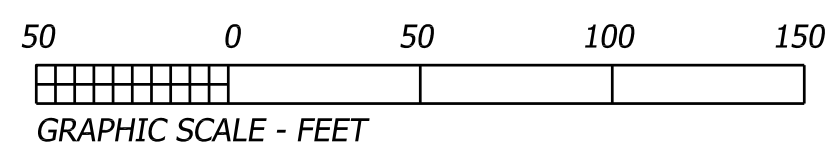
N.A.P.  
 OF ANNEXATION

**LEGEND**  
 ● .... FOUND MONUMENT - 5/8" IRON RODS - PER VARIOUS RECORDS  
 + .... COMPUTED POINT, NOTHING FOUND OR SET  
 RECORD DATA FROM THE FOLLOWING:  
 [ ] .... CS 11019 ( ) .... QUAIL RIDGE SUBDIVISION  
 \* \* .... CS 12808 # # .... CS 2526-1  
 ( ) .... CS 10659 < > .... FILM VOLUME 107 PAGE 1131  
 --- ... CITY LIMIT BOUNDARY PER CITY OF MC MINNVILLE  
 N.A.P. .... NOT A PART

VICINITY MAP



NOT TO SCALE



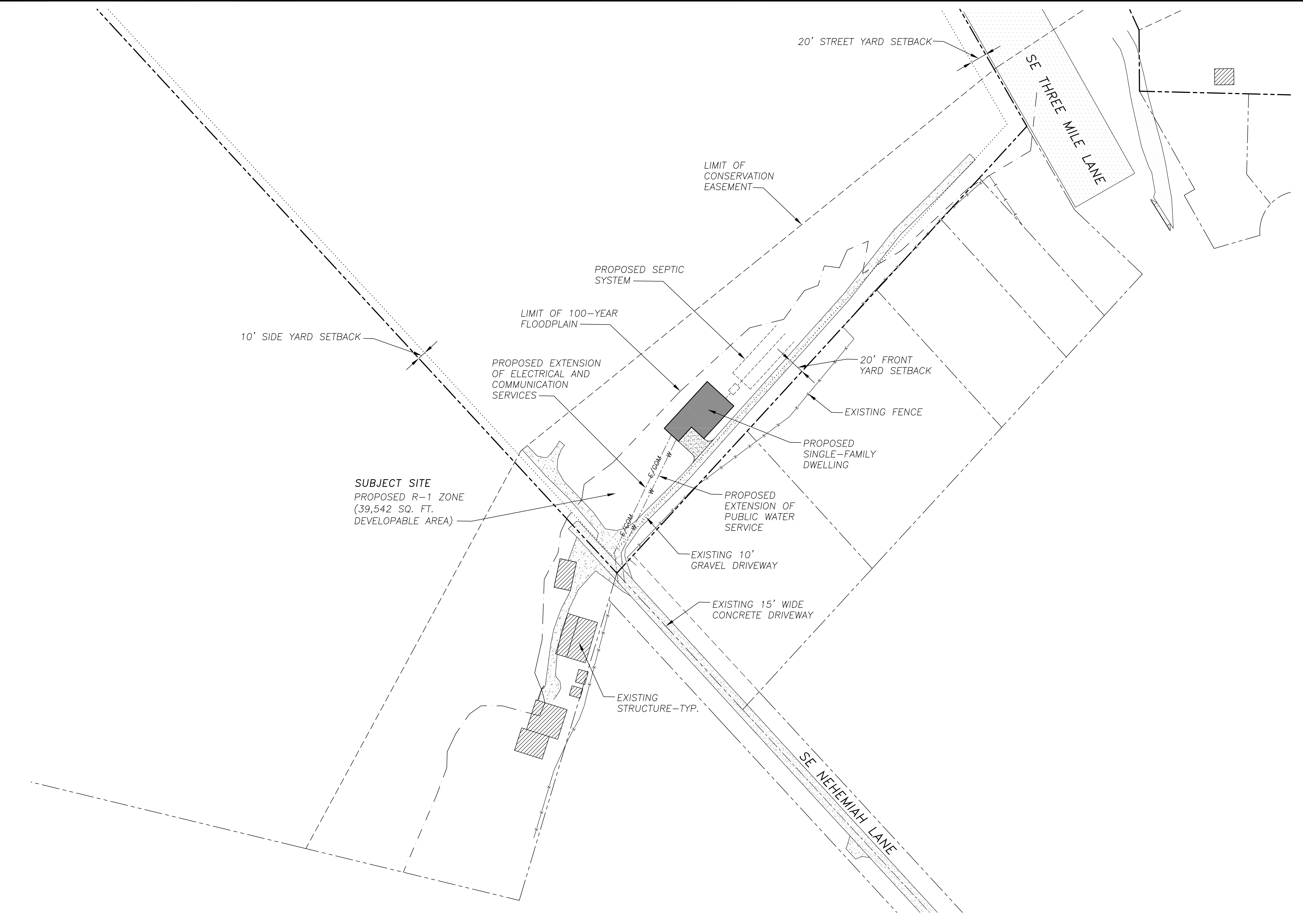
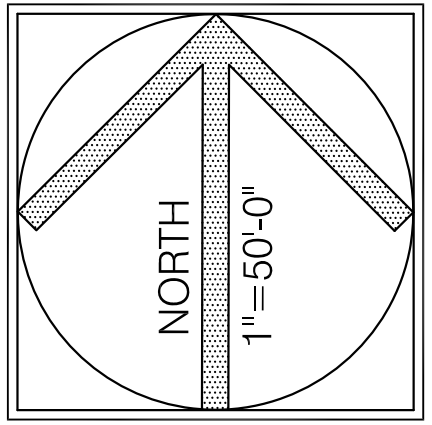
PROJECT LOCATION  
**SECTION 21**  
**T 4 S, R 4 W, W. M.**  
**YAMHILL COUNTY, OREGON**

