



Kent Taylor Civic Hall
200 NE Second Street
McMinnville, OR 97128

City Council Work Session Agenda
Wednesday, April 21, 2021
6:00 p.m. – Work Session

*Welcome! The public is strongly encouraged to participate remotely but there is limited seating at Civic Hall for those who are not able to participate remotely. However, if you are not feeling well, please stay home and take care of yourself. In accordance with Governor Kate Brown's **new face-covering mandate**, **all who wish to attend public meetings must wear a face mask or some kind of face-covering is required while in the building and you must maintain six feet apart from others.***

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You may join online via Zoom Meeting:
<https://mcminnvilleoregon.zoom.us/j/99310893265?pwd=TnR4VUU2NHRhaWVNZzNxSUpMSHZiQT09>
Zoom ID: 993-1089-3265
Zoom Password: 202876

Or you can call in and listen via zoom: 1-253- 215- 8782
ID: 993-1089-3265

1. CALL TO ORDER & ROLL CALL
2. MUNICIPAL COURT PRESENTATION
3. CITY CENTER HOUSING STRATEGY PRESENTATION
4. ADJOURNMENT

Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice: Kent Taylor Civic Hall is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made a least 48 hours before the meeting to the City Recorder (503) 435-5702 or Claudia.Cisneros@mcminnvilleoregon.gov.



City of McMinnville
Finance Department
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McMinnville, OR 97128
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Staff Report

DATE: April 12, 2021
TO: Mayor and City Councilors
FROM: Jennifer Cuellar, Finance Director
SUBJECT: Municipal Court work session on April 21, 2021

STRATEGIC PRIORITY & GOAL:



COMMUNITY SAFETY & RESILIENCY

Proactively plan for and responsively maintain a safe and resilient community



CITY GOVERNMENT CAPACITY

Strengthen the City's ability to prioritize & deliver municipal services with discipline and focus.



ENGAGEMENT & INCLUSION

Create a culture of acceptance and mutual respect that acknowledges differences and strives for equity

Report in Brief:

The Municipal Court has been conducting its business consistently over the years with little fanfare, holding court on most Wednesdays of the year. The Covid-19 pandemic necessitated a sea change in how court is carried out in McMinnville – it moved to fully remote status in under two months starting in May 2020 - and is an example of the staff commitment to maintain access to justice in a community setting and its ability to be nimble and respond effectively to changes in the environment.

Background:

The following people will tell the story of the municipal court this evening:

- The Honorable Cynthia Kaufman Noble
- City Prosecutor Shannon Lee Erskine
- Senior Court Clerk Suzanda Branson

Attachments:

1. Municipal Court Core Services
2. Municipal Court Diversity, Equity and Inclusion Plan
3. Municipal Court Accomplishments 2020
4. Government Finance Officers Association (GFOA) white paper on Fees and Fines Policy

Recommendation:

This is an information sharing session and no decisions are before the Council

High Priority Services

- *Access to justice*: hold court (in person or virtually); provide interpretation in court, information, educational resources on the justice system, forms in English and Spanish; partner with community organizations to facilitate access to virtual court; offer multiple payment options
- *Protect and uphold constitutional rights to free speech, due process, rights of accused and equal protection*: provide jury and bench trials; notice hearings; appoint attorneys; provide misdemeanor and traffic arraignments; hold hearings on restitution, release, sentencing, etc.; offer alternative sentencing options and “Fixit Ticket” program; offer payment plans and waivers of contract charges; set court dates in coordination with defendants; create fine guidelines applied to offense class based on permissible reductions to presumptive fines as allowed by State Statute
- *Maintain separation of powers*: ensure Oregon uniform citations and complaints are properly completed and filed in a timely manner with the Court
- *Enforce the laws*: enforce all misdemeanors, violations, and code violations that the Municipal Court has jurisdiction over (total violations in 2020: 1,815); enforce local ordinances; protect victim’s rights through notifications and restitution requests
- *Rehabilitation*: establish partnerships in the community to provide services and support to defendants and victims
- Assure public access to court staff and assist with accessing forms/court sessions via traditional or remote methods

Medium High Priority Services

- Deliver State of Oregon Violations Bureau (ORS 153.800) services under the direction of the Court to process less serious traffic offenses and some non-traffic matters without the formality of a court appearance
- Provide and monitor probation and deferred sentences; coordinate probable cause affidavits; civil process enforcement
- Supervise bankruptcies, appeals, expunctions, jail bond procedures as applies in municipal court environments
- Act as custodian of all court related records; maintain accurate and timely case management of files, warrants, restitution disbursements, court appointed attorney payments; assure LEDS-CJIS compliance
- Assure best practices with cash handling, monthly balancing; remit proper state and county funds due in a timely manner
- Provide continuing education opportunities for staff

Medium Priority Services

- *Protect and uphold constitutional rights*: review police citations, cases, warrants, reports; draft complaints; provide discovery
- *Maintain separation of powers*: after review, make charging decisions; provide deferred sentences and a process to set aside convictions
- *Rehabilitation*: issue pre-collections letters when payment contracts become delinquent

Medium Low Priority Services

- Administer local parking ticket program including access to Court hearings and appeals
- Administer collections program according to best practices and equity considerations
- Support city-wide needs by accepting legal documents and deliveries, directing visitors, offering general notary services

**City of McMinnville
Diversity, Equity and Inclusion Plan
FY20-21**

McMinnville Municipal Court Diversity, Equity, and Inclusion

MacTown 2032 Strategic Goals & Objectives with McMinnville Municipal Court Initiatives

DEI Mission Statement

To ensure we provide fair and accessible justice services that protect the rights of individuals, educate our community members, preserve community welfare, inspire public confidence, and promote procedural fairness.

City of McMinnville
Diversity, Equity and Inclusion Plan
FY20-21

City Government Capacity

GOAL

Strengthen the City's ability to prioritize and deliver municipal services with discipline and focus

OBJECTIVES

Develop and foster local and regional partnerships

Current Municipal Court Initiatives

- **HANDUP Program:** created in 2019, this program focuses on connecting community members to services and resources to promote accountability and change in behavior, providing opportunities for enhancement and growth through education, rather than to resorting to punitive measures; ensuring a commitment to equity, that we are a compassionate and welcoming community for all; we recognize barriers to participation in traditional public processes and we are committed to lowering these barriers
- **Veteran's Court:** initially developed in 2019, this program is a trauma-informed approach to those who have served in the military and now struggle with co-occurring disabilities to assist them in the judicial process, focusing on best practice outcomes. 2020 saw the first participant successfully graduated from this new court program that focuses on substance use treatment and mental health wellness.
- **Community partnerships** with Champion Team, Provoking Hope, Veteran Services Office liaison Ed Harris, and Yamhill County Crisis and Criminal Justice Diversion Program
- **Yamhill County Department of Community Justice:** we work collaboratively to ensure equity of underrepresented community members
- **Criminal/Community Justice Reform** – maintaining a restorative justice approach, providing hope and help in times of mental health crisis in the community; certain segments of our community have been identified from marginalized groups

Future Municipal Court Initiatives

- **Be Sober Court** – create a court program for high-risk DUII offenders
- **Treatment-based court:** how to implement servicing Ballot Measure 110 (de-criminalization of certain drug related crimes)
- **Expand community partnerships** with the following organizations:
 - YCAP
 - Unidos Bridging Community
 - Adult Behavioral Health and Human Services
 - Library and Senior Center: to highlight service with equitable access for those who do not have access to technology to participate in a court service including bilingual assistance

City of McMinnville
Diversity, Equity and Inclusion Plan
FY20-21

Community Safety & Resiliency

GOAL

Proactively plan for and responsively maintain a safe and resilient community

OBJECTIVES

Build a community culture of safety (consider safety best practices)

Current Municipal Court Initiatives

- **SAFE Program, Self-Accountability For Community Enrichment:** an hour-for-hour opportunity given on a case-by-case basis to allow for mental health treatment, education, or participation in personal wellness development programs to substitute community service hour for hour approach regardless of race, gender (including gender expression), age, or economic status (to enhance the standard in the community)
- **Real Time Community Connection:** Providing real time connection in court to support and services through Champion Team and Provoking Hope to any litigants in moments of crisis, to increase inclusion of overrepresented groups negatively impacted by the criminal justice system to these service and support by eliminating the referral process and providing real time connections to our community partners
- **Provide UTURN180 opportunity** to educate public on traffic safety to promote and raise the standard of driving safety in the community; we have also expanded the eligibility requirements to be more inclusive of members under-represented community members

Future Municipal Court Initiatives

- Continue to train and collaborate with community partners to ensure that diversity, equity, and inclusion will be a primary focus when identifying core services of the court
- For staff to participate in training on the following topics:
 - Human trafficking
 - Cultural competency
 - De-escalation and courtroom safety

City of McMinnville
Diversity, Equity and Inclusion Plan
FY20-21

Economic Prosperity

GOAL

Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, it is the court goal to address systemic bias recognizing that certain groups have been overrepresented in many areas of the justice system. We want to remove barriers created by implicit bias, including poverty.

OBJECTIVES

Improve systems for economic mobility and inclusion

Current Municipal Court Initiatives

- Fee restructuring by the Municipal Court
- Fix-it-ticket Program, getting license reinstated and liability insurance compliance
- Judicial review of current fines and payment plans on a case by case basis

Future Municipal Court Initiatives

- Online payment: to create another option for community members to pay fines to provide 24/7 convenience for those who may work during office hours or cannot provide payment by mail or drop box

City of McMinnville
Diversity, Equity and Inclusion Plan
FY20-21

Engagement & Inclusion

GOAL

Create a culture of acceptance and mutual respect that acknowledges differences and strives for equity

OBJECTIVES

Cultivate cultural competency and fluency throughout the community

Current Municipal Court Initiatives

- Court website and court forms available in English and Spanish
- Spanish-speaking staff and/or interpreters before, during, and after every court session to assist our community members with equitable access to services in a safe and welcoming manner
- Spanish speaking court clerk available to provide services in Spanish, including access to the Violations Bureau for alternatives to court appearances; provides swifter access to justice, removes potential economic consequence of having to attend court (losing a day of work, having to hire babysitter, transportation, not feeling safe in court and not going)

Future Municipal Court Initiatives

- Increase Municipal Court staff who represent the community

Grow City's employees and Boards/Commissions to reflect our community

Current Municipal Court Initiatives

- Spanish-speaking staff and/or interpreters before, during, and after every court session to assist our community members with equitable access to services in a safe and welcoming manner
- Preparing to participate in the DEI Board

Future Municipal Court Initiatives

- Participate in the City's boards and commissions
- Create an internship program to cultivate diversity and inclusion

City of McMinnville
Diversity, Equity and Inclusion Plan
FY20-21

Improve access by identifying and removing barriers to participation

Current Municipal Court Initiatives

- McMinnville Municipal Virtual Court, makes it easier and potentially quicker to attend court, also ensures safety of community amid pandemic
- Partnership with Champion Team to increase access to virtual court to individuals who do not have easy access to the internet

Future Municipal Court Initiatives

- Jury panel: we will propose some new criteria to the City Council to meet City Code
- Acquire software that ideally is compatible with the State's which allows easier communication methods (including reminders): we recognize that the traditional legal process may be inaccessible for members of our community who experience barriers to participation in the justice system and we are committed to removing those barriers as much as possible to ensure that the diverse community has access to justice in an equitable framework. In the criminal context, this could reduce the number of warrants of arrest issued for missed court appearances and in the traffic context, reduce imposition of enhanced fines and other penalties.
- Utilize Municipal Court data to analyze demographic makeup of people who come before the court, their outcomes and other relevant, measurable information which may help the Court understand the impact of its activities in the community and track that impact and interaction overtime.

2020 Access to Justice Initiative

The year 2020 has been marked by closure, unrest, and lock down amid the pandemic for our community. In response the Municipal Court focused on opening doors and breaking down barriers to access to justice.

GOAL: Strengthen the City's ability to prioritize and deliver municipal services with discipline and focus

Objective 1: Develop and foster local and regional partnerships.

- Built and launched the City's first virtual court. The virtual court protected community health during the on-going pandemic and an example of the Court's commitment to access to justice. The Court partnered with the City's Information Systems Department. We have a court that is CJIS and HIPPA compliant and gives the City the ability to provide continuous service to the citizens. This innovation of the virtual courtroom is unprecedented in the history of the City of McMinnville's Municipal Court.
- Drafted and executed Municipal Court Orders in response to the COVID-19 pandemic to comply with the Chief Justice of the Oregon Supreme Court's judicial orders and the Governor's orders in coordination with Yamhill Circuit Court Presiding Judge orders to develop best practices protocol to keep litigants, court staff and attorneys safe while prioritizing high needs court appearances.
- Formed a partnership with the judges of McMinnville, Beaverton and Springfield Municipal Courts to review the Governor's Orders and Chief Justice Orders to collaborate on a plan for municipal courts operational procedures to assure access to justice during an unprecedented time in which the pandemic shut down in-person appearances in the courts.
- Collaborated with the municipal court administrators in the cities of Springfield, Beaverton, Newberg, and Salem to develop internal court procedures to support virtual access to the court.
- The Court Administrator developed virtual court dockets that includes notice and access to litigants electronically through email and telephone to participate in remote hearings in the new McMinnville Municipal Court Virtual Courtroom.
- Forged a working partnerships with Champion Team and Provoking Hope to ensure access to the court to the unhoused. These partnerships have resulted in information sharing and access to services and local community service opportunities.
- Worked together with the Yamhill County Bar Association, Yamhill Circuit Court, and Municipal Court's Indigent Defense Attorneys facilitate information sharing on court issues.

- Developed and provided training for the Court Appointed Attorneys of the Municipal Indigent Defense Bar. Two training sessions were held in May on the 6th and 13th with opening day launch for the court on May 20, 2020.
- Teamed up with Springfield and Beaverton Municipal Courts sharing information on DUII sentencing and observed Beaverton' high-risk DUII treatment court.

Objective 2: Gain efficiencies from technology and equipment investments

- Transitioned to remote work in March, kept up with normal court activities while developing a virtual court.
- Analyzed core services.
- Identified the means necessary to improve service delivery through greater integration of staff in the courtroom. New software is necessary to support the virtual court and the transition to a paperless system.
- Updated the Municipal Court's website providing information more efficiently in English and Spanish.
- Continued to work toward providing contactless payment options through our court's website. A technology upgrade is necessary to support delivery of this service.
- Created and uploaded forms in PDF format in Spanish and English.
- Embedded links to commonly used government agencies, such as the DMV on the Municipal Court's website and in email signature lines to help virtually connect litigants with these agencies during the pandemic.

Objective 3: Identify and focus on the City's core services

- Oversight of 1815 criminal complaints and citations that were processed through the municipal court justice system in 2020, consisting of 720 misdemeanor crimes that occurred in the city, 1090 traffic violations issued on public highway and streets within the city limits, and resolution of 5 city code ordinance violations, which were conducted in and outside of court to uphold community values of equity for all while promoting livability and safety in McMinnville.
- Trained interpreters in virtual court process to allow access to Spanish speakers into the virtual courtroom.
- Developed a check and balance system for cash receipting.

- Maintained continuous service to the public during a period of staff scarcity by prioritizing staff time and tasks to keep essential functions operational.

Objective 4: Invest in the City's workforce

- Sustained core court operations during the period following the loss of the prior court department head, and after the loss of three court staff persons.
- Senior court staff covered the essential workload of court operations and administration functions for two months to provide continuous service to the public and court attorneys while waiting to hire new two additional staff members by successfully shifting and prioritizing staff time and tasks when four members left the department to sustain vital functions while working remotely and in-person office shift rotations.
- Senior staff supported first year onboarding of new court director, one summer intern, and two new court clerks.
- Continued onboarding and training of two new municipal court clerks to allow for a return of full court operations as they graduate from the initial training period to essential trainings to assume greater responsibility with court functions in both misdemeanors and court room procedures.
- Onboarding of a new bilingual clerk to replace the one that left to assure that the Spanish speaking community has access to court information, programs, and violations bureau.
- Developed and provided administration training modules for the two new clerks in court operations, process and procedure, including training in CJIS, LEDS, and Notary certification.
- Conducted Criminal Justice primer course for the two new court clerks provided by the Judge and City Prosecutor of the court functions, operations, and the fiduciary duty owed to the public from a constitutional law and legal ethics perspective.
- Assisted in city-wide initiatives such as class and compensation study.
- Court staff participated in the following city trainings: DEI, OSHA.
- Active participation in professional service associations within the court and the legal community at large:

Court Administrator serves as a director on Oregon Association for Court Administration (OACA), and served as the 2019 OACA Immediate Vice-President.

The Judge serves on the Board of Directors for Oregon Municipal Judge's Association and Yamhill County Bar Association Board.

GOAL: Proactively plan for and responsively maintain a safe and resilient community

Objective 4: Provide exceptional police, municipal court, fire, emergency medical services (EMS), utility services and public works

- Created and launched the HANDUP Program in response the increase in livability crimes and violations. This program focuses on connecting community members to services and resources to promote accountability and change in behavior, providing opportunities for enhancement and growth through education, rather than to resorting to punitive measures.
- The City Prosecutor's Office offers hour for hour credit for treatment, access to services, education, and attendance to community meetings in lieu of traditional community service options to promote overall community safety and wellness, which the Court has sanctioned as beneficial to the individual and the community.
- Developed and launched the first Veteran's Court in Yamhill County. This year the first participant successfully graduated from this new court program that focuses on substance use treatment and mental health wellness.
- Created and developed standards for virtual court, training, response time and staffing, which is ongoing, during 2020. The court has undertaken development of a virtual court room and is committed to frequent reviews for equity, efficiency and access to justice.

GOAL: Create a culture of acceptance and mutual respect that acknowledges differences and strives for equity

Objective 1: Actively protect people from discrimination and harassment

- All Court staff participated in DEI training

Objective 5: Improve access by identifying and removing barriers to participation

- Developed and launched Veteran's Court and HANDUP Program.
- Implemented exchange for community service for access to services.

- Forged partnerships with Champion Team and Provoking Hope to ensure access to the unhoused and those without access to technology to allow for court appearances and participation in court programs, eliminating missed court appearances and the need to issue warrants.
- Provide services in Spanish via the phone, email, and website.
- Provide technical support and training for court participants in the new virtual court in coordination with court and IS staff.

GOAL: Guide growth and development strategically, responsively, and responsibly to enhance our unique character

Objective 3: Strategically plan for short and long-term growth and development that will create enduring value for the community

- Enhancing our relationships with our community partners to continue to develop access to justice services for those most vulnerable and/or indigent in our community.



FINANCIAL POLICIES FOR IMPOSED FEES, FINES, AND ASSET FORFEITURES

The Basis for Building Trust with the
Public and Fair Treatment of All Citizens

BY SHAYNE C. KAVANAGH



ABOUT THE AUTHOR

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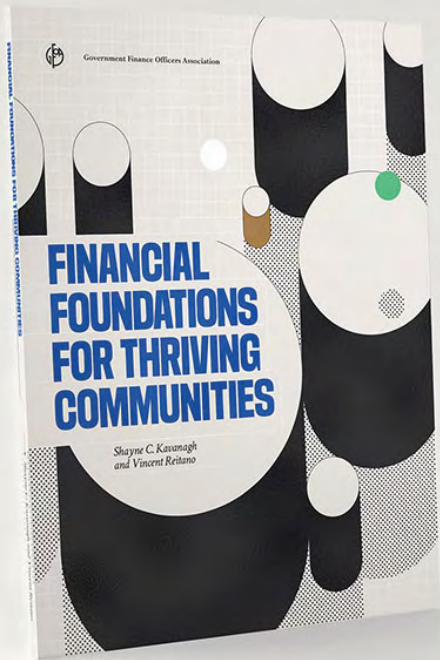
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The Government Finance Officers Association (GFOA) represents approximately 20,000 public finance officers throughout the United States and Canada. GFOA's mission is to promote excellence in state and local government financial management. GFOA views its role as a resource, educator, facilitator, and advocate for both its members and the governments they serve and provides best practice guidance, leadership, professional development, resources and tools, networking opportunities, award programs, and advisory services.



ABOUT FINANCIAL FOUNDATIONS FOR THRIVING COMMUNITIES

Created by GFOA, the Financial Foundations Framework helps facilitate collaboration and support for public policies and programs. Organized into five pillars, the Framework shows you how to improve your financial position now and create a strong foundation for a thriving community over the long-term.

Each pillar includes different leadership strategies and/or institutional design principles. Understanding that local governments cannot order people to collaborate, leadership strategies help inspire pride and public support for a strong financial foundation. Institutional design principles, meanwhile, are the “rules of the road.” They provide the context for leadership strategies and ensure continuity of good financial practices through changes in leadership.

To learn more, visit gfoa.org/financial-foundations.