ANNEXATION MAP  
 PREPARED FOR:  
**ANDERS JOHANSEN**

REGISTERED  
**PROFESSIONAL  
 LAND SURVEYOR**  
*David Lee Schlosser Jr.*  
 OREGON  
 JUNE 10, 2014  
 DAVID LEE SCHLOSSER JR.  
 72617

|                     |            |
|---------------------|------------|
| RENEWS:             | 06/30/2022 |
| DATE                | 04/06/2022 |
| PROJECT             | 22024      |
| 22024 JOHANSEN TOPO |            |
| DRAFTED BY          | RB         |
| REVISION            | DATE       |
|                     |            |
| SHEET               | 1 OF 1     |

REUSE OF DOCUMENTS: THIS DOCUMENT, AND THE IDEAS AND DESIGNS INCORPORATED HEREIN, AS AN INSTRUMENT OF PROFESSIONAL SERVICE, IS THE PROPERTY OF NORTHSTAR SURVEYING INC. AND IS NOT TO BE USED, WHOLE OR IN PART, FOR ANY OTHER PROJECT WITHOUT THE WRITTEN AUTHORIZATION OF NORTHSTAR SURVEYING INC.





**Cascadia Planning + Development Services**

P.O. Box 1920  
Silverton, OR 97381  
(503) 804-1089  
steve@cascadiapd.com



**MEMO**

**DATE:** June 7, 2022

**TO:** City of McMinnville Planning Department

**FROM:** Steve Kay  
Cascadia Planning + Development Services

**RE:** Neighborhood Meeting Summary  
Three Mile Lane Map Amendments  
T.L. 900 and 1200 of T.M. 4421

In accordance with McMinnville Zoning Ordinance Section 17.72.095 standards, a neighborhood meeting was held for the proposed annexation of 30 +/- acres and concurrent rezoning of the site from EF-80 to R-1. The meeting allowed the applicant to identify potential neighbor concerns, and if possible, address those issues with the submitted application. To notice the meeting, the applicant used mailing labels provided by a title company and invited all property owners within 300-ft. of the subject site. The meeting was held on June 6, 2022 at the Baker Creek Community Church and was facilitated by Steve Kay, Cascadia Planning + Development Services. A total of 3 neighbors attended the meeting and a sign-in sheet has been attached.

Mr. Kay welcomed the attendees at 6:30 pm and began by describing the purpose of the meeting. He referred to several drawings for the project including an overall topographic map and a detailed site plan. The attendees were informed that due to the location of the floodplain and conservation easement, the applicant was planning to only develop 1 single-family dwelling in the southwest corner of the site. Mr. Kay provided an overview of the development plans, showing where the home site was proposed, how access would be provided, and how utilities would serve the property.

After completing the presentation, Mr. Kay encouraged meeting attendees to ask questions and provide feedback regarding the development. The attendees indicated that they were in support of the development of one home on the property. They elaborated that if more than one home was developed, they might be concerned about impacts to SE Nehemiah Lane. The neighbors also wanted to share their experience regarding the wetland conservancy that maintains the conservation easement along the South Yamhill River.

The neighbors asked about the next steps in the land use application process. Mr. Kay explained that an application would be submitted to the City of McMinnville sometime in the next month. After City staff reviewed the proposal, the neighbors would be invited to provide written comments. He also indicated that the site would be posted with a sign and community members would be encouraged to provide input at public hearings before the Planning Commission and City Council. The neighbors indicated that they would be following the land use review process and are interested in providing comments in support of the application.

Mr. Kay concluded the discussion by encouraging the attendees to contact him with any additional questions or concerns. After thanking neighbors for their questions and feedback, the meeting was ended at approximately 7:30 pm.

After Recording Return To:

City of McMinnville  
220 NE Second Street  
McMinnville, OR 97128



\$126.00

02/21/2023 11:48:47 AM

DMR-AGRDMR Cnt=1 Stn=3 SUTTONS  
\$50.00 \$5.00 \$11.00 \$60.00

**ANNEXATION AGREEMENT**

This Annexation Agreement is made and entered into this 14<sup>th</sup> day of February, 2023 by and between the City of McMinnville, Oregon, an Oregon municipal corporation (hereinafter "City") and Anders Johansen (hereinafter "Owner").

W I T N E S S E T H

**WHEREAS**, Owner is the record owner of the property legally described on Exhibit 1 attached hereto and incorporated herein (hereinafter referred to as the "Property"); and

**WHEREAS**, the Property is within the City's urban growth boundary, contiguous to the currently existing City limits, and is proposed to be annexed to the City; and

**WHEREAS**, Owner desires to have the Property annexed to the City; and

**WHEREAS**, Owner will submit a petition for annexation and provide the City with all required consents for annexation; and

**WHEREAS**, the City is willing to consider annexation of the Property on the terms and conditions, and subject to the provisions, of this Agreement; and

**WHEREAS**, the City will apply urban zoning upon the successful completion and approval of a land use application for a Zone Map Amendment; and

**WHEREAS**, the City and Owner desire to enter into this Agreement to regulate the annexation, zoning, use and development of the Property; and

**WHEREAS**, should a property owner who chooses not to execute the Annexation Agreement, refuses to grant a right-of-way and/or easement across his or her property in accordance with the City's Public Facilities Plans, the City may institute condemnation proceedings to effectuate such right-of-way and/or easement, or modify the Public Facilities Plans to bypass the property, in order to accommodate the orderly construction of the public infrastructure; and

**WHEREAS**, Council will consider this annexation agreement on February 14, 2023.

**NOW, THEREFORE**, in consideration of the representations, promises and mutual covenants contained herein, the City and Owner agree as follows:

- 1. **RECITALS:** The foregoing recitals are incorporated herein as is fully set forth in this Section.

## 2. **ANNEXATION**

a. City agrees that it will initiate an ordinance annexing the Property into the City once the following conditions are met:

1. All required consents have been received by the City. (See McMinnville Municipal Code (MMC) 16.20.020 for a list of required consents.)
2. A signed Annexation Agreement has been received by the City.
3. The Owner has received a final unappealed land-use approval for city zoning on the property.

b. This agreement is void if the Property is not annexed to the City of McMinnville within five years after the effective date of this Agreement and after the City's receipt of all required consents.

c. Owner may terminate this Agreement by serving written notice to the City no less than 60 days prior to the effective date of the termination. The notice must be received by the City at least 60 days prior to the public hearings for council consideration of the annexation. If the City receives such notice, this Agreement terminates as of the effective date of the notice. After the annexation ordinance is adopted by the City, this Agreement may only be terminated or amended by written consent of the Owner and City. Pursuant to this Agreement, the City agrees that an annexation ordinance will be considered by the McMinnville City Council; however, the City cannot guarantee that the annexation ordinance will be adopted by the City Council.

3. **COMPREHENSIVE PLAN/ZONING:** Prior to the development and annexation of the property, the Owner is required to complete a land-use application for a zoning map amendment for the property in compliance with the McMinnville Comprehensive Plan and McMinnville Zoning Ordinance. Upon successful annexation and a Zone Map Amendment adoption, the City will apply the Zoning designation identified in the land-use application to the property.

4. **DEVELOPMENT:** Owner agrees as follows:

a. Owner shall waive and shall not assert any claim against the City that may now exist or that may accrue through the date of annexation of the Property that it may claim due to its ownership of the Property. This includes any claim arising out of any land use regulation or under Measure 37 (ORS 197.352), Measure 49, and Measure 56 (ORS 227.186).

b. Owner agrees that any development of the property will comply with the City's Zoning Ordinance as it exists now or is later amended. In addition, the development of the Property shall comply with the applicable approved land-use decisions for the property and will incorporate and follow the City's Great Neighborhood Principles as found in the McMinnville Comprehensive Plan and McMinnville Zoning Ordinance as applicable. The Community Development

Director or Hearings Body shall determine the applicability of the Great Neighborhood Principles to the subject property as necessary. All development must also comply with federal, state and city regulations.

- c. Owner agrees that it will, without any cost to the City, dedicate the necessary rights-of-way or easements for all Planned Improvements identified in the City's Public Facilities Plan. The Public Facilities Plan includes the Wastewater Conveyance Plan, Water Master Plan, Transportation System Plan and Parks and Recreation Plan.