A local government’s revenue system needs to treat people fairly to maintain the public’s trust. Trust is needed for local government to help communities become better places to live, work, and play over the long term for all citizens.* Trust is the second of the five “pillars” of GFOA’s *Financial Foundations for Thriving Communities*, which provides a comprehensive framework for financial decision-making (see Exhibit 1). Fair treatment is another pillar of *Financial Foundations*. However, there is evidence that imposed fees, fines, and asset forfeitures are revenue sources that have the potential to be used *unfairly* and, thereby, *reduce citizens’ trust* in government, even if these revenues are not a large part of the budget.†

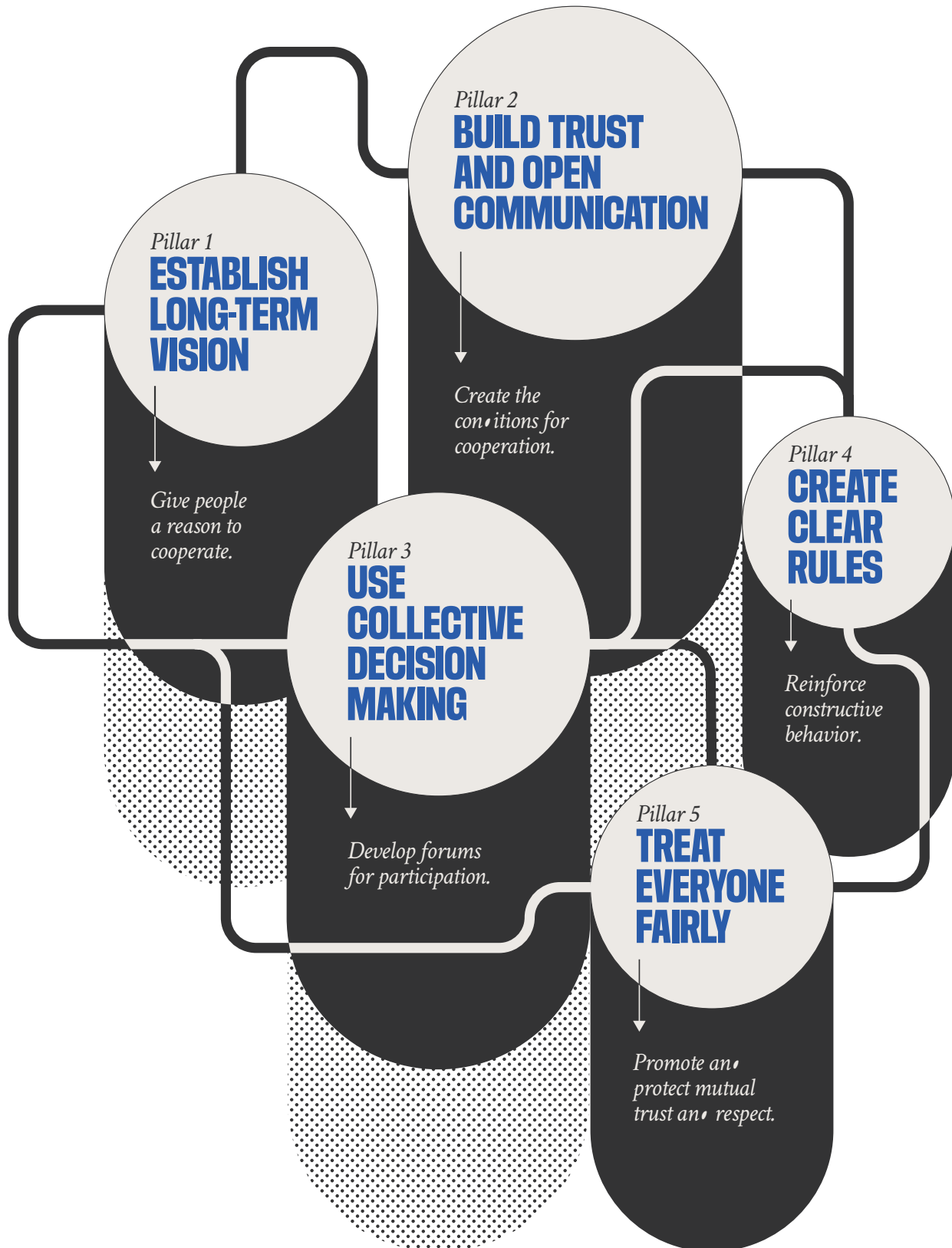
Fortunately, the fourth pillar of *Financial Foundations*, “create clear rules,” shows us how to make sure that imposed fees, fines, and asset forfeitures are used fairly and don’t reduce trust. Clear rules come in the form of a financial policy to address topics such as: when a fine, an imposed fee, or an asset forfeiture is appropriate and when it is not; collection practices; and acceptable uses of the revenue derived from these tools. Establishing rules for such issues helps ensure fair treatment and cost-effective public management.

In this paper, we will describe how you can create a financial policy for imposed fees, fines, and asset forfeitures. The next section provides a rationale for a policy for these revenue sources, and the remaining sections describe the elements of such a policy. Appendix 1 contains a template you can use to develop your own policy.

* By “citizen,” we mean people who share a common civic identity. This is the “self” in self-government. It also means participation in the creation and receipt of public goods. This is the “government” in self-government. This definition is courtesy of Valerie A. Lemmie, Director of Exploratory Research at the Kettering Foundation, and is based on research on democracy in local communities performed by the Kettering Foundation.

† This evidence will be explored in detail in the rest of this paper.

EXHIBIT 1 – Financial Foundations for Thriving Communities





THE RATIONALE FOR A POLICY

Imposed fees, fines, and asset forfeitures have characteristics distinct from other revenue sources that local governments use. These distinctions are helpful for understanding why a policy is needed and for developing policy guidance.

Imposed Fees. Generally, fees raise revenues and recover at least part of the cost of a service that a citizen uses. “Imposed” fees differ from other fees in that the citizen does not have much, if any, discretion on when to use the service that generates the fee or how much to use. With other user fees, the user decides whether to use the service or how much to use. Imposed fees differ from licenses in that a license gives the citizen a right to engage in the activity authorized by the license.

Fines. Unlike fees, fines should not be used to raise revenues. Rather, fines are meant to punish transgressors and deter potential transgressors.

Forfeitures. Forfeitures are when a citizen’s private property is confiscated. Similar to a fine, forfeitures are used as a deterrent or punishment. Unlike fines, the resource taken from the citizen may not be monetary—a citizen might forfeit other types of property. The standards for how much of a citizen’s property might be subject to forfeiture for a given transgression are not well defined.

Next, are reasons why a local government should adopt a policy on imposed fees, fines, and asset forfeitures.

First, many local governments have found their traditional tax sources constrained.¹ This has caused governments to rely more on fees.² However, some services are better suited to fees than others. As this “low-hanging fruit” is picked, governments may be pressured to produce revenue from services that are not as well suited to a fee-for-service model.³ This could cause local governments to rely more on fines, imposed fees, and/or forfeitures as revenue-raising tools, a role for which they are not well suited. For example, consider the civil unrest in Ferguson, Missouri, that received national attention in 2014. Some observers pointed to the oversized role of public safety and court fees and fines in the city’s budget as a factor in the unrest.⁴ The contention was that the city’s public safety and municipal court system was focused on raising revenue and not on providing fair treatment under the law. This led Ferguson residents to distrust government and law enforcement.⁵

Above, people line up to take part in an amnesty program to clear up outstanding misdemeanor arrest warrants on August 7, 2013, in Ferguson, Missouri. For those living on the economic margins, the consequences of even a minor criminal violation can lead to a spiral of debt, unpaid obligations, unemployment and even arrest.

AP PHOTO/JEFF ROBERSON

Though forfeitures weren't a central issue in Ferguson, reliance on forfeitures as a revenue source can reduce citizens' trust in government. Enabling legislation for forfeitures often establishes a lower standard for seizing assets than a court judgment (e.g., a criminal conviction). Asset seizures aren't held to the same "innocent-until-proven-guilty standard" that underpins the justice system. This has resulted in abuse of asset forfeitures.⁶ A policy helps a local government maintain the use of fines, imposed fees, and forfeitures for legitimate purposes and avoid the risks of using them as revenue-raising tools.

The second reason for a policy is that imposed fees, fines, and forfeitures can have disproportionately large impacts on a community's vulnerable citizens. Traditionally, taxes have been aligned with some ability to pay. The connection is obvious with income taxes. For property taxes, property values are an indicator of wealth (even if an imperfect one). The connection between the ability to pay and sales taxes is not as strong,⁷ but the amount a citizen pays in taxes is proportional to what they spend on taxable goods/services.

The connection between the ability to pay and the cost is inverted with fines, imposed fees, and forfeitures. For citizens of an average income or greater, many fines or imposed fees are insignificant and perhaps no more than a nuisance. For other citizens, a fine, imposed fee, or forfeiture can be life-altering. For example, a 2019 study showed that about 40% of adults said they would be *unable* to cover a \$400 emergency with personal savings.⁸ Presumably, in the wake of the COVID-19 pandemic, this percentage has not increased. Given that fairness and the ability to pay has been a cornerstone of the tax system, a system of fines, imposed fees, and forfeitures that disproportionately punishes the less wealthy seems out of step with tradition. Though it may not be practical to charge fines and imposed fees in proportion with a citizen's wealth/income, a policy still can promote the principles of fairness and the ability to pay across all revenues.

The third reason for a policy is that fines, imposed fees, and forfeitures can worsen the problems government services are meant to solve. For example, consider citizens that come in contact with the justice system. National studies suggest that between 60% and 90% of all criminal defendants are eligible for court-appointed counsel because they are indigent.⁹ Other studies suggest that as many as 80% of incarcerated individuals were unemployed in the year before going to prison.¹⁰ However, a system of court fees and fines expects these individuals to make

financial payment to the local government. Predictably, these individuals can't pay the fees and fines, which can result in more contact with the court system (e.g., to appear for hearings on the debt). This increases the cost to administer the justice system and does little to advance the cause of justice. In the worst case, unpaid fines and fees could be turned over to a collection agency and/or the defendant could be put in jail, making it harder for him or her to get credit, employment, or housing. This could make it harder for people to do what's needed to reduce the likelihood of re-offending. A policy establishes the intent of the government to consider the potential for these consequences when administering a system of fines, imposed fees, and forfeitures.

In short, imposed fees, fines, and forfeitures can have the following consequences.

- ➔ Alter the lives of citizens for the worse by imposing a fee on those least able to pay.
- ➔ Reduce citizen's trust in local government by making the local government appear unfair and capricious.
- ➔ Drive up the cost of government by worsening the conditions that increase demand for government services.

A policy makes an *institutional* commitment to using imposed fees, fines, and forfeitures fairly. Let's explore the elements that can be included in a policy, starting with imposed fees.





IMPOSED FEES

A fee is intended to reimburse the government for the cost of providing a service. A fee is reasonable for a utility service, like water, sewer, or garbage collection. It is also reasonable for an elective service, like taking part in a recreation program or building an addition on a home (and obtaining permits).

Fees become questionable when a service is not elective. An example is ambulance fees for transporting an injured motorist to the hospital. Indeed, the government incurs the cost of providing this service because of the injured motorist. That speaks in favor of charging the fee. However, the citizen would prefer to not have been in need of this service and is charged when they are most vulnerable.

Court fees are a type of imposed fee that has been scrutinized for reasons described earlier in this paper. Local governments that have curtailed or eliminated court fees include Alameda County, California; the City and County of San Francisco, California; Dallas County, Texas; City of Nashville, Tennessee; and Ramsey County, Minnesota.¹¹

Let's review policy elements that could help clarify the best use of imposed fees.

State Law is the Floor, But it's Also Not Necessarily Ceiling

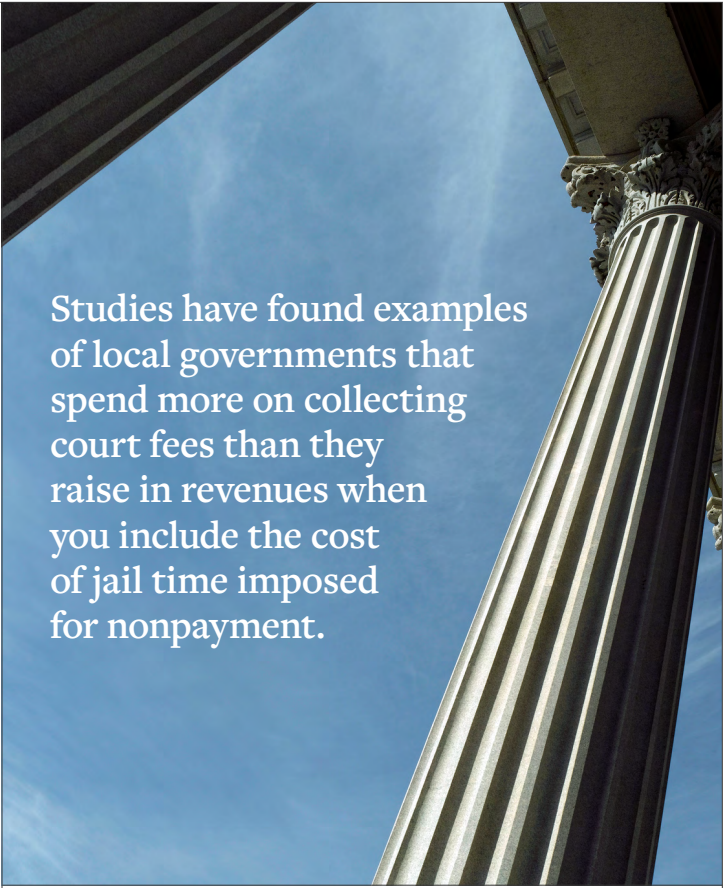
State laws often impose requirements on how localities can administer imposed fees, fines, and asset seizures. A local financial policy should acknowledge these limits and honor them. At the same time, a policy should recognize that local governments can and should set higher financial standards according to what state law calls for.

Criteria for Charging a Fee for a Service

A policy can guide when it is appropriate to charge a fee. There are two basic criteria:

- ➔ The cost and benefit of a service can be attributed to a specific user.
- ➔ The use of the service by one user reduces the value of the service for the next user.

One might add a third criterion: Use of the service is voluntary or the user can decide how much to use and when.



Studies have found examples of local governments that spend more on collecting court fees than they raise in revenues when you include the cost of jail time imposed for nonpayment.

For example, an adult basketball league offered by a recreation department is a service that meets these criteria. The people playing in the league cause the government to incur the cost, and they get the benefit of the service. Also, every person that joins the league reduces the potential playing time of the people already in the league.¹² Of course, a basketball league is voluntary for the players. Compare this to our earlier examples of ambulance fees and court fees.

- ➔ An ambulance fee is not voluntary. There is a public benefit in having emergency response available for people facing a personal health crisis.
- ➔ There is a public benefit to a well-functioning court system. If it were up to the defendant, he/she would probably not want to be involved with the court system. Therefore, it must be to someone's benefit to require the defendant to interact with the court system. That beneficiary is the general public.

A policy can direct local government to check the services it provides against these criteria to decide if a fee makes sense. There may be cases where it does not make sense to charge a fee, other cases where cost recovery is a reasonable goal, and cases where partial subsidization with general tax revenue is best.

Collection

A policy should address cost-effective collection as a criterion for setting an imposed fee. Imposed fees often are plagued by poor collection rates. For example, one analysis of four county governments showed a 20% to 25% collection rate for court fees and fines.¹³ Another county had worse collection rates: 9% average collection rate over 5 years.¹⁴ This is not because these governments were not trying to collect. Nonpayment of court fees often carries serious penalties, including jail time. The problem is that collection of these imposed fees is impractical because those being charged the fees can't afford to pay them.

Poor collection rates mean that money spent on administering these imposed fees provides a poor return on investment. Attempts to improve collection rates can result in worse outcomes. For example, if unpaid fees are turned over to a collection agency, it might harm a citizen's credit score, making it harder for that person to find housing, get a job, etc. Collection agencies might use methods that don't represent how a government should treat its citizens.

However, the less obvious costs of collection can be worse. For example, it is not uncommon for people who can't afford a court fee to be required to spend time in jail. The cost of keeping someone in jail usually far outweighs any revenue from the fee. Studies have found examples of local governments that spend *more* on collecting court fees than they raise in revenues when you include the cost of jail time imposed for nonpayment.¹⁵ Even if the local government isn't losing money on the court fees, many find that cost of collection is high. There are other examples of how failing to pay an imposed fee requires the citizen to interact with the justice system, thereby driving up the cost of the justice system. Examples include unpaid bail or the effect of debt on recidivism.¹⁶ These interactions often cost more than the revenue the fee would raise. These financial consequences of collection represent a misallocation of resources.

Fortunately, a financial policy can help. First, the policy should require that the cost of collection be considered when deciding whether to charge an imposed fee. The cost of collection should be low for a fee to be considered viable. Further, the policy should direct that the full cost of collection be considered, such as the cost to administer nonfinancial sanctions (e.g., the cost of jail time associated with unpaid fees).

Second, a policy could address acceptable collection practices. For example, can a collection agency be used? When can a collection agency be used? Once a debt is sent to a collection agency, it is often hard to change the amount owed. This means it might be hard to reduce the amount owed if the debt is causing financial consequences of collection, as described earlier. Acceptable collection processes in a policy should include policies for a write-off of uncollectible debts resulting from unpaid fees. The policy template in Appendix 1 includes sample language.

Also, are there collection practices that should be prohibited? For example, research suggests that governments would be wise to prohibit the use of additional jail time as a penalty for unpaid court fees.

Third, a policy could scale the imposed fees to affordable levels. For example, one city chose to limit ambulance fees to the amount recoverable from a motorist's


insurance, so there is no out-of-pocket costs. Or a policy could define a process to waive or adjust fees for hardship cases. For example, one county requires judges to ask about a person's ability to pay at any hearing over alleged nonpayment of fees and prohibits punishment of people who lack the means to pay.¹⁷ One city provides an application for people to request financial aid for fees they cannot afford.¹⁸ A policy could allow for establishing payment plans for overdue amounts. Appendix 1 includes language for payment plans and adjusting amounts due.

Use of Fee Revenue

A principle in the administration of public sector user fees is to be wary of "cross-subsidization" or using the revenue gained from charging a fee for one service to fund a different service. For example, revenue raised from selling water should not be used to pave the streets, even though both are a "public works" function. Cross-subsidization disconnects the fee from its purpose. This might distort decision-making about the fee. For example, if the water rate were loaded with street paving costs, the people who use more water would be unfairly paying the costs for people who use roads.

Cross-subsidization is potentially more distorting with imposed fees. In our water example, ratepayers could find ways to use less water to avoid paying the inflated rates. By definition, people subject to imposed fees do not have that option. For example, one county was cross-subsidizing its law library with fees for civil litigation and a surcharge levied against convicted criminal defendants. This county had fees three times higher than the neighboring county, and the library fund had accumulated a balance of over \$1.8 million. The county had a second law library with many of the same functions. (It was estimated the county could save \$500,000 by combining the two libraries.)¹⁹ It is doubtful that the misallocation of resources would have occurred if the library was not cross-subsidized by the imposed fees.

A financial policy should prohibit cross-subsidization with imposed fees. Some states may have legal limitations on how fee revenues can be used. A policy should acknowledge these limits.



**Cross-subsidization
disconnects the fee
from its purpose.**



FINES

A fine punishes someone who breaks a rule or deters them from breaking the rule. Many of the same problems that apply to imposed fees apply to penalties. Fortunately, financial policies can help. We'll review the same policy elements as we did for imposed fees but will review concerns particular to fines.

Criteria for Charging a Fine

Fines are often effective for dissuading people from undesirable behaviors, like breaking the speed limit while driving a vehicle. However, fines may be ineffective or counterproductive in other circumstances. Here are considerations that might be included in a policy to guide when a fine is or is not appropriate.

→ **Is the person who violates the rule being punished in another way besides the fine?** For example, in criminal justice, it is not uncommon for violators to get a fine *and* jail time or a fine *and* have their driver's license suspended. Jail time or a suspended license might make it harder to pay the fine (the violator can't work), not to mention the personal hardship imposed on the violator.

→ **Does the fine discourage or prevent access to services that are important for the violator to use?** Fines could be counterproductive if they discourage or prevent a violator from using a service that would create a larger benefit for the community than the application of the fine creates. A good example is library services. Many libraries are reconsidering (and eliminating) fines because fines tend to prevent the least wealthy citizens from using libraries, yet these citizens are the people who could benefit from libraries. For example, one city found that nearly half of patrons who were prevented from using the library due to fines for late return of library materials lived in the city's two poorest neighborhoods.²⁰ This means that the tax money spent on providing library services was not creating the best value for the city because people who could have benefited from these services couldn't use them. The library fines were causing a loss in the benefit created by the general tax revenue that supported the library.

→ **Is there a better way to achieve the intended result?** When fines are used as punishment, they seek to remediate a situation that has already

gone wrong. A policy could encourage a local government to explore ways to prevent the situation from going wrong in the first place. An example is homelessness. In some communities, there are fines in place to discourage behaviors associated with homelessness, like vagrancy. It is safe to say that these fines are often not effective for deterring homelessness, and there seems little point in punishing it. Some cities had much success with preventative (no fine) approaches, including ending homelessness for some groups of people (e.g., veterans).²¹

→ **Can the fine be collected for an acceptable cost?** This is an issue for any fine, so it will be discussed in detail in the next section.

→ **Are the fines being fairly enforced?** Is the collection of the fine resulting in a disparate impact on any community or segment of the population?

Ability to Pay and Acceptable Collection Practices

A financial policy should consider the cost of collection and acceptable collection practices for fines.

First, successful collection will be a function of the violator's ability to pay the fine. The ability to pay is also a question of fairness and proportional punishment. A fine of a given amount will have more impact on a poor person than a rich one. Economists call this the "decreasing marginal utility of money." This means, for example, an extra \$10,000 per year in income will mean more to someone making \$30,000 per year than to someone making \$300,000 per year. Similarly, a \$300 fine will be a greater penalty to the person making \$30,000 per year.

A policy should address the ability to pay. An ideal solution would be a sliding scale, where the size of the fine would depend on the violator's income. Methods for such a scale have been proposed for judicial fines²² but have not been widely implemented. If a sliding scale is not practical, there are alternatives.

* Depending on the amount of the fine that is waived for a donation.

† Department, division, program, etc.



What About Repeat Offenders?

Because fines are meant to discourage certain behaviors, it is reasonable to ask if waiving or reducing fines could encourage people who might be prone to repeat offenses. Statisticians have found a phenomenon called the Pareto Principle (sometimes known as the 80/20 Rule). This is a common situation where a few observations cause a large part of the effect. Applied to fines, this means that a small number of people are probably creating a disproportionately large part of the problem that a fine is meant to address. So rather than addressing the problem with a blanket solution (fines applied equally to everyone), consider if there are ways to deal directly with repeat offenders, such as limiting the number of fine waivers a person can receive. Also, because fines often don't cover the cost of enforcement (assuming the fine can be collected), a local government might find it is cost effective to spend money upfront to help the repeat offender avoid offending again rather than trying to correct the problem afterward. For example, the City of Austin's Downtown Austin Community Court has programs for the chronically homeless to get them housed and keep them housed.²⁴ Individuals experiencing homelessness can have accumulated fines and/or fees reduced or eliminated by agreeing to participate in the Community Court's programs. Even better, the Community Court is part of the City's Homelessness Outreach Street Team to proactively engage with individuals experiencing homelessness to help them before they get involved with the justice system.²⁵

A policy could grant discretion to authorized staff to waive or reduce fines based on hardship, including guidance about how that discretion should be applied. See Appendix 1 for an example of this in the GFOA policy template.

Because relying on staff discretion could lead to inconsistent treatment of citizens, a policy could describe certain conditions under which fees will be always be waived. This ensures that the citizens most in need of relief from a fine would be treated consistently. For example, a policy for court fees could state that if someone is appointed legal counsel because they are indigent, then justice system fines will automatically be removed or reduced. In another example, a city developed a policy to define indigency at incomes equal to or less than twice the federal poverty level. People meeting these criteria would be eligible for relief from fines that don't involve appointed legal counsel. Participation in programs like food stamps, Temporary Assistance for Needy Families (TANF), Women, Infants and Children (WIC), Medicaid, Section 8, or disability could also be used as indicators of a person's eligibility for relief.

A policy could call for alternatives to monetary fines be made available. For example, one city allowed food donations in lieu of paying fines. This could be a way for people to pay off fines at a discount, and it helps the local community food bank. Another city provided community service as an alternative to a monetary fine. However, local governments must take care that alternatives aren't cost ineffective. For example, if a full-time staff person has to supervise the person performing community service, then perhaps the local government would be better off waiving the fine. Another example is a county government that allowed people to "work off" penalties by spending time in jail. The cost to house people in jail is substantial, and the impact on civil liberty and a person's life should not be discounted.²³

Use of Fine Revenue

A distinction between fines and fees is that fees are meant to cover at least some of the costs of providing a service while fines are primarily intended as punishment or deterrence. If the organizational unit imposing the fine experiences financial benefits from the fine, then they may be incentivized to issue more fines. This warps the purpose of a fine.

A policy should define the local government's intent that fines are not to be used as revenue-raising or cost recovery tools. The policy should state that the budget of the organizational unit that issues the fine shall not be set in relation to the amount of fine revenue expected in the upcoming budget year. The policy should prohibit the budget or spending of that organizational unit from going up as a result of issuing more fines. Instead, revenues from the fine should be accounted for as general revenue. If state law requires that fine revenues be accounted for in a special revenue fund, the policy should require that the use of the money be planned through the regular budget process, just like any other revenue (while respecting whatever limits exist on the use).





ASSET FORFEITURES

Asset forfeitures are confiscation of an individual's private property without that individual necessarily being convicted of a crime or having legal judgment made against them (as in a civil case). For example, homes, vehicles, money, etc., can be seized upon arrest. The American system of justice is "innocent until proven guilty." Further, the Fifth Amendment of the Constitution states, "nor shall private property be taken for public use, without just compensation." Asset seizure seems to go against these principles. Furthermore, in some cases, the asset doesn't have to be owned by the arrestee to be seized. An asset that the arrestee was using but owned by someone else could be subject to seizure.

A policy can help make sure asset forfeitures are handled fairly.

The Standard for Asset Forfeiture

Just because a government can legally seize someone's assets doesn't mean they should. There is precedent for local governments to set higher financial standards for themselves than is provided for in enabling state or federal legislation. Financial policies, in essence, are about local governments creating more well-defined, more stringent, and better rules for themselves than

can be found in enabling legislation. For example, state laws often allow local governments to issue more debt than they can afford. Many GFOA members set their local debt policies to limit themselves to lower amounts of debt. Similarly, a local policy should follow state and federal law for asset forfeitures but could also set higher standards for engaging in asset seizures. Here are examples of guidance that a policy could offer:

- Assets seized will be held in escrow until a legal judgment is made (e.g., conviction in a criminal case). If the defendant is found innocent, assets will be returned. The policy might provide for a maximum length of the escrow. So if no judgment has been reached, then the assets are returned. This is consistent with the constitutional right to a swift trial.
- Define the minimum charges necessary to justify asset seizure. For example, perhaps minor possession of drugs is not enough grounds.
- Prohibit seizing assets owned by people who are not being charged with any crime.
- The defendant must have counsel (appointed or private) in all forfeiture cases.

- The specific assets seized must have a direct connection to a convicted offense, and law enforcement must be able to show the connection. For example, one city’s policy specifically states that “a large amount of money standing alone is insufficient to establish the probable cause required to make a seizure.”

Use of Proceeds from Asset Forfeitures

Similar to penalties, if an organizational unit that has the power to seize assets benefits financially from seizing assets, then they have an incentive to do more of it. First, a policy should define that asset forfeiture is not a revenue-raising tool. One city has a policy that states: “the potential for revenue should never compromise the effective investigation of criminal offenses, officer safety, or any person’s due process rights.”

Next, the policy should call for the use of proceeds from asset seizures to be planned through the regular budget process, like any other revenue. Many times, asset forfeiture funds have legal restrictions on how they can be used. This can lead people to believe that asset forfeiture proceeds should be exempted from the budget process. However, this can result in bad, financially unsustainable decision-making. For example, in one city, vehicles seized from asset forfeitures were slipping into the city’s motor pool because they weren’t being evaluated as part of the financial planning process. These vehicles then had to be maintained (adding unbudgeted costs), and the users of those vehicles were expected to replace the vehicles with new vehicles when the useful life of the seized vehicle expired (adding more costs). Eventually, the city’s motor pool ran out of money, requiring the city to end the practice of seized vehicles slipping into the motor pool.

Generally, having “special” pools of money that are exempted from the rigors of the budget process multiplies the potential for wasteful, superfluous spending (like the vehicle pool) that is not aligned with the priorities of the governing board.

Finally, as we discussed for fines, if the organizational unit that seizes the assets gets to use the assets as they see fit, it creates an incentive to seize more assets. For example, one investigation into the practice found evidence that seizures are sometimes guided by “wish lists,” where the value of the asset, the ease with which it is liquidated, or its utility for the agency seizing the assets may be criteria in deciding when to seize assets and which assets to seize.²⁶



CONCLUSION

Imposed fees, fines, and asset forfeitures are important tools for local government. However, like any tool, they can be misused. When these revenue sources are misused, they can reduce citizen’s trust in local government, seriously harm the lives of disadvantaged citizens, and worsen the problems that public services are intended to solve. A financial policy provides boundaries on imposed fees, fines, and asset forfeitures to make sure these tools are used properly.

APPENDIX 1 – POLICY TEMPLATE

GFOA Policy Template | Fees, Fines, and Asset Forfeiture Policy



Fee Policy

This policy template provides the fundamental elements of a user fee policy. You should customize this policy to fit the needs of your government, including adding details to cover issues specific to important fees that your government charges. Also, consider periodically reviewing your policies. For example, you might review policies once per year to assure you are in compliance with your policies.

Why a Fee Policy is Important

Fees support [name of your govt]'s ability to provide services to the public. Fees raise revenue to cover the cost of providing a service. Different public services have different characteristics that effect [name of your govt]'s ability to charge fees in fair, equitable, and cost-effective manner. [name of your govt] shall follow all applicable state laws governing fees and a local fee policy provides additional guidance to make sure [name of your govt]'s system of fees is fair, equitable, and cost-effective.

Criteria for Charging a Fee and Cost Recovery Goals

Not all public services are a good fit with a fee-for-service approach. For some services that do fit a fee-for-service approach, there may be a case for collecting less than the full cost of providing the service.

Staff shall develop and recommend to the [name of governing board] the public services that will have user fees and the cost recovery goals for these public services.

Staff shall recommend fees and cost recovery goals based on characteristics of the service. Characteristics that suggest a fee is appropriate and where higher cost recovery may be justified include:

- **Customer receives all or most of the value from the service.** Public services often benefit both the entire community and the specific individual receiving the service. In cases where all or most of the value of a service accrues to the individual, greater cost recovery should be the goal.
- **Similar to private sector service.** [name of your govt] should not subsidize public services that have important similarities to services also available from the private sector.
- **[name of your govt] needs to limit demand.** If the charge is too low, people may use too much.
- **The service is regulatory.** Some private activities are regulated by [name of your govt]. Individuals that undertake those activities should pay the cost of the regulation.

Characteristics that suggest lower cost recovery goals include:

- **Difficult collection.** It may be impractical to charge a fee. If so, collection would cost more than collected revenue.
- **Emergency service.** The service is provided in an emergency and not planned by the user.
- **Service is not optional and costs fall on vulnerable populations.** The user does not have a choice in whether to use the service or how much of the service to use. The cost of a fee for the service would be borne by vulnerable populations, like people in poverty.
- **Creates the wrong incentives.** If a fee is too high it might discourage people from using a service or following a regulation.

Here are examples of services with high cost recovery goals [you may insert specific services you'd like to establish as high-cost recovery. Examples might be municipal utilities and building permits].



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Staff shall recommend fees and cost recovery goals based on characteristics of the service. Characteristics that suggest a fee is appropriate and where higher cost recovery may be justified include:

- **Customer receives all or most of the value from the service.** Public services often benefit both the entire community and the specific individual receiving the service. In cases where all or most of the value of a service accrues to the individual, greater cost recovery should be the goal.
- **Similar to private sector service.** [name of your govt] should not subsidize public services that have important similarities to services also available from the private sector.
- **[name of your govt] needs to limit demand.** If the charge is too low, people may use too much.
- **The service is regulatory.** Some private activities are regulated by [name of your govt]. Individuals that undertake those activities should pay the cost of the regulation.

Characteristics that suggest lower cost recovery goals include:

- **Difficult collection.** It may be impractical to charge a fee. If so, collection would cost more than collected revenue.
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- **Creates the wrong incentives.** If a fee is too high it might discourage people from using a service or following a regulation.

Here are examples of services with high cost recovery goals [you may insert specific services you'd like to establish as high-cost recovery. Examples might be municipal utilities and building permits].



Review of Fees

Fees will be regularly reviewed and updated by the department responsible for administering the fee, working in conjunction with the finance department. This will ensure that fees keep pace with changes in the cost of providing a service.

A comprehensive analysis of a service's costs, the level of service provided, the means by which it is provided, and the fees charged should be made at least every five years. This should result in a recommendation to the [name of governing board] for any changes to the fee structure.

In the interim, each year the Finance Director and the department that administers the fee in question shall recommend to the [name of governing board] any adjustments to fees that may be necessary to keep up with known cost increases or that may be need for the service to meet its cost recovery goals.

Use of Fee Revenue

The revenues from fees should be used to offset the cost of providing the service that generated the fee. The revenues should not be used to support unrelated services.

Policy Adopted on: [insert date]

Policy Last Reviewed on: [insert date]



Fines Policy

This policy template provides the fundamental elements of a fine policy. You should customize this policy to fit the needs of your government, including adding details to cover issues specific to important fines that your government charges. Also, consider periodically reviewing your policies. For example, you might review policies once per year to assure you are in compliance with your policies.

Why a Fines Policy is Important

Fines provide a disincentive for a person to engage in illegal or undesirable behavior. However, fines can also have unintended consequences and may not always be cost-effective. [name of your govt] shall follow all applicable state laws governing fines and a local fee policy provides additional guidance to make sure [name of your govt]'s system of fines are effective for their intended purpose, cost-effective, and do not have additional consequences outside of their intent.

Criteria for Applying a Fine

Fines are not appropriate in all circumstances. The criteria below suggest circumstances when a fine may not be an appropriate tool.

- The violator is already being subjected to other penalties, especially where that penalty has financial consequences for the violator.
- The fine or potential for a fine may discourage the violator from using critical public services. This is important where the public is better served when the public service is used.
- The fine is an ineffective disincentive and government effort would be better spent on more effective ways to address the underlying problem.
- The fine is unlikely to be collectable for an acceptable cost.

Collection Practices

The collection practices and policies for fines shall be substantively similar to the policy for user fees, including the availability of payment plans and making accommodations for hardship.

Use of Fine Revenue

The goal of fines should not be to raise revenue. Therefore, the budget of the organizational unit that assesses or collects a fine shall not be set in relation to expected fine revenue. Also, the organizational unit that generates the fine should not realize financial benefit from assessing a greater number of fines. To the extent possible, revenue generated from fines shall be considered a general revenue. In cases where the revenue from fines can be only be used for certain legally prescribed purposes, that revenue will still participate in the normal budget process to ensure it is put towards its highest and best allowable use.



Review of Fines

Fines will be regularly reviewed and updated by the department responsible for administering the fine, working in conjunction with the finance department. The review should be used to ensure the fine remains consistent with this policy. A review should take place at least every five years. This should result in a recommendation to the [name of governing board] for any changes to the fine structure.

In the interim, each year the Finance Director and the department that administers the fine in question shall recommend to the [name of governing board] any adjustments to fines that may be necessary to keep the fine consistent with the goals of this policy.

Policy Adopted on: [insert date]

Policy Last Reviewed on: [insert date]



Asset Forfeiture Policy

This policy template provides the fundamental elements of an asset forfeiture policy. You should customize this policy to fit the needs of your government. Also, consider periodically reviewing your policies. For example, you might review policies once per year to assure you are in compliance with your policies.

Why an Asset Forfeiture is Important

Asset forfeiture is a tool for enforcing laws. [name of your govt] shall follow all applicable laws governing asset forfeiture. This policy provides additional guidance to make sure [name of your govt]'s use of asset forfeiture is fair and equitable.

State Law and Asset Forfeiture

In all cases, [name of government] will follow state laws that govern asset forfeiture. However, [name of government] also recognizes that state law constitutes a minimum standard. This policy prescribes additional standards above and beyond state law that [name of government] is committing itself to follow.

Additional Standards for Asset Forfeiture

[name of government] and its staff will observe the following standards for engaging in asset seizures.

- Assets seized will be held in escrow until the outcome of a formal legal judgment (e.g. conviction in a criminal case). If the defendant is found innocent, assets will be returned. In no case shall assets be held longer than one year.
- Assets will not be seized for any crime less serious than a felony.
- Assets that are the legal property of someone other than the person being charged with the crime may not be seized.
- The defendant must have counsel (appointed or private) in all forfeiture cases.
- The specific assets seized must have direct connection to the crime the defendant is accused of.

Use of Proceeds from Asset Forfeiture

Foremost, the potential for revenue should never compromise the effective investigation of criminal offenses, officer safety or any person's due process rights.

The budgets of the organizational unit that seizes an asset shall not be set in relation to expected asset seizures. Also, the organizational unit that seizes assets should not realize financial benefit from seizing more assets. To the extent possible, revenue asset seizure shall be considered a general revenue. In cases where the revenue from seizures can be only be used for certain legally prescribed purposes, that revenue will still participate in the normal budget process to ensure it is put towards its highest and best allowable use.

Policy Adopted on: [insert date]

Policy Last Reviewed on: [insert date]

END NOTES

- ¹ Some examples of these reasons include statutory tax limitations on local governments imposed by state governments and stagnation of the median income (which these tax sources are derived from).
- ² For example, from 2007 to 2012, user charges were the only category of revenue to experience growth among 112 of the largest cities in the U.S., on average. This is based on research conducted by the Lincoln Institute of Land Policy. See Lincoln Institute of Land Policy. (2015, May 7). "Cities' Increasing Reliance on Fees as Other Revenues Fall." Lincoln House Blog. Retrieved from <https://www.lincolnst.edu/news/lincoln-house-blog/cities-increasing-reliance-fees-other-revenues-fall>.
- ³ Fees are usually most appropriate for services where the beneficiary of the service is primarily the person who uses the service and where the service is elective. This is discussed in more detail in Chapter 13 in Shayne Kavanagh and Vincent Reitano. *Financial Foundations for Thriving Communities*. Government Finance Officers Association: Chicago, Illinois. 2019.
- ⁴ "Investigation of the Ferguson Police Department," U.S. Department of Justice, Civil Rights Division, 2015.
- ⁵ Maciag, M. (2014, August 22). "Skyrocketing Court Fines Are Major Revenue Generators for Ferguson." *Governing*.
- ⁶ A good overview of this topic is available in Barry Friedman. *Unwarranted: Policing Without Permission*. Farrar, Straus and Giroux. 2017.
- ⁷ Sales taxes are actually regressive when compared to total income because wealthier people tend to spend less of their income on taxable goods and services.
- ⁸ "Report on the Economic Well-Being of U.S. Households in 2018." Board of Governors of the Federal Reserve System. May 2019.
- ⁹ Caroline Wolf Harlow, "Defense Counsel in Criminal Cases," U.S. Department of Justice, Bureau of Justice Statistics, 2000.
- ¹⁰ A 2018 Brookings Institution study found that among individuals aged 18 to 64 who were sentenced to at least one year in prison, approximately 80 percent were unemployed in the year before incarceration. Adam Looney and Nicholas Turner, "Work and opportunity before and after incarceration," Brookings Institution, 2018.
- ¹¹ David R. Eichenthal. "The Cost of Collection: Rethinking Criminal Justice Fees and Fines as a Revenue Source." *Government Finance Review*. April 2020.
- ¹² Of course, you need some minimum number of people to make the league viable.
- ¹³ Data collected by the PFM Center for Justice and Safety Finance. Cjsf.pfm.com
- ¹⁴ David R. Eichenthal. "The Cost of Collection: Rethinking Criminal Justice Fees and Fines as a Revenue Source." *Government Finance Review*. April 2020.
- ¹⁵ See Matthew Menendez, Michael F. Crowley, Lauren-Brooke Eisen, and Noah Atchison. "The Steep Costs of Criminal Justice Fees and Fines." Brennan Center for Justice. 2019. Also see Mathilde Laisne, Jon Wool, and Christian Henrichson. "Past Due: Examining the Cost and Consequences of Charging for Justice in New Orleans." Vera Institute of Justice. January 2017.
- ¹⁶ For an example of bail, see Mathilde Laisne, Jon Wool, and Christian Henrichson. "Past Due: Examining the Cost and Consequences of Charging for Justice in New Orleans." Vera Institute of Justice. January 2017. Probation is discussed in Matthew Menendez, Michael F. Crowley, Lauren-Brooke Eisen, and Noah Atchison. "The Steep Costs of Criminal Justice Fees and Fines." Brennan Center for Justice. 2019.
- ¹⁷ <https://www.aclu.org/cases/fuentes-v-benton-county>
- ¹⁸ This for recreation fees, but the same logic could be applied to imposed fees: <http://www.austintexas.gov/page/austin-parks-and-recreation-department-financial-aid>
- ¹⁹ A private study performed by PFM.
- ²⁰ Emma Bowman. "We Wanted Our Patrons Back—Public Libraries Scrap Late Fines To Alleviate Inequity." NPR. November 30, 2019.
- ²¹ Dan Heath in *Upstream: The Quest to Solve Problems Before They Happen*. (Avid Reader Press. 2020) describes how the City of Rockford, Illinois, ended homelessness for veterans with a preventative approach and has made substantial progress on reducing homelessness for all people.
- ²² Sharon Brett and Mitali Nagrecha. "Proportionate Financial Sanctions: Policy Prescriptions for Judicial Reform." Criminal Justice Policy Program: Harvard Law School. September 2019.
- ²³ In fact, GFOA found at least one case where a county government was required by a lawsuit to change its practice of threatening jail time or forcing manual labor on people unable to afford court fees and fines. <https://www.aclu.org/cases/fuentes-v-benton-county>
- ²⁴ <https://www.austintexas.gov/news/community-court-reduces-offenses-addresses-homelessness>
- ²⁵ <https://www.austintexas.gov/department/homeless-outreach-street-team>
- ²⁶ Shelia Dewan. "Police Use Department Wish List When Deciding Which Assets to Seize." The New York Times. November 9, 2014.