The City's Parks, Recreation, and Open Space Master Plan identifies a future multi-purpose trail along the Yamhill River. When the City is ready to move forward with the construction of the trail, the property owner will dedicate the land for the trail for free, and the dedication will be from the center of the river to the outside edge of the trail section furthest from the river, based on the city's specifications for a multi-purpose trail along the river.

- d. Owner shall remove all water rights from Property, unless partial use is otherwise approved by the McMinnville City Council.
- e. Owner agrees to not remonstrate against the formation of a local improvement district or reimbursement district created for the purpose of funding public improvements that will serve the Property. This waiver applies to the Property until all utility service and all required infrastructure that will service or benefit the Property is completed and accepted by City. If the property is developed in phases, the waiver may be removed on a phase-by-phase basis provided that all utility service and all required infrastructure that will service or benefit the Property is completed and accepted by City.

**5. AMENDMENT:** This Agreement and any exhibits attached hereto may be amended only by the mutual written consent of both parties.

**6. SEVERABILITY:** If any provision, covenant or portion of this Agreement or its application to any person, entity, property or portion of property is held invalid, or if any ordinance or resolution adopted pursuant to this Agreement or its application to any person, entity, property or portion of property is held invalid, such invalidity shall not affect the application or validity of any other provisions, covenants or portions of this Agreement or other ordinances or resolutions passed pursuant hereto, and to that end, all provisions, covenants, and portions of this Agreement and of the ordinances and resolutions adopted pursuant hereto are declared to be severable.

**7. NO WAIVER OF RIGHT TO ENFORCE AGREEMENT:** Failure of any party to this Agreement to insist upon the strict and prompt performance of the terms, covenants, agreements and conditions herein contained, or any of them, upon any other party imposed, shall not constitute or be construed as a waiver or relinquishment of any party's right thereafter to enforce any such term, covenant, agreement or condition, but the same shall continue in full force and effect.

**8. ENTIRE AGREEMENT:** This Agreement supersedes all prior agreements, negotiations and exhibits and is a full integration of the entire agreement of the

parties relating to the subject matter hereof. The parties shall have no obligations other than specifically stated in this Agreement except those of general applicability.

9. **SURVIVAL:** The provisions contained in this Agreement shall survive the annexation of the property and shall not be merged or expunged by the annexation of the property or any part thereof to the City.
10. **SUCCESSORS AND ASSIGNS:** This Agreement shall run with the land described on Exhibit B and inure to the benefit of, and be binding upon, the successors in title of the Owners and their respective successors, grantees, lessees, and assigns, and upon successor corporate authorities of the City and successor municipalities.
11. **TERM OF AGREEMENT:** This Agreement shall be binding upon the parties and their respective successors and assigns for the full statutory term of twenty (20) years, commencing as of the date of this Agreement
12. **ENFORCEMENT:** Owner agrees that if it fails to perform as required under this Agreement, the City Council may, at the City Council's option, refuse to process any development application submitted for the Property or include as conditions of approval any requirement of this Agreement. Owner hereby waives any claim regarding such conditions of approval, whether to LUBA or to any state or federal court.
13. **ATTORNEY FEES:** In any proceeding to enforce, apply or interpret this Agreement, each party shall bear its own attorneys' fees and costs.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date first above written.

CITY

  
\_\_\_\_\_  
Jeff Towery, City Manager

OWNER

  
\_\_\_\_\_  
Anders Johansen

ATTEST:

  
\_\_\_\_\_  
Claudia Cisneros, City Recorder

Claudia Cisneros, City Recorder

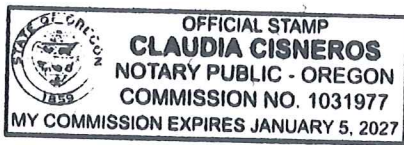


STATE OF OREGON )  
 ) ss.  
County of Yamhill )

This instrument was acknowledged before me this 15<sup>th</sup> day of February, 2023 by Jeff Towery, City Manager, on behalf of the City of McMinnville, who acknowledged that he had authority to sign on behalf of the City of McMinnville and this instrument to be the City's voluntary act and deed.

Claudia Cisneros

Notary Public for Oregon



STATE OF OREGON )  
 ) ss.  
County of Yamhill )

This instrument was acknowledged before me this 21<sup>st</sup> day of February, 2023 by Anders Johansen, owner of the property at R4421 00900 and R4421 01200, who acknowledged this instrument to be his/her voluntary act and deed.