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McMinnville Municipal Court

APRIL 21, 2021 COUNCIL PRESENTATION

The Team- Municipal Court Staff



Municipal Court Clerks



Abby Cohen



Freddy Vargas

Interpreters



George Amiel



Christine Amiel

Municipal Senior Court Clerk



Suzanda Branson

Municipal Trial Court Administrator



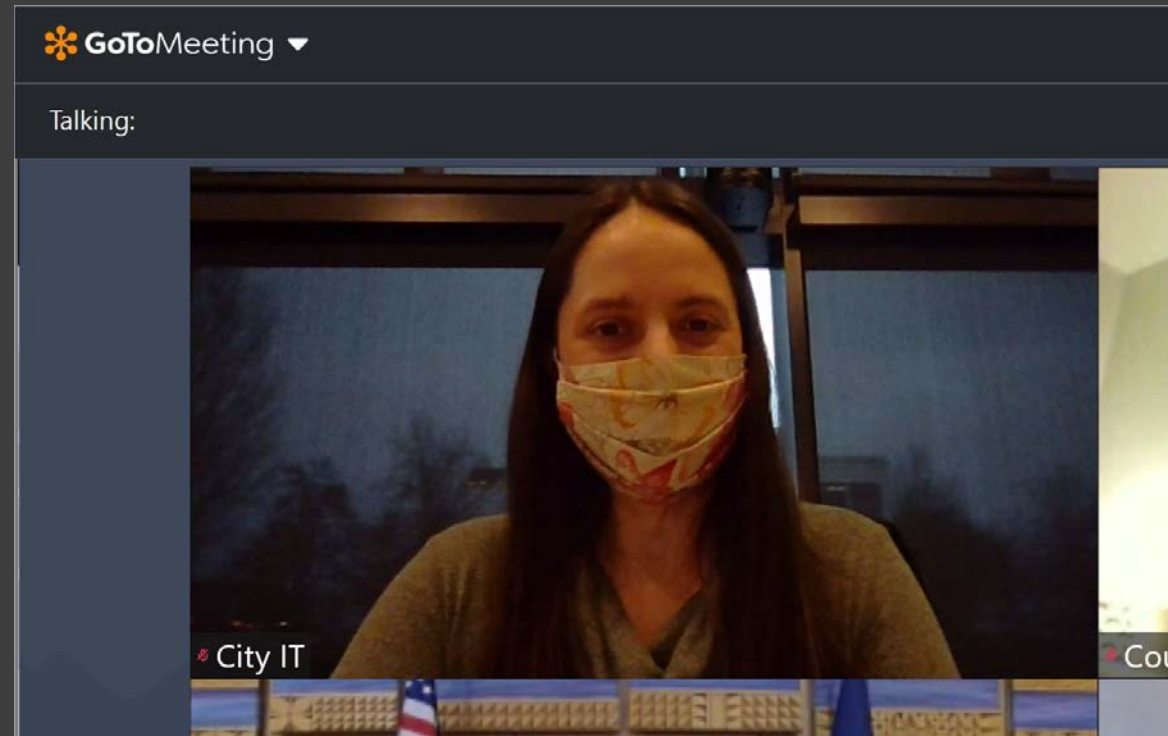
Shawn Branson

Municipal Court Judge



Honorable Cynthia Kaufman Noble

Information Services



Municipal Court Accomplishments



2020 Municipal Court Accomplishments

- VIRTUAL COURT
- COURT APPOINTED ATTORNEYS
- BI-LINGUAL SERVICES

ACCESS TO JUSTICE



Community Partnerships



PROVOKING
HOPE



YCAP 



2020 Statistics

The Municipal
Court adjudicated
1815 cases

Misdemeanor Crimes: 720

Traffic Violations: 1090

City Code Ordinance Violations: 5

Total: 1815

McMinnville City Prosecutor



Trends and New Legislation



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Fines and Imposed Fees

Has a disproportionately larger impact on vulnerable community members

Can worsen problems government services are meant to solve

An example of an action taken to address this type of impact is recent Oregon legislation to end practice of drivers license suspensions for non-payment of court fees and fines

Government Finance Officers Association recommends removing link between court fees and imposed fines collected from the cost of operating the court

Preview on criteria to study fines

Is the person who violates the rule being punished in another way besides the fine?

Does the fine discourage or prevent access to services that are important for the violator to use?

Is there a better way to achieve the intended result?

Can the fine be collected for an acceptable cost?

Are the fines being fairly enforced?



McMinnville Municipal Court: Today and Beyond

The Municipal Court is problem solving for today and also constantly looking for ways to improve and best serve our community.

Municipal Court Programs

CURRENT PROGRAMS

HAND UP

VETERANS COURT

SAFE

Self Accountability For Community Enrichment

FUTURE PROGRAMS

High Risk DUII Court

Mental Health Court

Community Service to work off fines

Trauma Informed Training and Services

DEI Training and Implementation

QUESTIONS



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

STAFF REPORT

DATE: April 21, 2021
TO: Mayor and City Councilors
FROM: Chuck Darnell, Senior Planner
SUBJECT: City Center Housing Strategy
STRATEGIC PRIORITY & GOAL:



HOUSING OPPORTUNITIES (ACROSS THE INCOME SPECTRUM)
Create diverse housing opportunities that support great neighborhoods.

OBJECTIVE/S: Collaborate to improve the financial feasibility of diverse housing development opportunities

Report in Brief:

This is a City Council work session discussion on the City Center Housing Strategy project that was recently completed by the McMinnville Planning Department. The purpose of the work session discussion will be for the City Council to receive an overview and update on the project, including the project purpose, research and analysis completed, and outcomes of the project. The City Center Housing Strategy will be more formally considered by the City Council by resolution at an upcoming City Council meeting, but the work session will provide an opportunity for the Council to receive information about the project prior to the upcoming meeting.

Background:

In 2019 and 2020, the Planning Department and the McMinnville Urban Renewal Advisory Committee (MURAC) partnered to fund and complete the City Center Housing Strategy (CCHS) project. The overall purpose of the CCHS project was to create a strategy to potentially increase and incentivize more housing within the city center and the surrounding areas where there may be capacity for additional housing opportunities. A Project Advisory Committee (PAC) was formed to oversee and provide guidance on the project. The PAC included all MURAC members, as well as other community representatives including a representative from the McMinnville Downtown Association, MEDP, City Council, Planning Commission, and Historic Landmarks Committee.

The major tasks of the CCHS project were as follows:

- Identify desired housing types appropriate to the city center context that meet needs across the income spectrum.
- Evaluate existing development code and policy documents to determine barriers to housing.

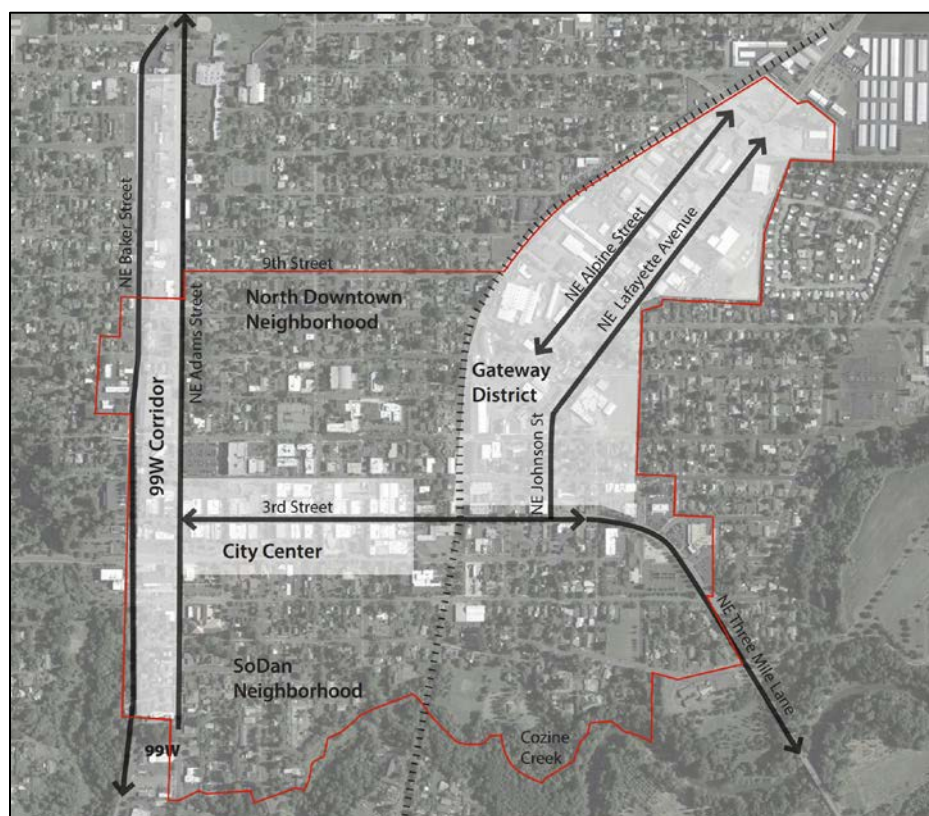
- Analyze existing housing market conditions and development forecast including market conditions, housing stock, property values, and development costs to evaluate opportunities for city center housing.
- Formulate two pilot projects on specific opportunity sites that could serve as catalysts for continuing the revitalization of downtown, including side streets and the NE Gateway District.
- Synthesize findings into a creative and straightforward implementation strategy.

The PAC met four times over the course of the CCHS project and provided guidance to the project consultant, Urbsworks, Inc, on the development of the CCHS final report. The CCHS final report culminates with an Action Plan that contains individual actions that the City or the Urban Renewal Agency could follow to further support the creation of additional housing opportunities in the city center area.

At the final PAC meeting in May 2020, the PAC had directed staff to complete more research on some of the proforma analysis completed as part of the project, as well as additional research into market conditions for housing in downtown areas in other comparable communities throughout Oregon. Due to staff workload and a need to focus staff time on other long range planning efforts, most notably the Urban Growth Boundary remand response, staff had put the project and the additional requested research on hold. More recently in March and April 2021, the CCHS was brought back to MURAC and the PAC for discussion and clarification on how to move the project forward. Following further discussion, MURAC moved to recommend that the City Council and Urban Renewal Agency adopt the City Center Housing Strategy final report by resolution, with a caveat that all of the proforma analysis within Exhibit E of the final report was not found to be entirely consistent with local McMinnville market conditions.

Discussion:

The CCHS project area included the existing Urban Renewal District boundary, as well as the higher density residential zones to the north and south of the downtown core area. A map identifying the CCHS project area is provided below:



Attached to this staff report is the City Center Housing Strategy (CCHS) final report, which was recommended by MURAC to be adopted by the City Council and Urban Renewal Agency by resolution. The purpose of the adoption of the CCHS final report will be to provide direction for the applicable City departments, committees/commissions, and agencies to move forward with implementing the individual actions within the Action Plan and incorporating those tasks into their individual workplans.

Staff will provide a presentation on the CCHS final report at the work session meeting, but below is a brief overview of the document and its major components.

The CCHS final report is organized into two parts, as follows:

- Part One (Introduction and Vision) contains the following:
 - Overview of the project including the purpose, study area boundary, and community engagement.
 - City's existing vision and goals around housing, historical context of McMinnville, housing need, and policy context around housing.
 - Summary of input from focus groups and project advisory committee (PAC) meetings.
- Part Two (Strategy) contains the following:
 - Overview of steps to the action plan.
 - Housing types envisioned for the city center and an overview of the different downtown context areas.
 - Overview of financial feasibility tests and outcomes.
 - Overview of two selected pilot projects.
 - Summary of regulatory and non-regulatory barriers.
 - Recommended actions for achieving the desired housing in the city center, including an action plan with regulatory and non-regulatory steps.

The CCHS final report culminates with an Action Plan that contains individual actions that the City or the Urban Renewal Agency could follow to further support the creation of additional housing opportunities in the city center area. The Action Plan is focused on the following four categories:

- Remove barriers to desired housing in the city center.
- Provide incentives and support to desired development.
- Improve street character, connections, and walkability.
- Align enforcement and programming efforts with the city's housing goals.

A summary table identifying all of the actions within the Action Plan is provided below (please note that the CCHS final report has more detail for each of the individual actions on pages 33-40):

Action Plan

	Regulatory	Non Regulatory	Proposed Action
1.0 Remove barriers to desired housing in city center			
1.1	x		Remove density requirements*
1.2	x		Reduce residential parking minimums*
1.3	x		Extend the parking reduction area*
1.4	x		Revise parking lot standards for small scale development*
1.5	x		Permit townhouses in C3 zone*
1.6	x		Permit or conditionally permit SROs*
1.7	x		C3-specific setbacks for multi-family residential*
1.8	x		Residential-specific design standards*
2.0 Provide incentives and support to desired development			
2.1		x	City-led pilot projects in partnership with developer*
2.2		x	Subsidy gap financing from Urban Renewal funds
2.3		x	Evaluate SDC costs
2.4		x	Property Acquisition and Reduction of Land Costs
2.5		x	Fast-track system for permitting
2.6		x	Small-scale developer bootcamp
2.7		x	Developer guidebook of financial assistance
2.8		x	Developer Tours
3.0 Improve street character, connections, and walkability			
3.1		x	Improvements to 2nd and 4th streets
3.2		x	Streetscape improvements to Adams and Baker
3.3		x	Improvements to Lafayette
3.4		x	Strengthen connections between Alpine District + 3rd St
3.5		x	Continue façade improvement program
3.6		x	Free design assistance application
3.7		x	Urban open space network to support downtown housing
4.0 Align enforcement and programming efforts with City's housing goals			
4.1		x	Evaluate short term rental regulations
4.2		x	Transportation modeling of the city center
4.3		x	Parking management plan / shared parking plan
4.4		x	Review of school capacity and other public services

* Being addressed as part of the City Center Housing Strategy

Attachments:

- City Center Housing Strategy (Compressed File)
- Appendix A: PAC and Focus Group Findings*
- Appendix B: Code Audit*
- Appendix C: Policy Analysis*
- Appendix E: Pro Forma Findings*
- Appendix F: Pilot Sites*

**Due to the size of the files, all of the appendices can be accessed from the link below (scroll down on the webpage to “Project Documents”).*

<https://www.mcminnvilleoregon.gov/planning/page/city-center-housing-strategy>

Fiscal Impact:

At this time there is no fiscal impact with the adoption of the City Center Housing Strategy.

Implementing some of the programs recommended in the Action Plan could incur a fiscal impact to both the City of McMinnville and the McMinnville Urban Renewal Agency.

Recommendation:

As a work session discussion item, no specific action is necessary. Staff will be bringing forward a resolution to adopt the City Center Housing Strategy final report, which will be considered by the City Council at their upcoming May 11, 2021 business meeting.

McMinnville City Center Housing Strategy

FINAL DRAFT
March, 2020





Acknowledgments

Project Advisory Committee (PAC)

Walt Gowell	John Dietz
Wendy Stassens	Scott Hill
Ossie Bladine	Jenny Berg
Kyle Faulk	Scott Cooper
Ed Gormley	Mark Davis
Peter Kircher	Kellie Menke
Kelly McDonald	Susan Dirks
Cassie Sollars	Roger Lizut
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Table of Contents

4 Part One: Introduction and Vision

5 Project Purpose and Background

6 Community Engagement

6 Document Organization

7 Study Area Boundary

8 Strong Vision for Housing

8 Historical Context

9 Housing Need

10 Policy Context Around Housing

13 PAC and Focus Group Feedback

14 Part Two: Strategy

15 Steps to Action Plan

16 Housing Typologies

20 Context Areas

22 Example Sites

23 Development Feasibility

28 Pilot Projects

30 Existing Barriers

31 Action Plan

Appendices

A PAC and Focus Group Findings

B Code Audit

C City Center Policy Analysis

D Example Sites Summary

E Proforma Summary

F Pilot Project Analysis

Part One

Introduction and Vision



Project Purpose

The purpose of this document is to create a clear path forward for the city to achieve its goals for desired housing in the city center. It seeks to:

- » Identify desired housing types appropriate to the city center context that meet needs across the income spectrum.
- » Evaluate existing development code and policy documents to determine barriers to housing.
- » Analyze existing housing market conditions and development forecast including market conditions, housing stock, property values, and development costs to evaluate opportunities for city center housing.
- » Formulate two pilot projects on specific opportunity sites that could serve as catalysts for continuing the revitalization of downtown, including side streets and the NE Gateway District.
- » Synthesize findings into a creative and straightforward implementation strategy.
- » Create design and development standards to encourage desired housing types and ensure housing in the city center is compatible with existing character.

The work contained within this document culminates in an action plan that identifies specific steps the City of McMinnville and partner agencies can take to increase housing in the city center. This strategy explores both traditional and non-traditional solutions including policies, comprehensive plan amendments, code amendments, capital projects, programs, and financial incentives. Collectively these actions create a clear path forward, grounded in the existing strengths of the city beloved by its residents.

Remove barriers to desired housing in city center	Provide incentives and support to desired development
Improve street character, connections, and walkability	Align enforcement and programming efforts with City Center Housing Strategy

Project Purpose

Background

As the Willamette Valley continues its growth in population, towns throughout the region are experiencing the flip side of expansion; as housing supply can't keep up with demand, prices are rising. McMinnville is proactively seeking to identify how the city can absorb and foster housing, including infill and higher density housing in the city center, while maintaining its existing quality of life and complementing its unique sense of place. Given average median incomes and the cost of construction, this is a challenge.

Over the course of 12 months beginning in March of 2019, city planning staff and a project advisory committee (PAC) worked collaboratively on developing the Central City Housing Strategy (CCHS). Objectives include:

- » Identify traits and unique characteristics of McMinnville to capture in recommendations
- » Describe and detail desired housing types the city would like to encourage
- » Conceptualize housing across the income spectrum
- » Determine the market for these housing types and potential costs to developers
- » Prioritize most effective amendments to encourage development
- » Evaluate financial impact of proposed code changes
- » Identify funding gaps and potential solutions to bridge
- » Build excitement and capacity with local developers to advocate for these housing types

Over the course of three overlapping phases, the project team addressed these objectives. During Phase 1 (Existing Conditions Analysis and Synthesis), the consultant team analyzed city policies, zoning, building code requirements, market studies, and recent development applications to identify barriers to development of desired housing types. The consultant team, in close coordination with city staff and the PAC, identified several opportunity sites on which to test the physical and financial feasibility of different forms of residential development.

Shifting to Phase 2 (Recommended Strategies and Prioritization), findings from Phase 1 were synthesized into a matrix of proposed housing types and prototypical sites. The consultant team took several of the proposed housing types and quantified their development potential in numbers of dwelling units, square footage, and number of parking spaces. Using three-dimensional graphic models

and financial feasibility tests, or pro formas, the consultant team measured the financial feasibility, affordability, and resulting building design against project objectives. These opportunities were then analyzed to better understand the financial impacts of regulatory barriers and identify the most effective zoning code changes.

During Phase 3 (Plan Development and Refinement) lessons learned were translated into an implementation strategy. This document summarizes these work products.

Community Engagement

Several groups have informed this work, providing feedback at critical junctures. The project advisory committee (PAC) is made up of members of the community including a number of representatives from the McMinnville Urban Renewal Advisory Committee (MURAC). Three PAC meetings were held over the course of the project, where members reviewed project findings and gave their feedback. The schedule below shows the overall project timeline and PAC involvement.

In addition to the PAC meetings, a series of focus groups were held at the beginning of the project. The consultant team and city staff met with developers, policy makers, and property owners to better understand the unique perspectives of housing from each group. Specific feedback from these meetings can be found on page 13 as well as part of Appendix A, PAC and Focus Group Findings.

Document Organization

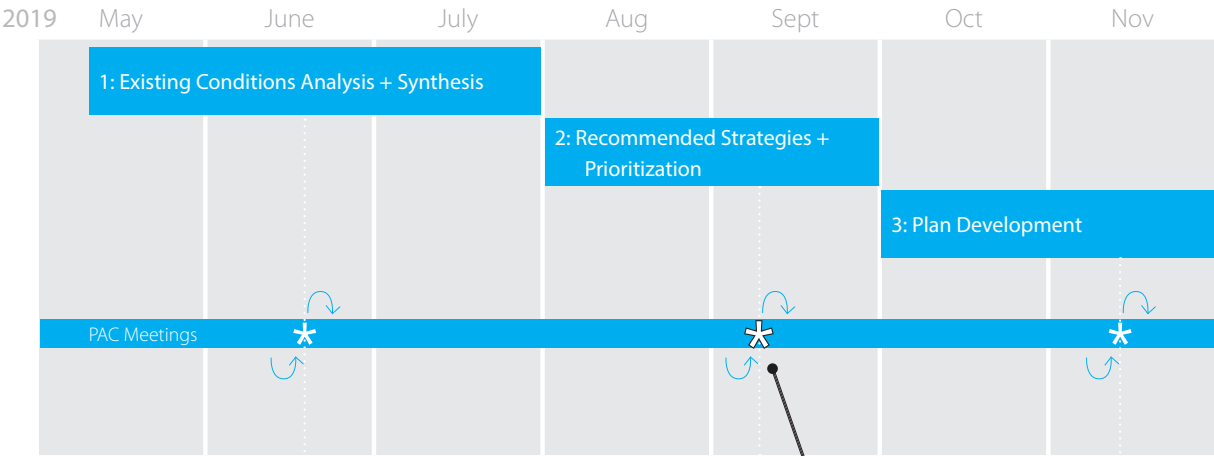
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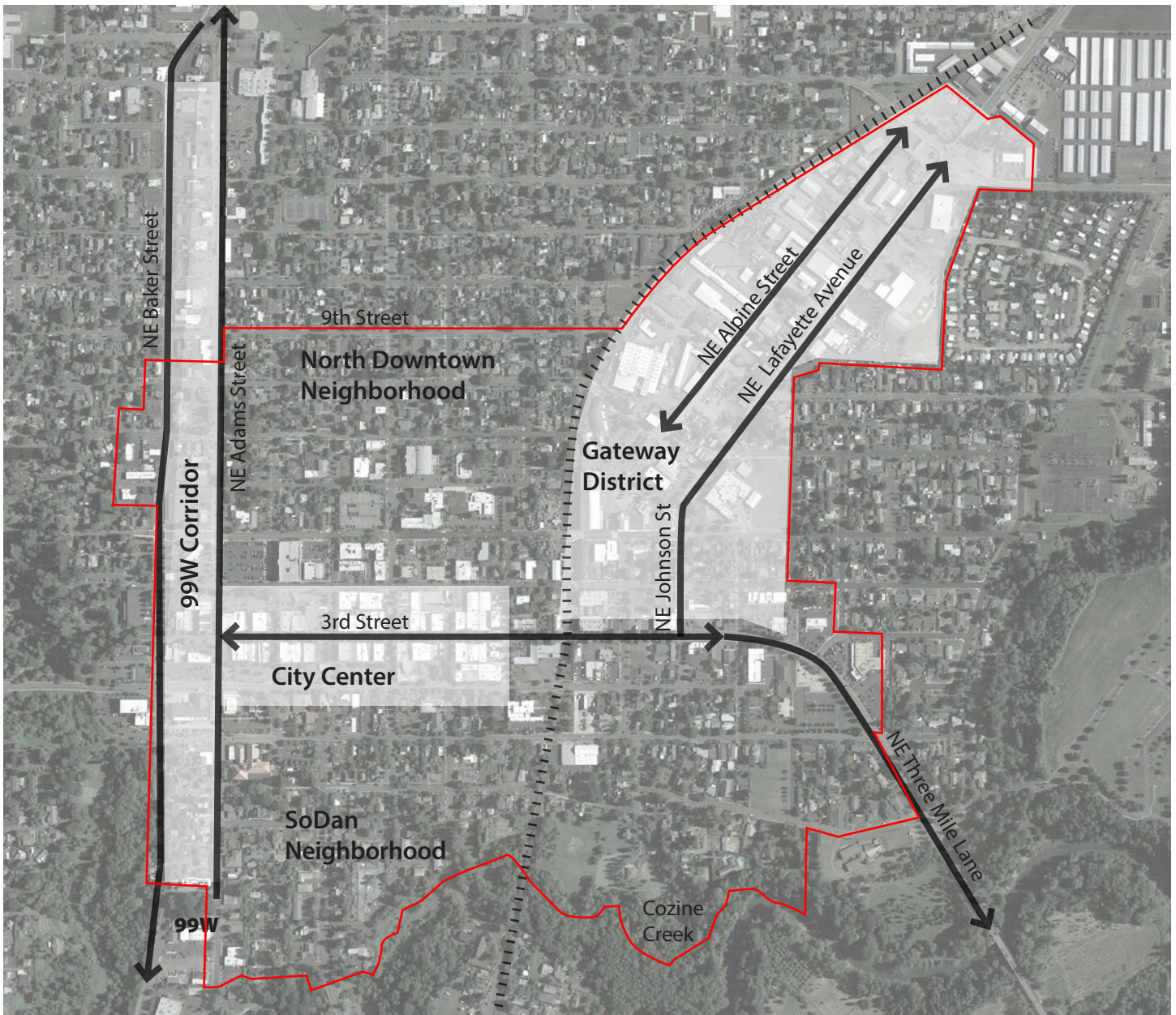
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- » Summary of regulatory and non-regulatory barriers.
- » Recommended actions for achieving the desired housing in the city center, including an action plan with regulatory and non-regulatory steps.



Project schedule

Feedback loop of PAC input at critical points during each phase.



City Center Study Area Boundary

The study area boundary for the Central City Housing Strategy is indicated in the map above (in red). While it contains the McMinnville Urban Renewal District (UR), its area extends outside the UR boundary. To the west the study area is bounded by the SE Adams/Baker couplet. To the south, the study area is bounded by Cozine Creek and the Yamhill River and encapsulates the SoDan neighborhood south of the city center. To the east, the study area roughly follows NE Lafayette Ave, extending to blocks to the east of this primary corridor in order to include the important intersection of NE Johnson Street and NE 3rd Street and the parcels containing St. James Catholic Church. The northern edge of the study area extends along NE Lafayette Ave and the railroad to capture the NE Gateway District and then along NE 9th Street encompassing the residential and commercial uses north of downtown.

Strong Vision for Housing

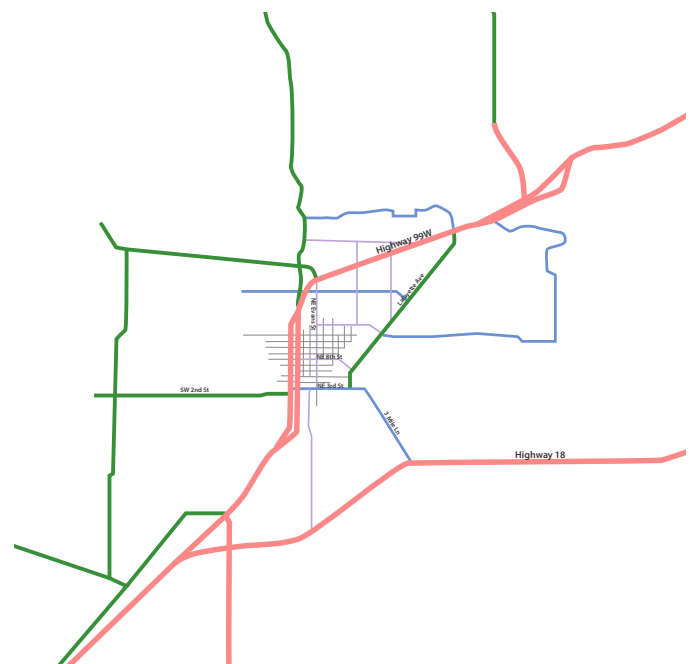
McMinnville has a clear vision for housing that is decades in the making. A robust and comprehensive set of policy documents bolster this vision. Together, these represent a clear direction, and the city center is an important component of that vision and direction. Building off its history, downtown is a logical location to accommodate growth. Supported by complete streets, transit infrastructure, and a range of uses, the city center presents a key opportunity to increase housing while diversifying types.

Historical Context

Founded as part of the stream of settlers traveling the Oregon Trail, McMinnville has a deep and rich history evident in the character of its central city. Beginning in 1844 with a claim from John Baker, McMinnville was located for agricultural production. Kalapuyan tribes, devastated by outbreaks of disease transmitted by European settlers, left the rich alluvial plains largely uninhabited. Additionally the Kalapuyan tribes had already cleared stands of trees, following a practice of seasonal burns. Other settlers followed John Baker, claiming large, plow-ready plots of land. The first homes and mills were built to support agriculture in the early 1850s as a small business district grew along 3rd Street. Early in its development, McMinnville's downtown was established as the central focus of the growing city.

Officially incorporated in 1876, McMinnville continued to grow. The establishment of a rail connection in 1880 and construction of additional grist mills attracted new residents. By 1894 the business district was taking shape, with brick buildings replacing earlier wooden structures and sidewalks laid down. Many of the iconic buildings found downtown today were built during the period spanning from the 1880s through the 1910s; these include the National Bank building, the Schilling Building, the Masonic Building, the Campbell Building, Hotel Elberton, Cooks Hotel, the Union Block Building, and the Wright Building among others. These brick buildings framed 3rd Street, establishing the street wall and rich detailed character evident today. A vibrant mix of uses located downtown, filling out the 200-foot by 200-foot block structure. An industrial district continued to grow alongside downtown. Mills and workers' cottages lined the Southern Pacific Railway extension. Today these buildings define the NE Gateway District.

Historically, residential uses were integrated with commercial uses; downtown shopkeepers lived above their stores while residents living in boarding houses and hotels were within easy walking distance of their jobs; small workers' cottages were built alongside mills. Detached single-dwelling residences sprouted up north and south of downtown, following the same 200 x 220 block pattern. Victorian and Queen Anne homes were built on large lots, set back from the street, framed by large open lawns and comfortable, tree-lined streets. These historic homes account for much of the current character of McMinnville's residential development. Only one historic example of a multi-dwelling can be found at 507 NE Davis Street; several older homes have since been converted into duplexes and triplexes. To house the post-WWII growth in population, more residential development arrived in the form of detached single-dwellings on smaller lots. These contemporary and ranch style homes can be found north and south of downtown.

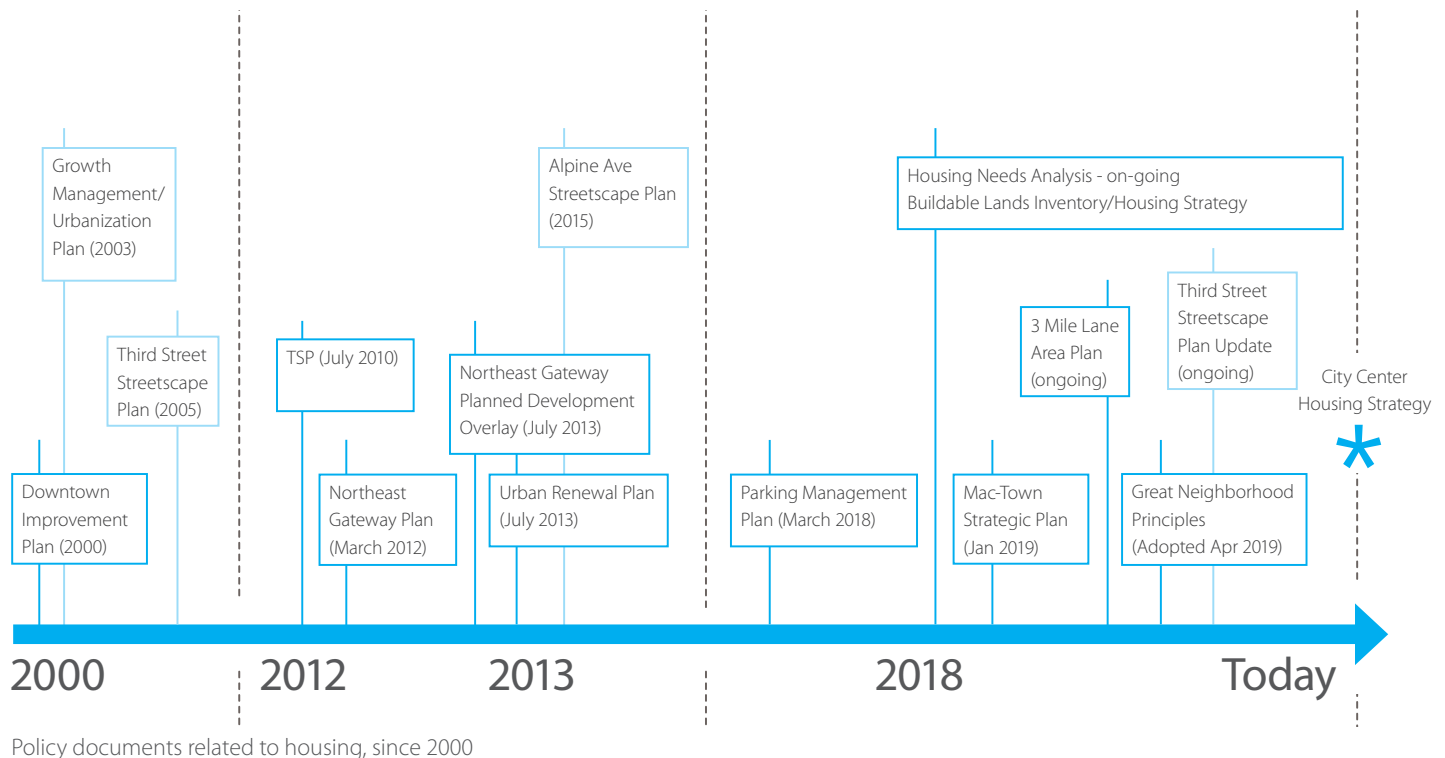


The city center in context

Housing Need

McMinnville is projected to grow by 12,000 people in the next twenty years. According to the recently completed Housing Needs Assessment (HNA), this translates into 4,424 new units. The city acknowledges that small-scale infill is not adequate to meet projected need. Nor is it desirable to continue to expand beyond the Urban Growth Boundary with detached single residences that occupy valuable farm land and natural resources. A strategy is needed to accommodate growth that uses a range of housing types across the city. Higher-density housing types are critical to addressing the forecasted need. Given its historic residential use, downtown is an appropriate location for higher density forms of housing.

The HNA states that there is an existing preference for detached single-dwellings, and housing price is the most important factor determining which types of housing residents choose. Today, according to the HNA, the median sales price is \$315,000 and continuing to increase; in 2012 the median home price was \$196,400. With lower incomes in comparison to Yamhill County and the State, McMinnville residents cannot continue to afford detached single-dwellings. In addition, there is a limited amount of housing product targeted at households earning more than \$100,000 per year. As a result, these higher-income households are purchasing “less housing” than they can afford. This exerts a downward pressure on the market. There is a real need to open the market to different products including cottages, townhomes, duplexes, triplexes, quadplexes, and multi-dwellings to increase housing choice and respond to identified need.



Policy Context Around Housing

Downtown is envisioned as a mixed-use district that builds off the historic core along Third Street. Existing plans, policies, and strategies address the many facets of increasing housing in the central city including land uses, transportation infrastructure, the public realm, parking, and the character and types of housing. Over the last several decades the city's policies have evolved. Taken together these documents provide the policy context guiding the development of the city center. In the summary that follows, potential areas of agreement or barriers are highlighted, and recommended changes supportive of the vision are cataloged in Part Two of this document.

As articulated in the Downtown Improvement Plan (2000), the central city is seen as a vital, mixed-use district that continues to be the focus of the community. The historic, high-quality buildings, relatively narrow streets, and urban-scaled blocks provide an identifiable character. A mix of uses and inviting streets attract people downtown and encourage walking. In order to remain competitive with residential development in other areas of the city, the central city's historic character should be the basis of any new development. New housing types should reflect the existing architectural context and patterns. Key to on-going development is building partnerships with community and governmental agencies. Since 2000, the city has fostered these partnerships and many actions identified in the action plan include these partners.

A large portion of centrally-located property along 4th Street NE is owned by the County. Multiple parcels



Downtown McMinnville today

along 2nd Street NE are owned by non-profits. Capital improvements along 2nd and 4th Streets NE and Adams/Baker Streets NE are critical, as are infrastructure improvement to 3rd Street NE. Development will infill along these primary corridors, and their development should match the high-quality pedestrian environment already established along 3rd Street NE.

While the Transportation System Plan (2010) supports the development of complete streets, current policy envisions the streets downtown more as means to move people through downtown. For example, 2nd Street NE is identified as a Major Collector. This may need to be revisited so that this street can become a mixed-use, pedestrian-friendly area with residences. Peak traffic should be distributed throughout the street network. Policy changes that acknowledge the increase in residents downtown will impact TSP assumptions. Mixed-use residential building types rely on a high-quality public realm and a balanced approach to vehicular traffic that prioritizes pedestrian environment and access. Achieving the correct balance will influence the decision of residents to choose a home in a more urban setting over an outlying detached dwelling in a more suburban setting.

Both the Downtown Improvement Plan and the TSP highlight the need for upgrades to Adams Street NE and Baker Street NE. This would make residential options more attractive in these blocks.

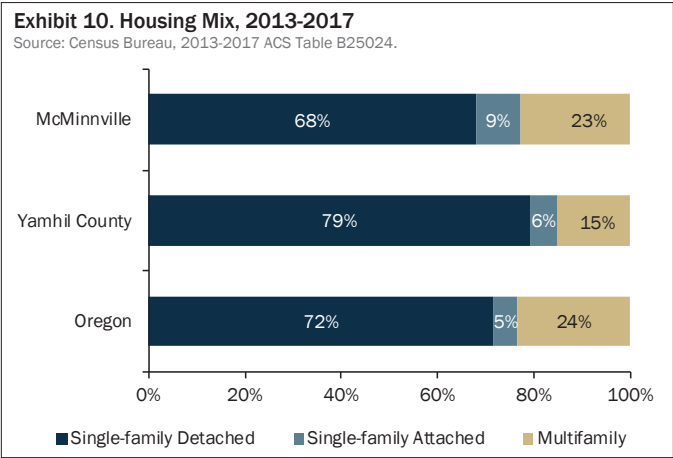
Expanding the vision for housing in the central city, the Northeast Gateway Plan (2012) established the concept for a new mixed-use district adjacent to downtown. Recent implementation of the Alpine Avenue Streetscape Plan created a new center of gravity to the east of downtown, and established a craft-workshop character that is complementary to the traditional downtown character. The Alpine Avenue area has attracted development energy, encouraged new routes of access, and brought interesting new kinds of streets and gathering places to the downtown.

The amended Comprehensive Plan designated this district as a new center for housing, and the adopted Planned Development Overlay (PDO) designated residential uses and development standards. The PDO adopted by the city in 2015 divided the District into three zones and retained the R-2, R-4 and C-3 zones while M-1 and M-2 zones were rezoned as either C-3 or M-L zones. Currently there is

limited housing in the district, but housing types that would be especially appropriate for this area include live/work rowhouses with studio and workshop space on the ground floor, and multi-story buildings with dwellings over ground-floor commercial. The existing PDO will need to be modified as the R-2, R-4, and C-3 zoning limit this type and density of development.

Urban Renewal is an important financial tool to support the objectives for increasing housing downtown.

Urban Renewal (UR) is an important financial tool to support the objectives for increasing housing downtown. Established in 2013, this vision for UR supports and recognizes the importance of both the central city and the NE Gateway District. Currently the boundary of the UR district does not include the County buildings along 4th Street NE. Potentially \$30 million in funds can be directed to capital projects or infrastructure projects. For example, improvements to 2nd Street NE could be funded through UR. Funds can also be used for technical and financial assistance for development and redevelopment, such as programs that improve facades as part of a redevelopment. The most recent use of UR funds to bridge the gap in development feasibility for the Atticus Hotel demonstrates how critical UR funds can be in encouraging and supporting desirable development. Low-interest loans, small grant programs, and gap financing for new construction are valuable tools to support the intentions of the CCHS.