Katherine Alicia Land

Notary Public for Oregon

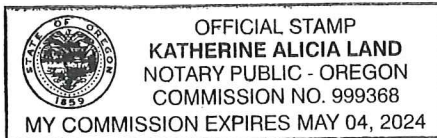


EXHIBIT 1:

Legal Description of the Property to Be Annexed:

**LEGAL DESCRIPTION**  
for  
**Anders Johansen Annexation**  
April 14, 2022

A portion of those certain tracts of land as conveyed to Anders Johansen as Parcel 3 and Parcel 4 per deed Document No 2015-18740, Yamhill County Records, a part of the Nehemiah Martin Donation Land Claim No. 83 located in Section 21, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon, being more particularly described as follows:

Beginning at a point in the centerline of SE Nehemiah Lane, said point being S 22°27'58" W 1713.51 feet from the most Northerly corner of the Nehemiah Martin Donation Land Claim No. 83,

- (COURSE 1) Thence N 42°32'24" E 754.18 feet to the Westerly Right-of-Way line of 3 Mile Lane;
- (COURSE 2) Thence along said Right-of-Way line N 29°46'24" W 82.55 feet;
- (COURSE 3) Thence leaving said Westerly Right-of-Way line N 56°28'47" E 186.49 feet to a 5/8" iron rod on the Easterly Right-of-way line of 3 Mile Lane;
- (COURSE 4) Thence along said Easterly Right-of-Way line S 24°29'10" E 59.79 feet to a 5/8" iron rod;
- (COURSE 5) Thence continuing along said Right-of-Way line, S 00°24'45" W 76.02 feet to a 5/8" iron rod at the Northwest corner of Lot 6, Quail Ridge Subdivision, a Subdivision in said County and State;
- (COURSE 6) Thence leaving said Easterly Right-of-Way line, along the North line of said Quail Ridge Subdivision, S 88°36'09" E 496.99 feet to a 5/8" iron rod;
- (COURSE 7) Thence leaving said North line, N 01°57'06" E 324.55 feet to a 5/8" iron rod;
- (COURSE 8) Thence N 02°01'19" E 371.33 feet, more or less, to a point on the Northeasterly line of said Donation Land Claim No. 83;
- (COURSE 9) Thence along said Claim line, N 59°47'12" W 597.44 feet to the most Northerly Corner of said Claim No. 83;
- (COURSE 10) Thence leaving said Claim line, S 23°17'42" W 98.00 feet, more or less to a point on the centerline of the South Yamhill River;
- (COURSE 11) Thence upstream and Westerly along said centerline to a point that is N 42°40'19" W 1401.40 feet from the Point of Beginning;
- (COURSE) 12 Thence leaving said centerline, S 42°40'19" E 1401.40 feet to the Point of Beginning.

Containing 46.2 acres, more or less.

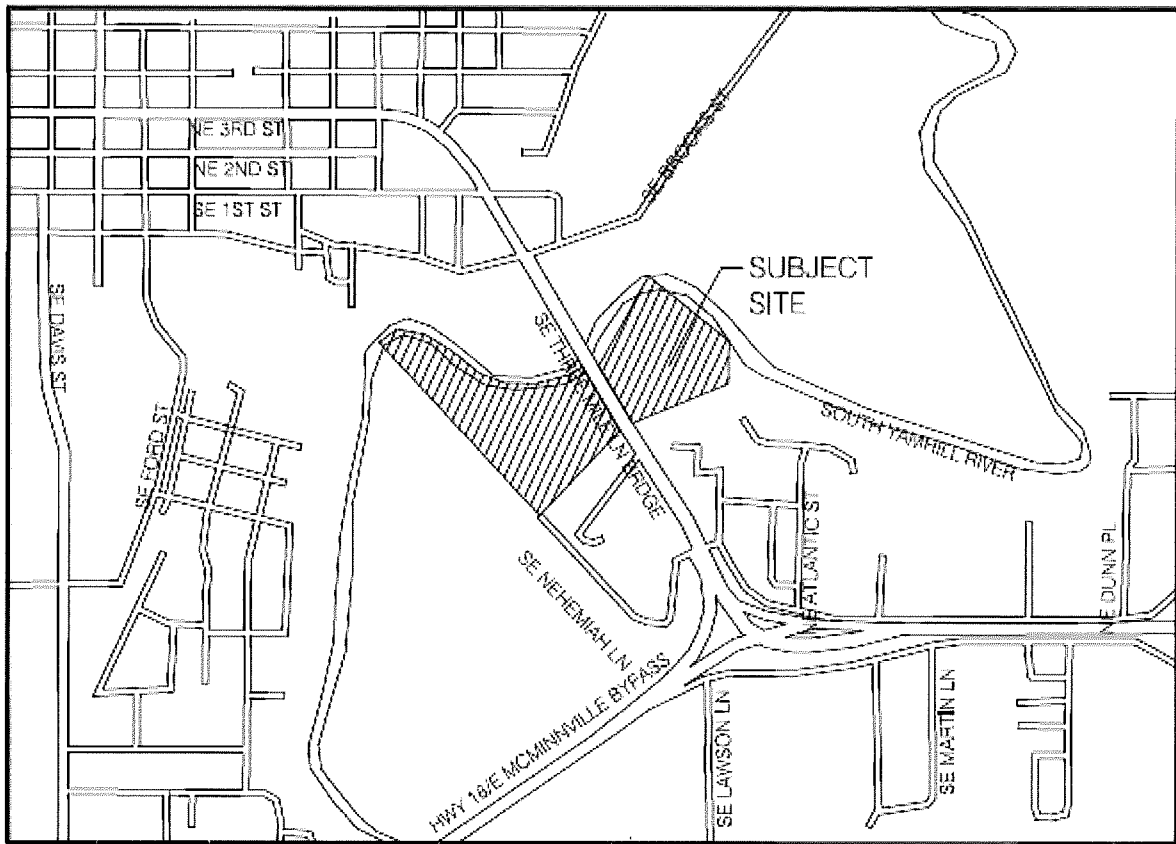
Note: The Basis of Bearings for this description is the State Plane Coordinate System.