Housing Mix 2013-2017, HNA

Critical to the success of housing downtown will be balancing the parking needs of various uses with the desired urban forms and density levels. The Downtown Strategic Parking Management Plan (2018) found through extensive field research that there is more than enough parking downtown currently. The existing supply is underutilized. Creative management practices include allowing different uses to share parking on a single site, residential permit zones in the neighborhoods surrounding downtown to offset spillover parking, and valet options for commercial and lodging uses downtown.

Together these parking management programs could ensure that the parking supply remains adequate even as more people move downtown. The public parking garage was cited as a major resource, possibly increasing off-site parking options. While the majority of parking is privately held (78%), no solutions were identified to more effectively share the large amount of surface parking behind commercial uses fronting 3rd Street NE. The city may consider amending the Zoning Ordinance language for off-street parking to encourage the use of shared parking. New shared use options might include allowing the owner of an existing lot to sell or lease their unused parking supply to other users downtown, including residents.

With the vision in place for where housing should be developed, a plan for infrastructure, and the funding mechanisms to support this growth, the city turned to identifying its housing need. The recently completed Housing Needs Analysis (HNA) identified a need for 4,424 units. The HNA defined three housing types and identified the need for each of those three types:

- » 55% Single-family detached – 2,433 units
- » 12% Single-family attached – 531 units
- » 33% Multi-family – 1,460 units

Additionally, demand for housing will not necessarily translate into development. Recent market research does indicate that while there is high demand for housing, few affordable or multi-dwelling projects are being constructed as they are not financially feasible. Given the lower median household income and higher than national average construction costs, the city needs additional measures in the CCHS to bridge this gap.

Anticipating this housing growth, the city co-developed its principles through a community dialogue to articulate the city’s values around what makes a great neighborhood.

Adopted in 2019, the Great Neighborhood Principles set the standard for new housing development; they address how to integrate housing that matches the strong existing city character. This set of 13 principles amends the city's Comprehensive Plan and are the starting point for the vision for the development of housing in the central city. The principals embodied in the GNP range from a vision for how natural features and scenic views should be preserved and shape the character of future development to the qualities of neighborhoods including pedestrian and bike networks, parks and open spaces, a mix of uses, and interconnected accessible streets. The principles most relevant to the CCHS study are found below.

Great Neighborhood Principles support housing opportunities for people and families with a wide range of incomes, and for people and families in all stages of life.

11. 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. 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.

12. Housing Variety.

Great Neighborhoods have a variety of building forms and architectural variety to avoid monocultural design. Neighborhoods shall have several different housing types. Similar housing types, when immediately adjacent to one another, shall provide variety in building form and design.

The envisioned housing types for the city center should provide a range of housing forms and types to provide for housing choice and access across different income levels and generations. Different architectural building types will provide opportunities for flexibility and variety while still meeting the needs identified in the HNA. These housing types will support the continued development of the city center as a livable, healthy, social, safe, and vibrant neighborhood.

HNA Findings

Currently the city's housing stock is primarily single-family detached (68%) with smaller portions of multi-family (23%) and single-family attached (9%). This mix has remained fairly stagnant since 2000. Net densities remain relatively low: single-family detached (4.8 units/acre), single-family attached (12.3 units/acre), and multi-family (an average of 18.2 units/acre). 95% of homeowners live in single-family detached housing which indicates there may not be many other options available.

While there is a preference for single-family detached housing, housing price is the most important factor in housing choice. Incomes in McMinnville are lower than Yamhill County and State (\$50,299). Meanwhile the median sales price is \$315,000 and increasing at a higher pace than increases in household income, jumping from \$196,400 in 2012 to \$350,000 in 2019. Lower household incomes (50% of households made \$50,000 or less per year) indicate there is a real need for affordable housing options. Likewise, there is a deficit of housing targeted at households earning more than \$100,000 per year, which translates into pent up demand for higher-amenity housing that is exerting downward pressure on the middle-income housing market as higher income households purchase less housing than they can afford.

Over the next 40 years McMinnville's population will age, with people over the age of 65 coming to make up 28% of the city's population, increasing demand for housing suitable to elderly residents. This may translate to a need for more smaller single-family housing (attached and detached), multifamily units, and group housing. In order to meet the needs of these residents, McMinnville will need to increase its share of smaller, less costly homes. Smaller housing types are attractive to both elderly and Millennial populations. Surveys indicate that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars. The preference for urban neighborhoods and town centers may increase demand for townhomes, rowhouses, and multifamily housing types.

An inventory identified the city center as the best option for providing higher density housing. Currently there is an inadequate range of options that allow residents of McMinnville to make decisions based on both preferences and needs. This opportunity/flexibility comes from planning for a range of housing and amending the Zoning Ordinance to ensure there are no barriers to this range of housing. The city needs to allow a wider range of housing types in single-family zones, ensure that sufficient land is zoned to allow attached and multi-dwelling housing types, and encourage residential development downtown, including through

Project Advisory Committee (PAC) and Focus Groups

In a series of listening sessions with focus groups and multiple meetings with the PAC, the consultant team asked for feedback on what type of housing they want to see in the city center as well as what barriers to development and incentives exist. These questions and responses are detailed below. In addition they have been incorporated into action items in Part Two of this document.

What type of housing is desired in the city center?

- » Housing for all groups of people at every end of the income spectrum
- » Maintain character of McMinnville
- » Senior and millennial housing that is low-maintenance
- » Housing that attracts retirees including upper-end condos
- » Places for young families
- » Small-scale infill in city center residential neighborhoods including Plexes and ADUs
- » Apartments similar to Village Quarter
- » Live/work spaces to foster artist community and support the Alpine District

What are the barriers and challenges to achieving the desired housing?

- » Market rate housing doesn't support financing
- » Meeting building code requirements is costly for existing older buildings, including fire/life/safety requirements
- » Existing historic buildings in disrepair are too expensive to rehabilitate
- » Parking requirements are high and take away from developable area
- » Short term rental projects are succeeding in lieu of long-term housing
- » Limited pool of developers experienced with larger-scale projects
- » Negative perceptions of "higher density housing"

Recap of Last PAC Meeting

City Center housing discussion



- » Housing need across the income spectrum for high-end housing and affordable housing
- » Small-scale infill in neighborhoods is important but cannot meet all of the housing need

Slide from PAC presentation

What are incentives for achieving desired housing?

- » Urban Renewal grants for gap financing
- » Waiving SDC charges
- » Public/private partnerships for large-scale projects
- » Inclusionary zoning bill will help implement a pilot program
- » Extend the downtown parking zone where parking requirements are waived
- » Managing shared downtown parking
- » Property tax relief or deferred property taxes
- » Incentivize dividing existing buildings into plexes rather than tear them down

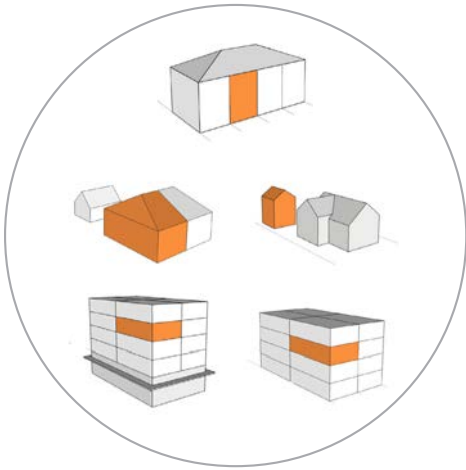
Part Two

Strategy



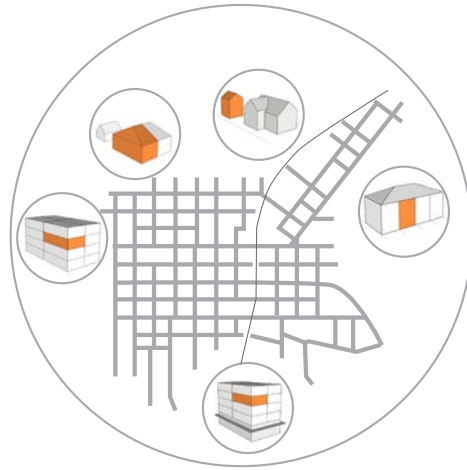
Steps to Action Plan

Before arriving at an action plan including regulatory and non-regulatory actions, a better understanding of opportunities and barriers was needed. A series of steps led to the action plan including studying appropriate contexts for housing types using example sites and financial feasibility of existing regulations. These steps are outlined below and described in greater detail in the pages that follow.



STEP 1: Identify housing types + context areas

Which housing types are most appropriate for the city center, and what are the characteristics of different areas?



STEP 2: Study key issues of example sites

Example sites in different city center contexts were studied to understand zoning challenges, regulatory barriers, and the most appropriate contexts for each housing type.



STEP 3: Test financial feasibility and pilot projects

Several sites were selected for pro forma testing of housing types to understand the impact of existing regulations. Pilot projects were used to test existing and proposed regulations in detail.



STEP 4: Action Plan

Based on findings from prior steps, recommendations were developed for regulatory and non-regulatory actions.

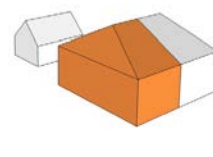
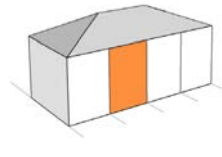
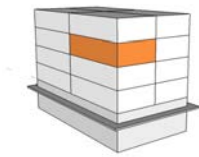
Introduction to Housing Typologies

Based on city goals, stakeholder focus groups, and committee input, five housing types were identified as the most desired and appropriate for the city center. They encompass a range of densities and are suited for different contexts within the City Center Study Area. The housing types vary in sizes and configuration and can appeal to different people with differing needs and household sizes.

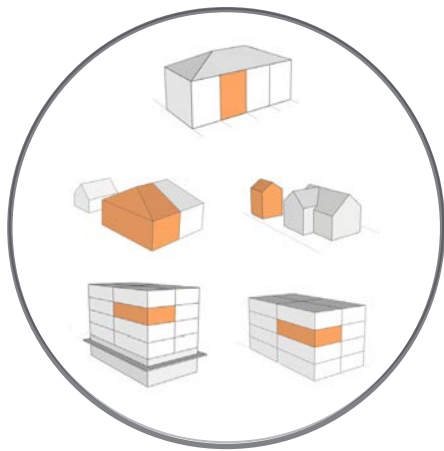
Pages 17 and 18 describe appropriate contexts by type and show a representative photo of each.

City center housing types include:

- » Residential above retail
- » Stand alone residential
- » Townhouse
- » Plexes (including duplexes, triplexes and quadplexes)
- » City center accessory dwelling units (ADUs)



	Residential Above Retail	Stand-alone Residential	Townhouse (inc. Live/Work)	Plexes	CC Neighborhood ADU
Typical Density (units per acre)	10 - 200	10 - 200	18 - 25	15 - 72	Varies; increases the density of an existing lot
Typical Lot Width (feet)	Varies	Varies	20 - 35	25 - 80	Varies
Typical Lot Depth (feet)	Varies	Varies	90 - 110	90 - 110	Varies
Typical Lot (square feet)	7,200 – 320,000	7,200 – 320,000	1,800 – 3,500	2,000 – 8,000	5,000 – 9,000
Description	Mixed-use development with dwellings above ground-floor retail on a single lot. Typically, in the form of stacked flats. Units are usually rented but are sometimes sold as condominiums. Single Room Occupancies (SROs) are a variation of this type.	Multiple dwellings on one lot in the form of stacked flats or courtyard apartments arranged around a shared green space. Units are typically rented but are sometimes sold as condominiums. Single Room Occupancies (SROs) are a variation of this type.	Attached units, each on a separate lot, and each with its own entry from a public or share street or common area. Townhouse variation includes live/work units.	Multiple dwellings on one lot stacked or side-by-side. Rented or owned. Single Room Occupancies (SROs) are a variation of this type.	Small dwellings located on the same lot with a single dwelling. Units can be detached, above or instead of a garage, or attached to the primary dwelling.



STEP 1: Identify housing types and context areas

Which housing types are most appropriate for the city center, and what are the characteristics of different areas?



Residential Above Retail

Residential above retail buildings can be up to seven stories high. Given their commercial uses and height these buildings are located primarily along prominent streets well-served by transit such as 3rd Street NE and adjacent side streets in the heart of the city center.

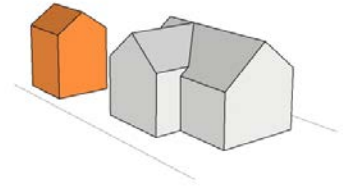
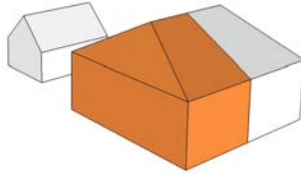
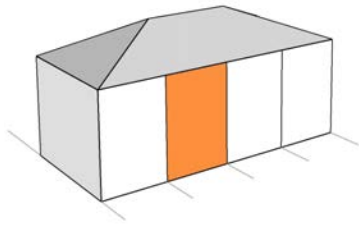
- » Height: Max. 80 feet
- » 4 – 7 stories
- » Uses: Ground floor retail or office space, upper floors include a combination of office and residential uses



Stand-Alone Residential

Stacked flats in a single building or groups of buildings. Units have shared parking and typically are accessed through a single, shared lobby. While buildings vary in size and design, they typically have large footprints and fit in the core of the city center or along major streets served by transit.

- » Height: 25 – 55 feet
- » 2 – 6 stories
- » Uses: Residential



Townhouse + Live/Work

Medium scale attached residential units each with their own entrance from a public or shared street. For live/work townhomes, the ground level is typically the business portion of the dwelling. Townhouses may be attached in groups of 4-6 together. Townhouses are appropriate in transition areas, such as between taller mixed-use buildings at the core of the city center, in creative light industrial neighborhoods such as the NE Gateway District, and at the edges of low and medium density residential neighborhoods.

- » Height: 35 – 45 feet
- » 2 – 4 stories
- » Uses: Residential, live/work possible on ground floor

Plexes

Plexes including duplexes, triplexes, and quadplexes and may be conversions from older single dwellings. They fit in nicely in existing low and medium density residential neighborhoods such north and south of the city center.

- » Height: 25 - 35 feet
- » 2 – 3 stories
- » Uses: Residential

City Center Neighborhood ADU

Small dwellings located on the same lot with a single dwelling. ADUs can be detached, above or instead of a garage, or attached to the primary dwelling. They fit best into low and medium density residential neighborhoods and provide infill options for existing single dwelling neighborhoods.

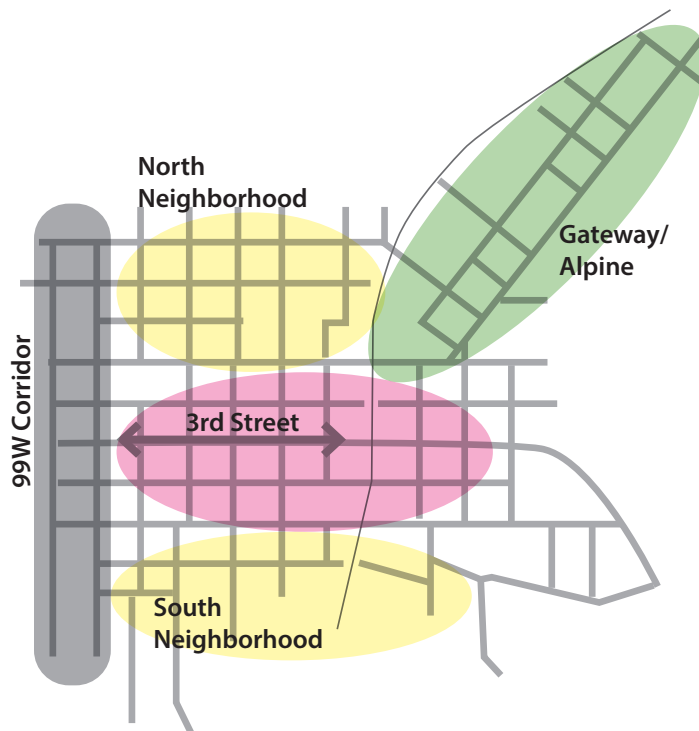
- » Height: 15 - 25 feet
- » 1 – 2 stories
- » Uses: Residential, live/work

City Center Context Areas

Within the City Center Study Area there are four sub-area contexts. Each context area has a distinctive character and specific housing types that are most appropriate. The context areas include:

- » 3rd Street – historic center of town with shops and restaurants clustered in the same area.
- » North and South residential neighborhoods – characterized by larger lots with single and multi-dwellings.
- » Gateway / Alpine District – area in transition from industrial to creative mixed-use.
- » 99W corridor – Heavy traffic and auto-oriented uses such as gas stations and car-related services.

The following page gives more detail to each context area.





3rd Street

3rd Street is the historic main street of McMinnville. It is a pedestrian-friendly thriving center of the city with day and nighttime activities serving tourists and residents alike. A history of mixed-uses and residences above retail makes this an ideal location for higher-density residential development.



N/S Neighborhoods

Neighborhoods to the north and south of downtown have larger lots, typically with single dwellings or lower intensity multi-dwellings. These neighborhoods are green and leafy with on-street parking, street trees, and generous setbacks.



Gateway / Alpine District

The NE Gateway District is northeast of 3rd street, and a ten minute walk from the heart of downtown. With recent streetscape improvements and a festival street design, Alpine Street and the Gateway District are attracting new development to this light industrial neighborhood. The district has a mix of small and very large lots, some empty and some with single story warehouses.



99W Corridor

The 99W couplet is directly to the west of the historic main street. As a major regional connection carrying high-volume traffic, it presents an east/west barrier to the city center. Surrounding development is auto-oriented.

Example Sites

A range of sites within the study area were analyzed by the consultant team to better understand existing standards, different context areas, and site-specific challenges and opportunities that exist throughout the study area. Example sites were studied for their property characteristics including lot size, existing zoning, allowable building envelope, permitted uses, and parking.

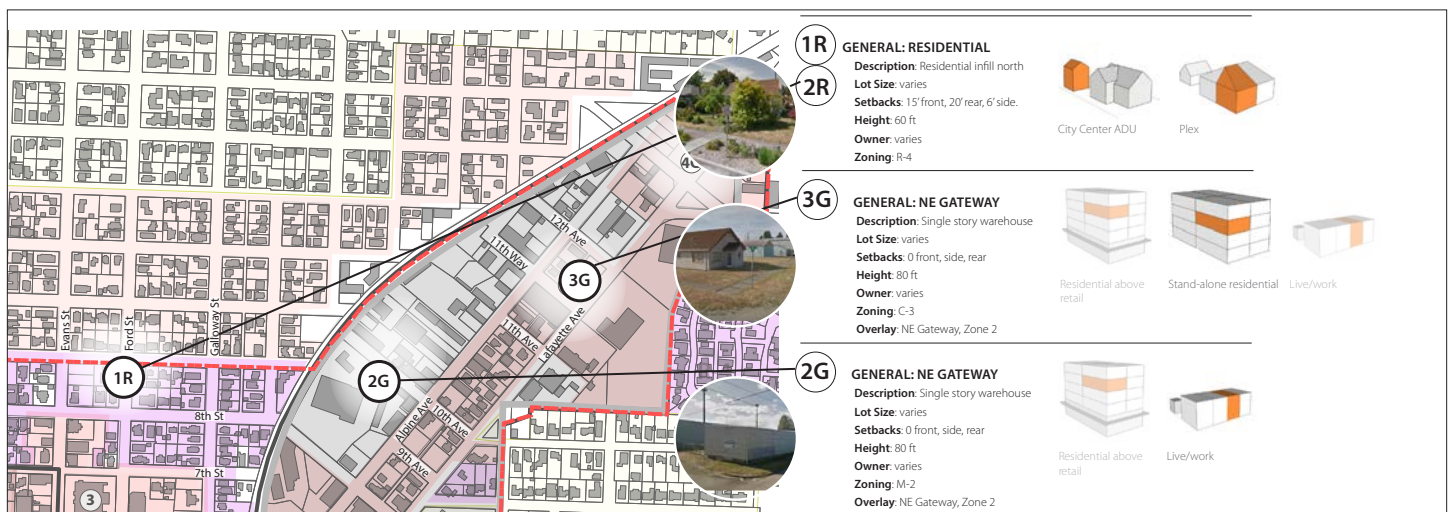
Each example site was studied for its particular context, and the most appropriate housing types were identified for each site. The team asked “which housing types work best on this site” and “are there any barriers to developing the desired housing type with current regulations.”

The team reached several conclusions through this process. Several desired housing types were not permitted in certain zones. For example, townhomes were not permitted in C-3 zone. Residential neighborhoods to the north and south of downtown were generally good locations for plexes and ADUs because the smaller scale massing and residential form is compatible with low to medium density residential neighborhoods. In areas with more mixed-use commercial and light industrial uses, stand-alone residential buildings, mixed-use developments, and live/work townhomes were identified as appropriate types. For detailed analysis of the example sites review, see Appendix D.



STEP 2: Study key issues of example sites

Example sites in different city center contexts were studied to understand zoning challenges, regulatory barriers, and the most appropriate contexts for each housing type.



Excerpt from the example sites studied as part of Appendix D.

Development Feasibility

Using the example sites as a guide, several prototype sites were tested for their development feasibility. While the prototypes are not site-specific, they have characteristics similar to example sites studied. Prototype sites were selected to accommodate a diverse set of housing types, to represent different character areas, and to represent different regulatory challenges. Prototypes include:

- » Mixed-use on a full block
- » Stand alone residential on a half-block
- » Rowhouse or Live/work on a quarter block.

These prototypes were 3D modeled and run through a pro forma analysis. Cascadia Partners used a new beta version of the Envision Tomorrow pro forma tool, calibrated for McMinnville. The pro forma analysis used industry standards for project performance and investment targets. See Appendix E for more details.



STEP 3: Test financial feasibility and pilot projects

Several sites were selected for pro forma testing of housing types to understand the impact of existing regulations. Pilot projects were used to test existing and proposed regulations in detail.

Sensitivity Testing

The sensitivity test takes a development prototype through a series of scenarios to measure the effect of different regulations on development feasibility. The sensitivity tests start with a base case using existing regulations. A series of changes to the existing policy are tested and these changes, or levers, show how costs can be reduced through a mix of regulatory and non-regulatory measures.

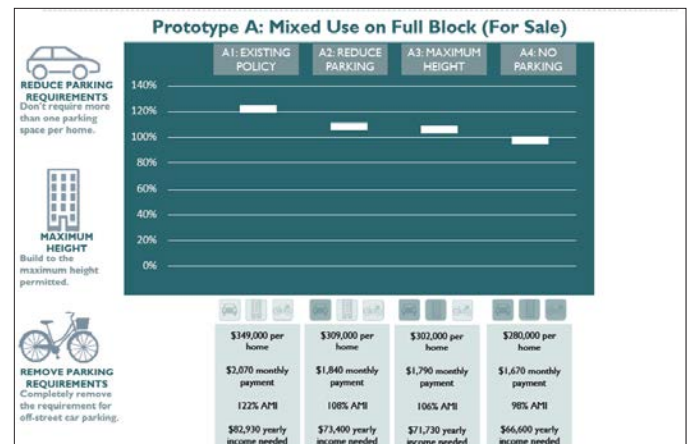
Some levers include:

- » Reduce SDC charges
- » Reduce required parking
- » Reduce dwelling unit size
- » Remove land costs
- » Maximize allowable development capacity (maximum height)
- » Remove all parking requirements

A variety of these levers were tested for a mixed-use building on a full block and a stand-alone residential building on a half block. When parking requirements are reduced to one space per unit and there is no parking requirement for retail/commercial, costs go down. Similarly, when the development capacity is maximized with an increase in height, the cost per unit drops; however, this increase in units also translates into a need for more parking spaces. Even at reduced levels of one space per unit, this increase in parking provided on site impacts feasibility. A middle ground can be achieved between maximizing building height and accommodating some parking. See details on page 25.

Note about parking assumptions:

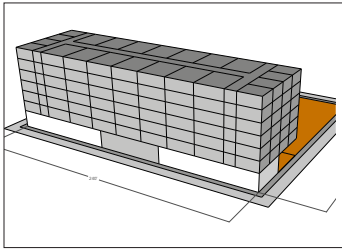
Surface parking was assumed for the pro forma testing, due to costs. Surface parking costs roughly \$5,000 per space while structured above ground parking costs approximately \$20,000 per space. Other types such as underground, mechanized, and internal are even more expensive. While options outside of surface parking are certainly worth considering, development costs would significantly increase.



Sensitivity testing using 3 levers: reduce parking, maximize development, and eliminate parking.

Maximize height

Build to the maximum height permitted and allow parking area to stay the same.



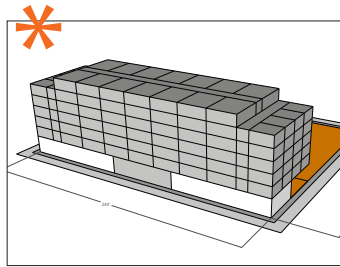
Least parking

High square footage

Lowest cost

Reduced parking

See how much development is possible with a parking reduction to one space per unit and none for retail.



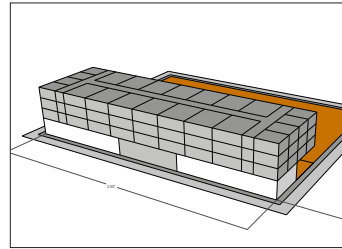
Medium parking

Medium square footage

Medium cost

Maintain parking

Build to maximum development potential based on existing parking standards.



Most parking

Low square footage

Highest cost

PARKING

There is less parking per unit as unit numbers go up.

FORM


The form is larger as the number of units increases.

COST

Greater number of units means more financially feasible units which may be more affordable

Finding the right balance for McMinnville

Pro forma testing shows that the most affordable project provides the least amount of parking and the largest form with the most units. Conversely, the least affordable project provides the most parking and has the smallest number of units and smallest form.

 A medium amount of parking can provide for a mid-range of units and moderate affordability. This might be the best solution because it may be politically supportable now and produces units that are within reach of certain mid-level Area Median Incomes (AMIs).

Development Prototypes and Test Results

Prototype A: Mixed-use Building on a Full Downtown Block

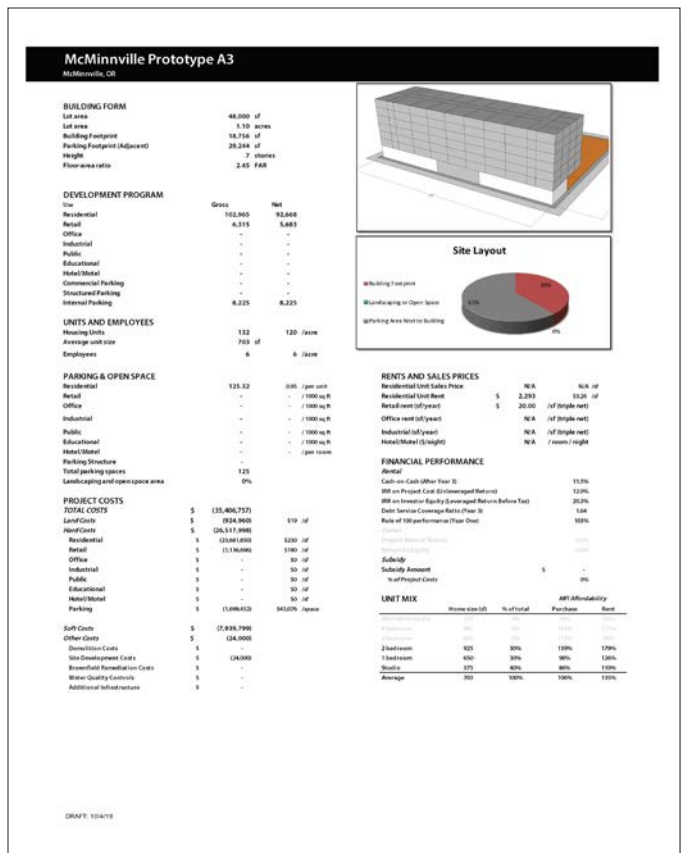
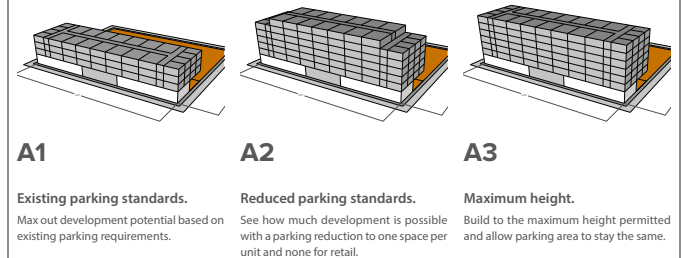
Three scenarios of Prototype A were tested. A1 shows development capacity using existing parking standards. A2 shows development capacity with a reduced parking ratio of one space per unit. A3 shows the maximum development capacity and allows the parking area to stay the same.

Preliminary findings: The mixed-use building cannot reach the maximum height permitted by zoning: On-site parking requirements limit development capacity before the building hits the maximum height allowed. Therefore, the building cannot provide as many dwelling units as the development standards (e.g., height and setbacks) would be expected to allow. For cost reasons the pro forma assumes parking is provided on the surface of the lot, surrounding the building (see above, Note about parking assumptions). As a result of these factors, unit costs were high.

To see if a larger number of units could be provided and costs per unit could be reduced, a second round of testing was conducted, which completely removed parking requirements (Prototype A4).

- » In scenario A4, even with the reduction in parking and maxing of height, the prototype remains expensive at 126% Area Median Income (AMI). While it's not affordable, the change does reduce the gap between construction costs and rents. This remaining gap may be able to be bridged with urban renewal funds.
- » Additionally the parking ratio of 0.95 spaces/unit seems more likely to be supported by City Council and the public given how close it is to 1 space/unit.

Prototype A: MU on Full Block



Detailed proformas were run on each building prototype to inform the sensitivity test. See Appendix E.

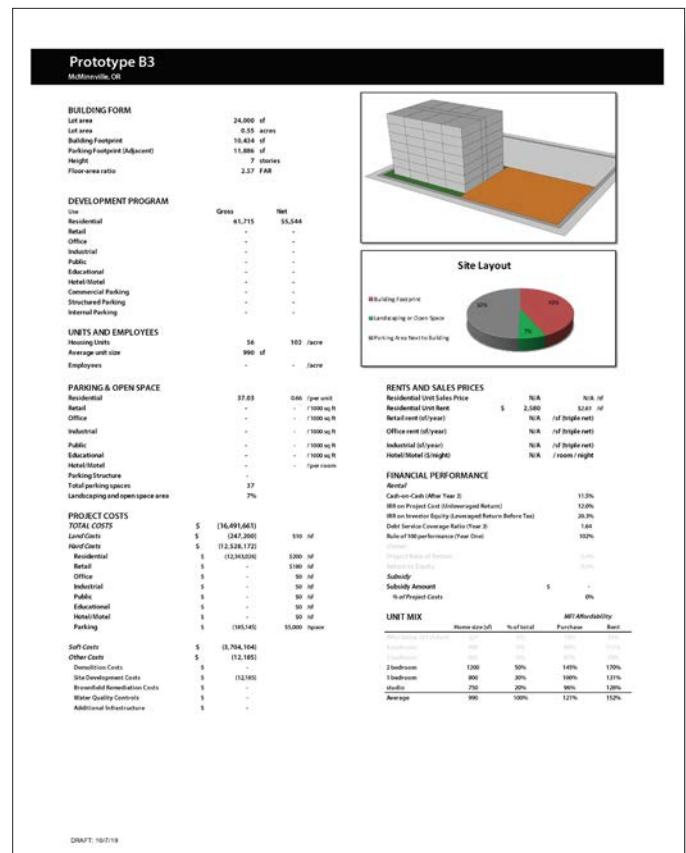
Prototype B: Stand-Alone Residential Building on a Half Downtown Block

Three scenarios of Prototype B were tested. B1 shows development capacity using existing parking standards. B2 shows development capacity with a reduced parking ratio of one space per unit. B3 shows the maximum development capacity and allows the parking area to stay the same.

Preliminary findings: Similar to Prototypes A1 through A3, the stand-alone residential buildings cannot reach the maximum height permitted by zoning because on-site parking requirements limit development capacity before the building reaches the maximum height allowed. As for Prototypes B1 through B3, unit costs were high.

A second round of testing was conducted, which reduced the home size square footage (B4).

- » For Prototype B, in scenario B4, while the reduction in unit sizes drops the unit cost to 85% AMI, the increase in units from 56 to 66 units is still challenging to park on-site, even with a further reduced parking ratio (below 0.66/unit). A parking ratio this low may not be feasible, but some parking supply may be managed off-site, through subsidizing parking in the City garage or other district parking management programs.



Detailed proformas were run on each building prototype to inform the sensitivity test. See Appendix E.

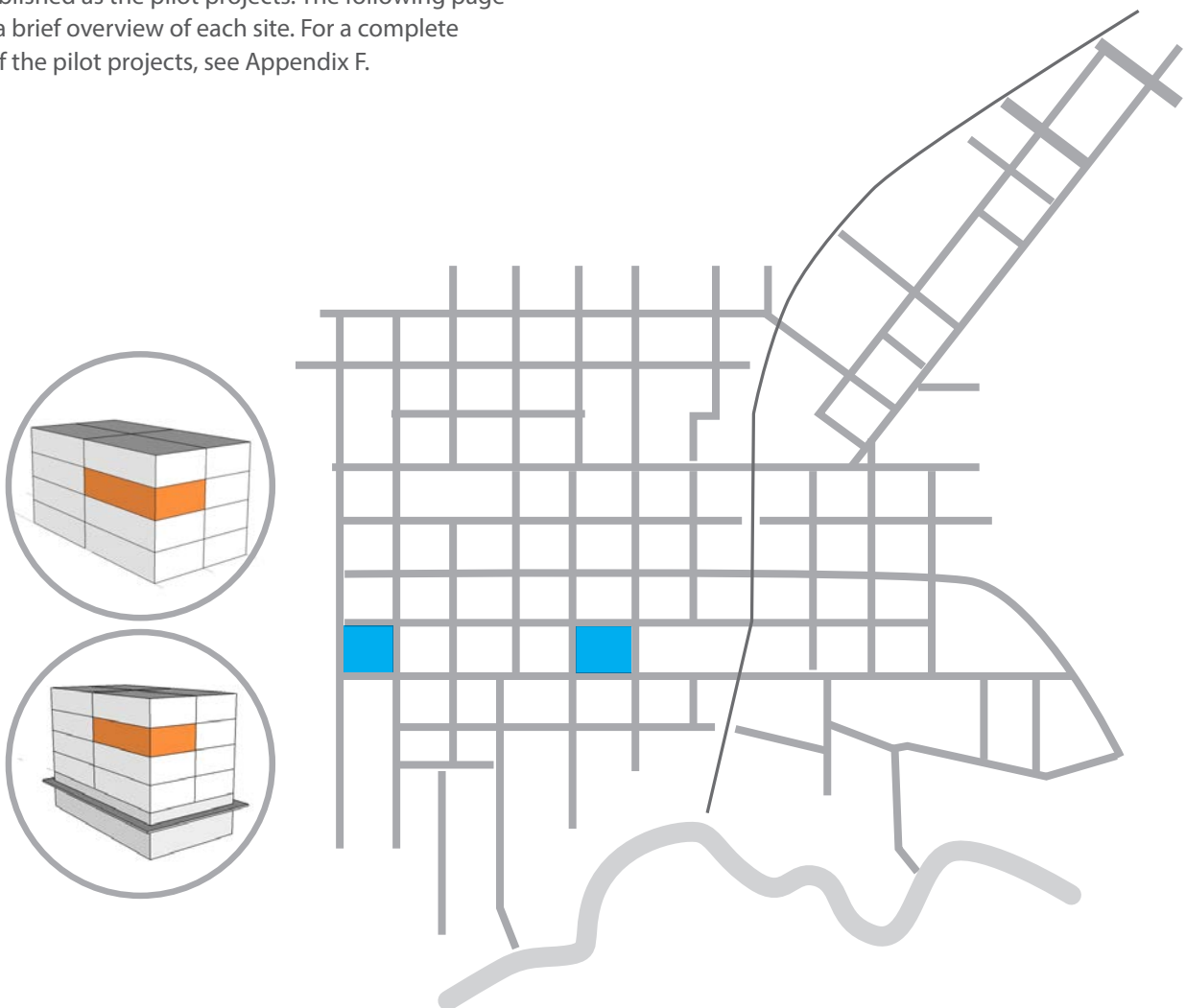
Pilot Projects

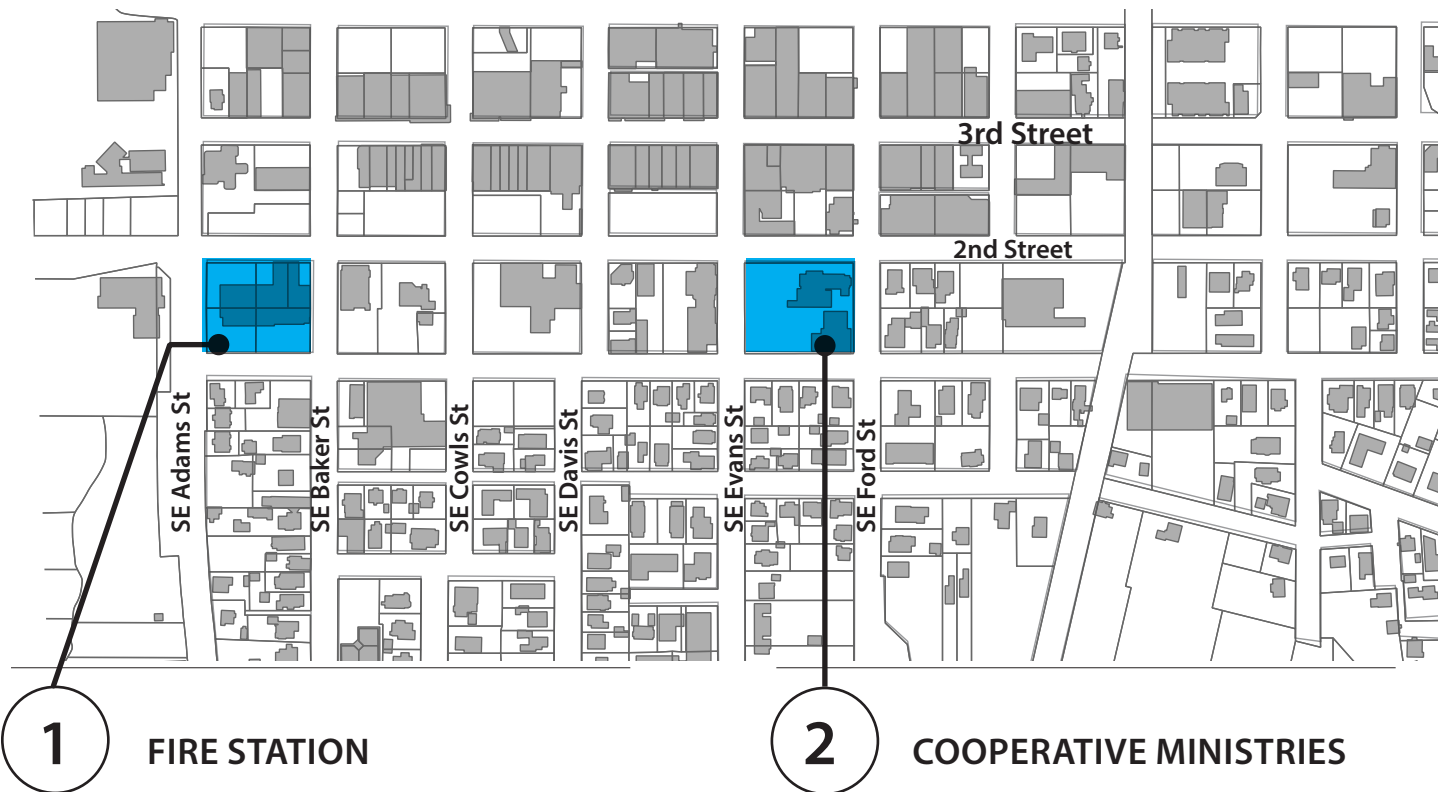
The purpose of the pilot projects is to test the development of housing on two actual sites in the city center. The immediate surrounding contexts of the sites helped determine which housing type was most appropriate. The consultant team, in coordination with the city and willing property owners, developed a distinct program for each site. Specific design responses were developed to further understand the needs and opportunities for each site.

The pilot projects allowed the consultant team and staff to test assumptions around financial feasibility, design, and current barriers to achieving the desired housing in the city center. The pilot projects are the precursor to identifying regulatory and non-regulatory barriers, and recommended actions.

The Fire Station block and the Cooperative Ministries block were established as the pilot projects. The following page provides a brief overview of each site. For a complete analysis of the pilot projects, see Appendix F.

Pilot projects provide an opportunity to test assumptions about current barriers and possible design and regulatory solutions using specific sites in the city center.





Description: City-owned property that may be available for redevelopment as the needs of the community have grown beyond the capacity of what the existing fire station can serve.

Lot Size: 200x220 ft

Setbacks: 0 front, side, rear

Height: 80 ft

Owner: City

Zoning: C-3

Overlay: Downtown Design



Description: Full city block owned by McMinnville Cooperative Ministries. The site has an existing church and shared parking lot.