REGISTERED  
PROFESSIONAL  
LAND SURVEYOR

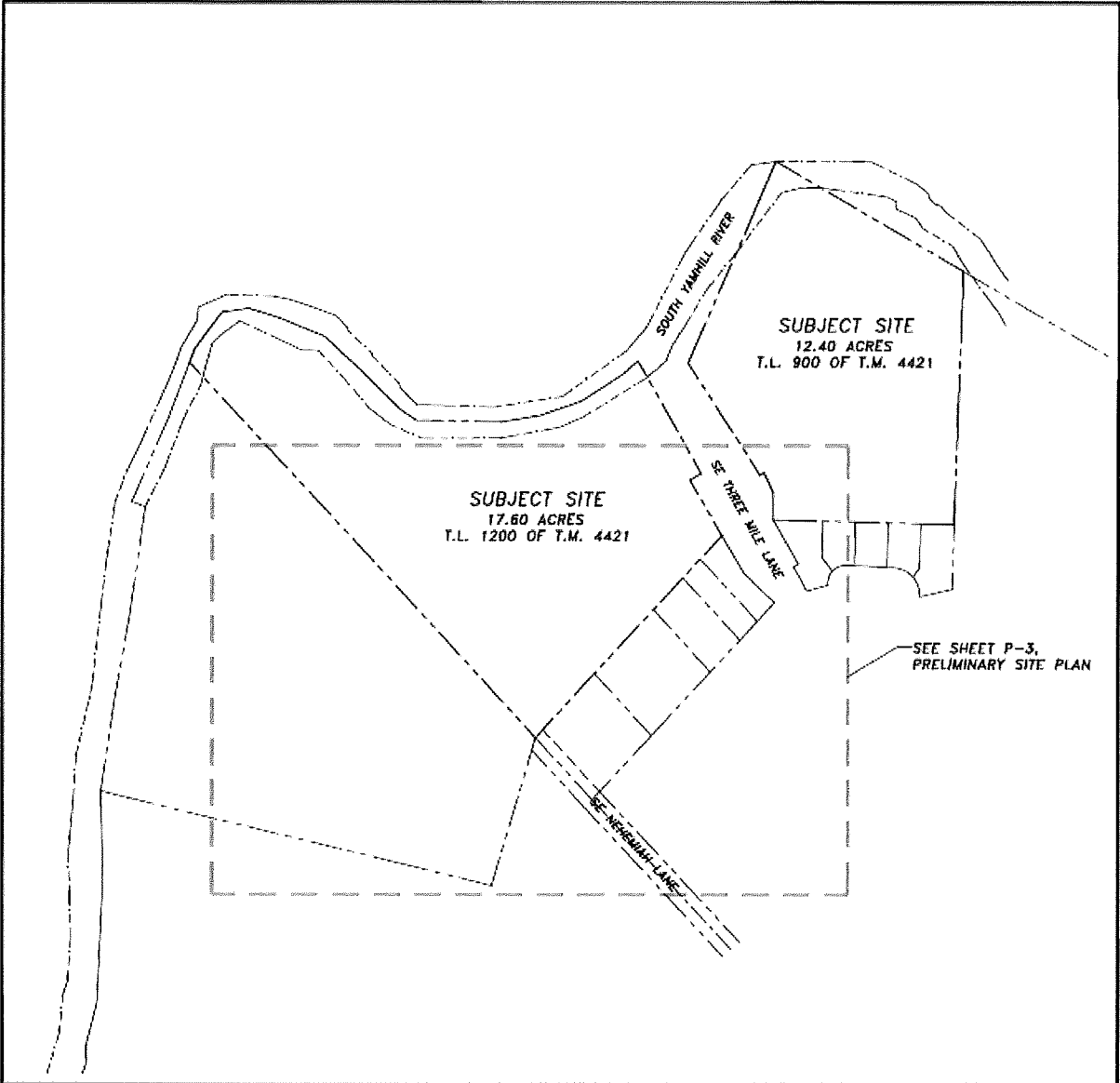


OREGON  
JUNE 10, 2014  
DAVID LEE SCHLOSSER JR.  
72617

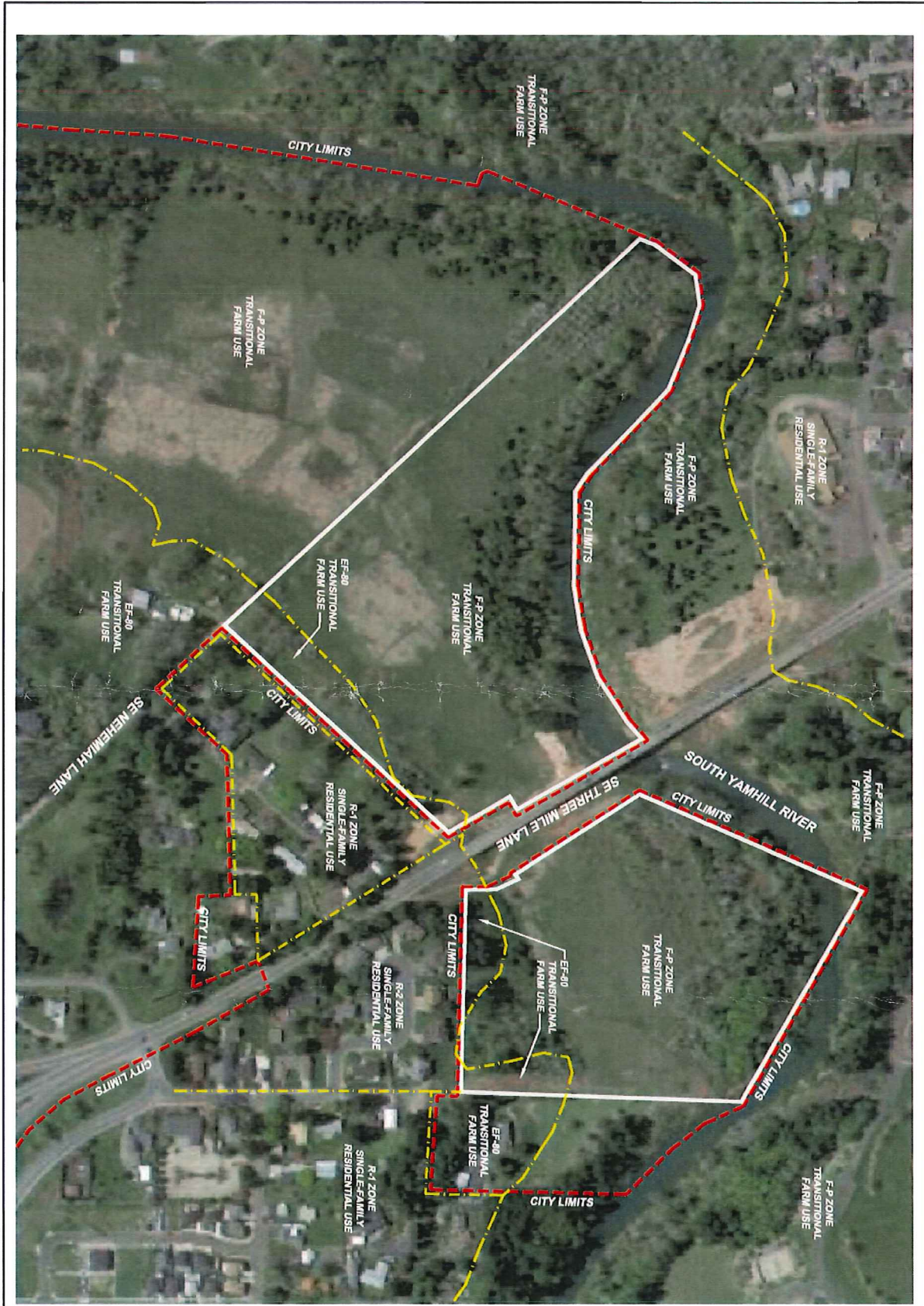
RENEWS 06/30/2022



VICINITY MAP



SITE MAP

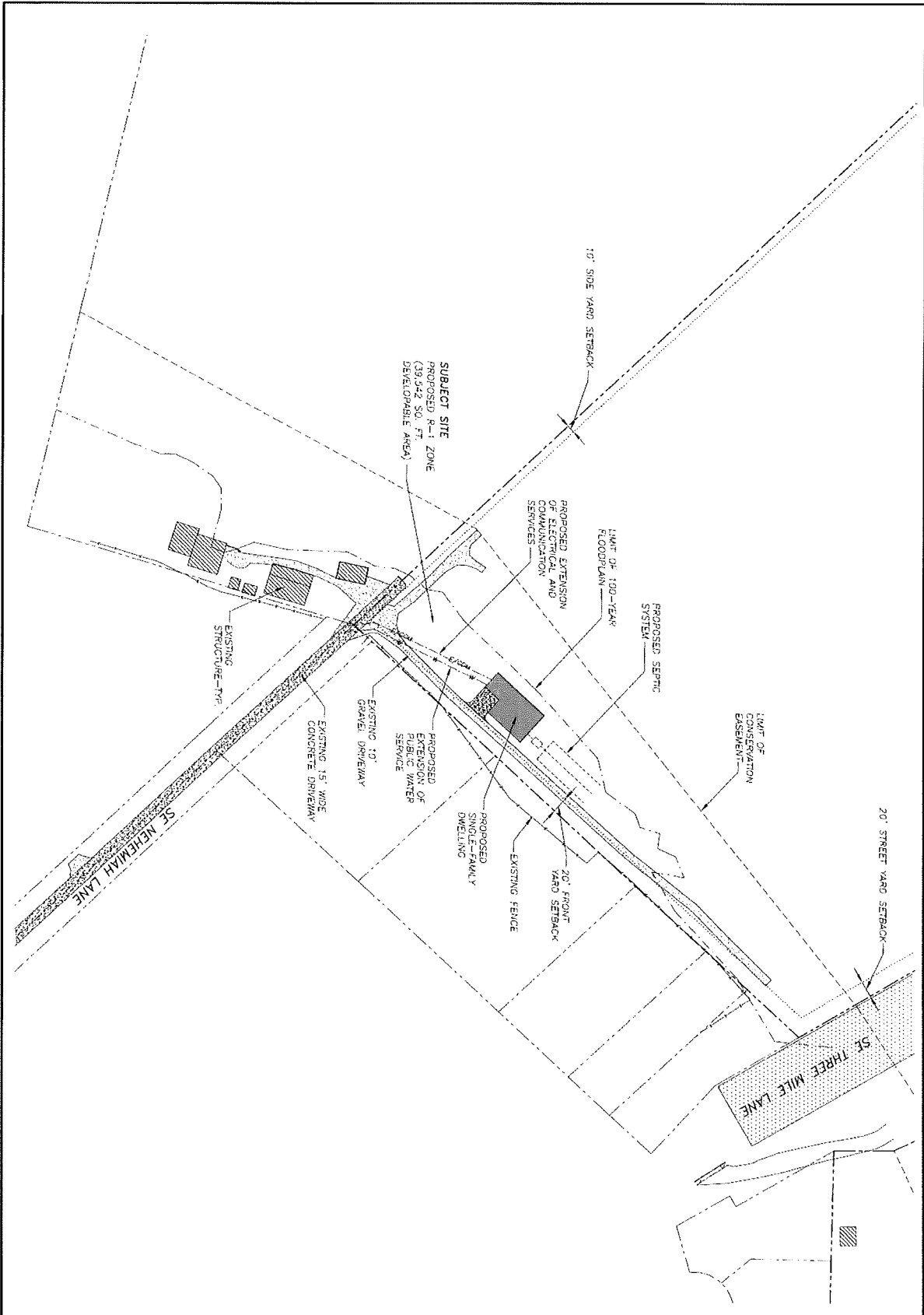



P-2  
 SHEET 2 OF 3  
 EXISTING GENERAL LAND USE PLAN  
 JOB NO. 22-2025  
 DATE: 06/20/25

CITY OF MCMINNVILLE LAND USE APPLICATION  
**THREE MILE LANE MAP AMENDMENTS**  
 SE THREE MILE LANE  
 MCMINNVILLE, OR 97128  
 T.L. 900 AND 1200 OF T.M. 4421  
 YAMHILL COUNTY, OR

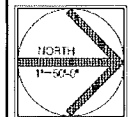
**Cascadia**  
 Planning & Development Services  
 1070 NW 13th St  
 Ste 100  
 Corvallis, OR 97330  
 541.325.4141  
 www.cascadiaplanning.com





  
 PRELIMINARY  
 SITE PLAN  
 JUNE 29, 2006  
 PROJECT

CITY OF MCMINNVILLE LAND USE APPLICATION  
**THREE MILE LANE MAP AMENDMENTS**  
 SE THREE MILE LANE  
 MCMINNVILLE, OR 97128



  
 Cascadia  
 Planning & Development Services  
 28140 SW 12th St  
 Portland, OR 97204  
 503-253-1100  
 www.cascadiaplanning.com

P-3  
 SHEET 2 OF 3

T.L. 900 AND 1200 OF T.M. 4421  
 YAMHILL COUNTY, OR