Lot Size: 200x220 ft

Setbacks: 0 front, side, rear

Height: 80 ft

Owner: City

Zoning: C-3

Overlay: Downtown Design

Existing Barriers

The zoning code assessment attempts to pinpoint major issues caused by several zoning code problems acting in concert: While the zoning code permits a range of housing types, when they are subjected to the review procedures, parking requirements, minimum lot sizes and other requirements, dwellings such as townhomes or apartments are not feasible to build. In other words, a dwelling type or use may be permitted, and marked with a capital “P” in the land use table, but that does not mean it will be developed, even if it is popular, fulfills market demand, and there is land available. Additional building code issues present further barriers to financially feasible development downtown. Without amendments to fix these problems, McMinnville will be unable to achieve the vision of its Comprehensive Plan. Below are big picture results of the code assessment. Recommendations to improve the zoning code are presented in the action plan.

The following analysis highlights issues that may pose barriers to the proposed potential housing types in the city center. Based on our experience, we identified issues that affect the feasibility, affordability, and form of each of the potential housing types. Some of these issues may include parking requirements, alley availability, lot width, driveway access, site suitability, context appropriate adjustments for housing shape and size, issues with code definitions, design review, and administrative procedures.

Regulatory Issues

There are six zones found in the City Center Study Area. They are:

- » R-2– Single-Family Residential
- » R-4 – Multiple-Family Residential
- » O-R – Office-Residential
- » C-3 – General Commercial
- » M-1 – Limited Light Industrial
- » M-2 – General Industrial

A complete audit of the zoning code can be found in Appendix B. It includes a detailed simplified use and development standard tables. These tables distill many pages of text, lining up uses and standards in rows to make them easier to compare across different chapters of the code. From this comparison comes a clearer picture of the barriers to potential new housing types. Regulatory barriers are summarized below by category.

Some desired housing is not permitted or restricted

- » Townhouses are not permitted in C-3.
- » Single Room Occupancies (SROs) are not currently permitted in any zone.
- » While other housing types are permitted, they have requirements such as lot size that make them more restrictive in practice.
- » With a goal of providing a variety of housing types at a range of income levels throughout the city, existing minimum lot size requirements in some zones may not attract these possible housing types. Some housing types, such as tiny homes and rowhouses need less square footage than the minimum required lot size, making it difficult to achieve this variety in practice.

Density requirements conflict with city center goals

- » Density standards are low and encourage less-dense development not in keeping with the city’s vision.
- » Density is defined by the amount of space per family, an outdated measure that does not reflect household types nor accurately portray dwelling unit density.
- » C-3 is subject to R-4 density requirements.

Parking Issues

- » Parking lot design
- » Parking requirements are onerous. Additionally, the current parking zone that reduces or eliminates parking requirements is limited to the core of the city center. Other areas adjacent are still required to provide large amounts of parking.
- » Minimum parking requirements (2 spaces per unit on-site) are high for denser housing types and impact the development potential of lots and affordability of dwellings.

Design standards are geared towards commercial uses

- » Downtown design standards lack appropriate requirements for ground floor residential.

Review procedures are subjective

- » Review procedures and criteria for conditional uses are intensive and not clear and objective, increasing the time and cost of development and introducing a level of uncertainty for developers and builders. This impacts the potential for development of duplexes and rowhouses across all zones and more dense multi-dwelling in the R-4 zone.

Action Plan

The action plan lists regulatory and non-regulatory actions that will help the city achieve its desired goal for housing in the city center.

The action plan is organized by the following categories:

- » Remove barriers to desired housing in the city center
- » Provide incentives and support to desired development
- » Improve street character, connections, and walkability
- » Align enforcement and programming efforts with the city's housing goals



STEP 4: Action Plan

Based on findings from prior steps, recommendations were developed for regulatory and non-regulatory actions.

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Action Plan

	Regulatory	Non Regulatory	Proposed Action
1.0 Remove barriers to desired housing in city center			
1.1	x		Remove density requirements*
1.2	x		Reduce residential parking minimums*
1.3	x		Extend the parking reduction area*
1.4	x		Revise parking lot standards for small scale development*
1.5	x		Permit townhouses in C3 zone*
1.6	x		Permit or conditionally permit SROs*
1.7	x		C3-specific setbacks for multi-family residential*
1.8	x		Residential-specific design standards*
2.0 Provide incentives and support to desired development			
2.1		x	City-led pilot projects in partnership with developer*
2.2		x	Subsidy gap financing from Urban Renewal funds
2.3		x	Evaluate SDC costs
2.4		x	Property Acquisition and Reduction of Land Costs
2.5		x	Fast-track system for permitting
2.6		x	Small-scale developer bootcamp
2.7		x	Developer guidebook of financial assistance
2.8		x	Developer Tours
3.0 Improve street character, connections, and walkability			
3.1		x	Improvements to 2nd and 4th streets
3.2		x	Streetscape improvements to Adams and Baker
3.3		x	Improvements to Lafayette
3.4		x	Strengthen connections between Alpine District + 3rd St
3.5		x	Continue façade improvement program
3.6		x	Free design assistance application
3.7		x	Urban open space network to support downtown housing
4.0 Align enforcement and programming efforts with City's housing goals			
4.1		x	Evaluate short term rental regulations
4.2		x	Transportation modeling of the city center
4.3		x	Parking management plan / shared parking plan
4.4		x	Review of school capacity and other public services

* Being addressed as part of the City Center Housing Strategy

1.1 Remove density requirements

Density standards are low and do not permit development that would be consistent with the city's vision. The C-3 zone is currently subject to the standards of the R-4 zone for multi-family residential development, which specifies a minimum lot area per family. Denser development in a small core area of downtown is conditionally permitted, however, to achieve the desired goals of higher density housing for the city center, all density requirements should be removed within the study area. The allowed maximum build out of property would be based on building form, rather than lot-area per unit or dwelling unit per acre calculations. Parking requirements are more likely to limit density and define maximum building height, at least in the near future.

Lead: City of McMinnville

Partners:

1.2 Reduce residential parking minimums

Reduce residential parking minimums to one space per unit for downtown residential uses. Apply the reduced residential parking minimums to the City Center Housing Strategy Study Area.

Lead: City of McMinnville

Partners:

1.3 Extend the parking reduction area

Several parking reduction zones for commercial uses exist in the city center. In the heart of the city center, there are no parking requirements for commercial uses, while just to the north, there is only a fifty percent reduction. These parking reduction areas should be extended to include a larger area of the city center. Even while the parking reduction only applies to non-residential uses, enlarging the parking reduction area would support downtown housing by making mixed use buildings more feasible. The gateway district already has permissive commercial parking requirements; no off-street parking is required for non-residential units under 3,000 square feet.

Lead: City of McMinnville

Partners:

1.4 Revise parking lot standards for small scale development

Parking lot design requirements are onerous, especially for multi-dwellings that are small scale (8 units or less). Drive aisles and stall requirements are large and developers consistently request variances for narrower aisles. Right-sizing parking lot standards for small scale development is recommended, including allowing alternative parking configurations such as stacked parking.

Lead: City of McMinnville

Partners:

1.5 Permit townhouses in C3 zone

C-3 zone does not currently permit townhouses. Amend the zoning code to allow for this type within the entire C-3 zone.

Lead: City of McMinnville

Partners:

1.6 Permit or conditionally permit SROs

Single Room Occupancies are not currently permitted in the City of McMinnville. This housing type is recommended for inclusion in the City Center Housing Strategy Study Area . SROs are very small apartments that share some facilities such as kitchens and bathrooms. Permitting such a housing type creates very affordable options for the community and helps to balance housing needs across the income spectrum.

Lead: City of McMinnville

Partners:

1.7 C3-specific setbacks for multi-family residential

Setbacks are limiting for C-3 properties outside of the downtown design area because they are subject to the setback standards of the R-4 zone. This includes a 15-foot front setback. In a city center context, this isn't appropriate.

Lead: City of McMinnville

Partners:

1.8 Residential-specific design standards

Buildings within the downtown design overlay area are required to maintain a zero setback from the property line, with exceptions allowed for plazas, courtyards, dining space, or rear access for public pedestrian walkways. Current design requirements are targeted toward commercial ground floor uses and do not take into account the need for design standards of ground floor residential uses. Amend the zoning code to add provisions for vertical and/or horizontal separation compatible with residential uses. This amendment would allow for porches, stoops and terraces to give ground floor units privacy, and a modest setback from the edge of the sidewalk. Consider amending the zoning code to remove limitation of two stories on corner lots.


Lead: City of McMinnville

Partners:

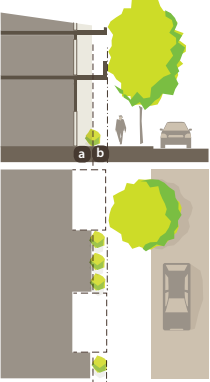


Example of Action 1.8: In a more urban context where entrances to residences could be close to the sidewalk, a partially open fence and landscaping creates layers of private to public space.

Front Yard



Gateway zone is created by projecting bays on either side of the entry, while a balcony above provides rain protection on the ground level.



Type 2 Front Yard (Urban Type)			
Zone	Requirement	Intent and purpose	Ways to meet the requirement
a	Gateway	Marks the threshold between the public zone of the sidewalk and the private dwelling zone. May provide a location for address identification.	<ul style="list-style-type: none"><input type="checkbox"/> Low wall or fence<input type="checkbox"/> Change in paving material<input type="checkbox"/> Low fence<input type="checkbox"/> Low planting—shrubs, grasses<input type="checkbox"/> Vertical difference—a step or slope
b	Front Yard, Forecourt or Dooryard	At a minimum, provides a transitional zone between the domestic realm of the dwelling and the public realm of the street. If larger, it provides a habitable and personalizable outdoor space for the resident.	Fundamental requirements: Minimum of ten feet in distance, when combined with Zone C. Additional options: <ul style="list-style-type: none"><input type="checkbox"/> Raised platform, 3 feet above grade maximum<input type="checkbox"/> Ornamental fencing or balustrade<input type="checkbox"/> Columns demarcating perimeter or supporting the roof<input type="checkbox"/> Planted area<input type="checkbox"/> Wood decking
c	Porch, Stoop or Terrace	At a minimum, provides an outdoor entry vestibule. If larger, it provides an outdoor living area that is physically and visually connected to the public realm of the street. Provides opportunities for community interaction. May provide a location for address identification.	Fundamental requirements: Minimum of ten feet in distance, when combined with Zone B. Additional options: <ul style="list-style-type: none"><input type="checkbox"/> Raised platform, 3 feet above grade maximum<input type="checkbox"/> Ornamental fencing or balustrade<input type="checkbox"/> Columns demarcating perimeter or supporting the roof<input type="checkbox"/> Recessed area<input type="checkbox"/> Overhanging balcony<input type="checkbox"/> Canopy

Residential Site and Design Review Code Amendments | City of McMinnville | Urbsworks, Inc.

DRAFT

October 2019 | 41



Example of Action 1.8: Landscaping, trees, and partially-open wall provide a graceful transition with layers of privacy from the sidewalk edge to the apartment building.

Example of Action 1.8: Residential Site and Design Review Code Amendments project (currently underway) proposes design standards for ground floor residences that would require transition elements such as a gateways, front yards, forecourts, or porches.

2.1 City-led pilot projects in partnership with developer

Test proposed amendments by creating two pilot projects on specific sites in McMinnville. The pilot projects should be developed in partnership with willing property owners, to test several different housing types on actual sites in the city center. Design and development standards will be analyzed through 3D modeling and development feasibility from earlier sensitivity testing.

Lead: City of McMinnville

Partners:

2.2 Subsidy gap financing from Urban Renewal funds

Sensitivity testing found that a gap remains between the cost of housing prices and Area Median Incomes (AMI). Given the high cost of construction and lower incomes in comparison to the county and statewide, development of desired housing types remains financially unfeasible. Funds available through Urban Renewal could be applied to bridge this gap, increasing the feasibility of new housing types. Urban Renewal funds were recently applied to this end for the Atticus Hotel in the central city.

Lead: City of McMinnville

Partners: Urban Renewal Agency

2.3 Evaluate SDC costs

Evaluate the effect of SDCs (Systems Development Charges) on the cost of development. Consider McMinnville Urban Renewal Advisory Committee (MURAC) buying down SDC costs through loan or grant programs to help property owners and developers building certain desirable housing types. Starting in 2010, the City of Portland waived SDCs for Accessory Dwelling Units (ADUs) and saw an increase in ADU construction. The Accessory Dwelling Unit ordinance had been on the books since before 2000, and the city permitted a small number every year. After the SDCs were waived, ADU permits grew from about 50 a year to 500 a year. In 2018 the City of Portland extended the SDC waiver for Accessory Dwelling Units with an additional condition: The program required the property owner to sign a covenant stating that neither the ADU nor the house will be rented as accessory short-term rentals for 10 years. The city's objective was to continue to incentivize ADUs, but ensure that ADUs would contribute to Portland's housing capacity.

Lead: City of McMinnville

Partners:

2.4 Property Acquisition and Reduction of Land Costs

Land costs are one of the higher cost line items in development budgets. McMinnville is fortunate however; a large percentage of land in the central city is owned by either governmental agencies (city or county agencies) or non-profits interested in partnering with the city. Lower land costs in the form of donated land or property tax relief or deferment could lower the threshold for potential development. Additionally, land acquisition and parcel assembly can assist small-scale developers in aggregating land.

Lead: City of McMinnville

Partners: Urban Renewal Agency

2.5 Fast-track system for permitting

Expedite, streamline or aid the passage of permits for desirable housing types. Provide a special permit path for projects that meet specific criteria, provide pre-approved building plan sets, or provide staff assistance shepherding specific housing permits through the approval process.

Lead: City of McMinnville

Partners:

2.6 Small scale developer bootcamp

Bring in national experts to conduct a workshop or educational classes for local property owners who are interested in adding small-scale infill development to their own residential properties but don't know where to start. Leaders like John Anderson of Incremental Development Alliance, hold "bootcamps" for local developers, in cities all over the country. Housing types promoted include Accessory Dwelling Units, duplexes, tri- and quad-plexes, cottage clusters, cohousing and creative housing combinations. The aim is to cultivate locally-based amateur developers, build local knowledge and capacity, increase production of compact infill housing, and promote locally-appropriate and entrepreneurial solutions to housing choices and supply. Incremental Development Alliance helps homeowners and residential property owners understand how to access ordinary lending programs such as home equity loans and use residential property they already own.

Lead: TBD

Partners:

2.7 Developer guidebook of financial assistance

To signal to potential developers and entrepreneurs that the city is friendly to business, resources should be developed cataloguing all available assistance. Currently McMinnville Economic Development Partnership's (MEDP) website lists incentives including Urban Renewal tools such as façade improvement grants, free design assistance, and property assistance loans as well as available properties. The city should partner with MEDP and the McMinnville Downtown Association to develop more information regarding tools available in the central city targeted to the development of diverse new housing types. This information should be easy to find on the city's website.

Lead: City of McMinnville

Partners: MEDP, McMinnville Downtown Association, Chamber of Commerce

2.8 Developer tours

Consider conducting developer tours to build relationships with emerging developers from other communities. This was done in Redmond with great success, where a tour led to multiple projects coming to fruition.

Lead: City of McMinnville

Partners:

3.1 Improvements to 2nd + 4th streets

Improve the overall street character of 2nd and 4th streets. Properties facing 3rd street “turn their backs” on 2nd and 4th streets with parking and loading areas. Surface parking lots make the perceived width of these streets much wider than their actual width. Lighting, streetscape furniture, and street trees would help to visually narrow the roadway and create a more urban character.

Lead: City of McMinnville

Partners:

3.2 Streetscape improvements to Adams and Baker

Improve the overall street character of Adams and Baker so they are a welcome space for pedestrians, and appear and function as downtown streets. The 99W couplet carries heavy vehicular traffic and has an auto-centric design that can feel unsafe for pedestrians to cross and walk along. These streets act as a barrier between the city center and civic services like the library and large city park. Add protected crossings at regular intervals, improve lighting, and street trees. Encourage new development to meet the back of the sidewalk to create a more urban character in the city center.

Lead: City of McMinnville

Partners:

3.3 Improvements to Lafayette

Address the walkability and character of Lafayette Avenue. As identified in both the Northeast Gateway Plan (2012) and the Transportation System Plan (2010), Lafayette is an important arterial street that functions well for cars. However, it needs design improvements and street trees to make it a safe, walkable space for pedestrians. This would increase the viability and desirability of housing along this thoroughfare.

Lead: City of McMinnville

Partners:

3.4 Strengthen connections between Alpine District and 3rd Street

Lighting, wayfinding signage, and gateway elements can visually connect the Gateway District to 3rd Street. While these two areas have a distinct character, they are a short walkable distance from one another. Links between the two districts increases foot traffic and the viability of the city center as a 24-hour livable and lively place.

Lead: City of McMinnville

Partners:

3.5 Continue façade improvement program

Façade improvement grants funding through Urban Renewal can be leveraged in the central city and gateway district to improve existing buildings. The street wall lining 3rd Street NE is a valuable historic resource as are the historic buildings in the gateway district. Grants stimulate private investment and encourage local property owners and small developers to re-invest in existing buildings.

Lead: City of McMinnville

Partners: Urban Renewal Agency, MEDP, McMinnville Downtown Association, Main Street McMinnville

3.6 Free design assistance application

Grants are available through UR to fund up to ten hours or \$1,000 of free design assistance from a pre-qualified list of architects and designers. These funds should be used to support small and local developers struggling with how to develop desired housing types in the central city. Additional support could be provided by the city funding a developer bootcamp. See 2.6 Small scale developer bootcamp.

Lead: City of McMinnville

Partners: Urban Renewal Agency, MEDP, McMinnville Downtown Association

3.7 Urban open space network to support downtown housing

Increase the number and types of downtown parks and connect them to each other and to existing open space. New or additional types of downtown open space would include the full spectrum of parks, from fully public (e.g., urban plazas, pocket parks—green or paved), to semi-private residential courtyards, forecourts and dooryards. Consider an update to the Parks Master Plan to include a fuller range of downtown-appropriate residential-supporting open space types and facilities. The objective of the Master Plan would be to define a system of pedestrian-friendly sidewalks, through-block connections, and pedestrian-dominant alleys or woonerfs. The walking system would provide improved pedestrian access to parks which are adjacent to downtown, such as City Park. Access improvements would include pedestrian-protected crossings of major streets such as the Adams and Baker couplet. City Park is close to downtown housing, but Baker and Adams are daunting to cross with small children or in a walker or a wheelchair. See 3.2 Streetscape improvements to Adams and Baker.

Lead: TBD

Partners:

4.1 Evaluate short-term rental regulations

Short term rental projects are succeeding in lieu of long-term housing. In residential zones, a spacing standard helps regulate the frequency and location of rentals by specifying a 200-foot spacing standard. A similar approach could be taken with commercial zones in the city center. However, data from Visit McMinnville shows a lodging shortage as well. Sufficient production of new housing could negate the need for heavy regulation of short-term rentals, given the potential negative side effects of putting a damper on visitor volume. There will need to be a balance between lodging and long-term rentals.

Lead: City of McMinnville

Partners:

4.2 Transportation modeling for the city center

The existing Master Plan and infrastructure plans do not account for maximum potential density under the current zoning. While there is increased dialogue about density and infill in the downtown, and Comprehensive Plan policies support higher density residential in the city center, there are concerns about insufficient infrastructure and services. For example, the existing master plan/infrastructure plan was not designed to accommodate the density called for in the Comprehensive Plan. The existing Transportation System Plan (TSP) did not model higher-density in the city center. Scenarios previously modeled assumed land use growth at edges of McMinnville. New transportation models for downtown should acknowledge the role of autonomous vehicles, ride sharing, micro-mobility, and other transportation technology and mode shifts. A possible action resulting from this project would be to conduct transportation modelling of the city center at the density the City is planning for. When conducting transportation modelling of the city center, the City should consider the designation of the city center as a mixed-use, pedestrian friendly center as described and allowed in OAR 660-012-0060(6).

Lead: City of McMinnville

Partners:

4.3 Parking management plan / shared parking plan

The public parking garage was cited as a major resource, possibly increasing off-site parking options. While the majority of parking is privately held (78%), no solutions were identified to more effectively share the large amount of surface parking behind commercial uses fronting 3rd Street NE. Amend the Zoning Ordinance language for off-street parking to more explicitly encourage the use of shared parking. New shared use options might include allowing the owner of an existing lot to sell or lease their unused parking supply to other users downtown, including residents.

Lead: City of McMinnville

Partners:

4.4 Review of school capacity and other public services

Assess school capacities and other public services such as parks, open space, and the pool/community center, to plan for additional people living in the city center. Evaluate public services of a scale appropriate for an urban city center environment. This may include an update to the Parks Master Plan to include a fuller range of open space types and facilities. See 3.7 Urban open space network to support downtown housing.

Lead: City of McMinnville

Partners:

